

PERFORMANCE REPORT
PRINCE ALBERT MUNICIPALITY
2013/14

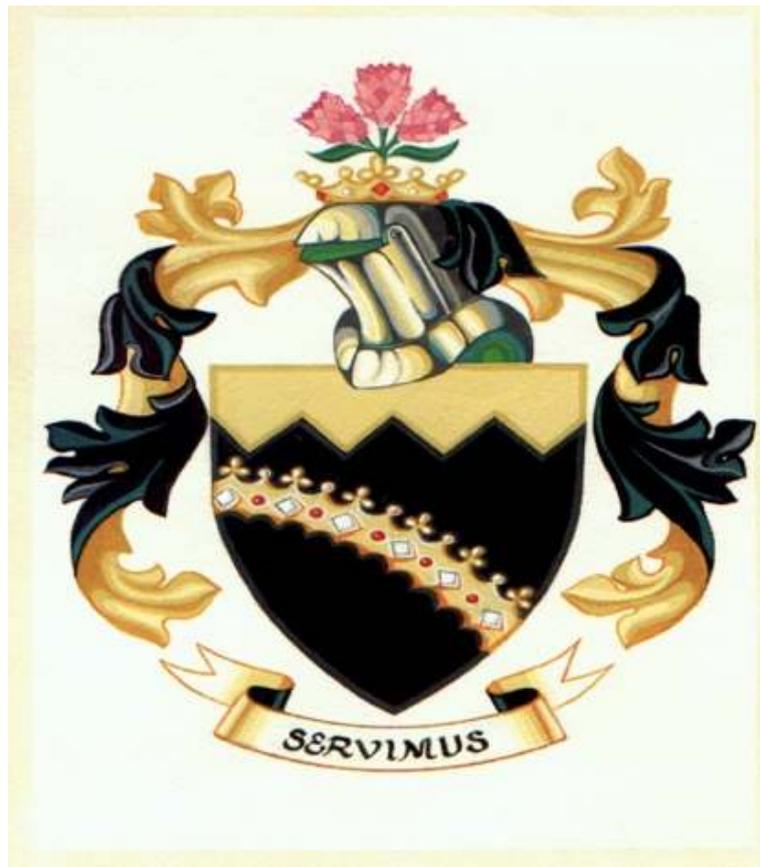


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10. **Chapter 1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**

COMPONENT A: MAYOR'S FOREWORD

EXECUTIVE MAYOR: GOLIATH LOTTERING

The Prince Albert Municipality has strived within its financial and administrative capacity, to create an enabling environment for all inhabitants to participate in Local Government activities. We've done our utmost best to provide a democratic and accountable government to all people in the municipal area.

Though we only promulgated two by-laws during the reporting year of 1 July 2013 to 30 June 2014, we undertook several public participation processes to ensure public participation in our day-to-day activities and programmes. Our community remains our most important partner in service delivery. As a people-centred municipality we contributed to the improvement of the general standards of living of the people in the Municipal area by creating jobs through labour intensive practices.

Our Constitutional mandate remains Basic Service Delivery and we strive to operate within the legislative framework of Local Government. Although compliance has become an expensive exercise, it remains a priority for the Prince Albert Municipality.

I wish to thank Council for their continued efforts to ensure a sustainable and accountable government for our residents, as well as management and all staff for their dedicated efforts to ensure that we provide basic services and governance above the norm. My most sincere gratitude is expressed towards our residents, business and governmental stakeholders for their continued support. It remains a privilege to lead such a committed and dedicated community.

This draft annual performance report are submitted for public scrutiny and reflects the municipalities operations and progress against their strategic objectives for the period 1 July 2013 to 30 June 2014. Your comment on the draft annual performance report can be submitted in writing to the Municipal Manager at 33 Church Street / Private Bag X53 Prince Albert 6930 on or before 28 February 2015.

Sincerely

Goliath Lottering

EXECUTIVE MAYOR

Component B: Executive Summary

1.1 Municipal Manager's Overview

Prince Albert Municipality obtained another unqualified audit for the reporting year. Both the Council and staff should be commended for this achievement that forms the basis to good governance and accountability. This commitment to serving the best interest of our communities was also reflected in the Municipality's continued maintenance of the national service delivery standards.

With a limited income generating base and nationally acknowledged poverty pockets the financial viability of the municipality is an area of great concern. Though the financial position seems to have improved some, the Municipality faces serious concern regarding the increase in outstanding debtors. Several initiatives were launched to collect outstanding debtors, but reflected only limited success. The debt collection initiatives that commenced in the reporting year, are continuing in the present financial year and will remain one of the Municipality's top priorities to ensure financial sustainability. The community's support in paying their municipal bills are one of the key criteria for ensuring that basic services will be continued to be provided at an acceptable level.

The housing project in Leeu-Gamka was not completed during the reporting year, but the bulk of the infrastructure services supporting this development were completed with the first 30 houses being handed over three days after the closure of the reporting year. The delivery of these houses made a significant contribution to improving the lives of our community in Leeu-Gamka.

Our ageing infrastructure remains a concern and we are continually engaging with national departments to assist in this respect. The water disruption for some areas in Prince Albert during the beginning of January 2015 illustrates clearly that external funding support to ensure continued service delivery must remain a priority for the Municipality. The Expanded Public Works programme, combined with the Community Works Programme provided several previously unemployed persons with an income, combatting not only unemployment and poverty, but restoring dignity.

Prince Albert Municipality has the same legal compliance burden than bigger municipalities. As there is no funding to fill vacancies on the organogram the Municipality embarked on an initiative to re-invent their internal work-procedures. This will ultimately be broadened for public input through a Red Tape Initiative that will request the public to identify red tape occurrences that must be removed to enable us to work smarter and to do more with less.

The draft Annual Performance Report for the reporting year shows that we have indeed succeeded in meeting our constitutional and legislative requirements and I am confident that we will continue to do so in future.

It has indeed been a privilege to lead this Municipality and I wish to extend a sincere vote of thanks to the Executive Mayor, Speaker, management, staff, ward committees and members of the public for their continued support during the reporting year. We present the Annual Report for the financial year 1 July 2013 to 30 June 2014 to you as a true reflection of the performance of Prince Albert Municipality, with the firm dedication that we could not have achieved any of this, without you, our community.

HFW Mettler

MUNICIPAL MANAGER

1.2 Municipal Overview

This report addresses the performance of the Prince Albert Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and accurate reporting on programme performance and the general state of affairs in their locality. The 2013/14 Annual Report reflects on the performance of the Prince Albert Municipality for the period 1 July 2013 to 30 June 2014.

The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), requiring the municipality to prepare an Annual Report for each financial year.

1.2.1 Municipal Vision and Mission

Prince Albert Municipality committed itself to the following vision and mission:

Vision

Prince Albert, an area characterized by high quality of living and service delivery.

Mission

To create an enabling environment that achieves our vision, in the delivering of quality and sustainable services, to our community.

1.3.1 Population

According to the 2011 Census, Prince Albert Local Municipality has a total population of 13 136 people, of which 84,5% are coloured, 11,8% are white, with the other population groups making up the remaining 3,7%. A growth rate of 2.23% is estimated with a population density of 2 person per 2km².

Of those aged 20 years and older, 6,9% have completed primary school, 16,7% have some secondary education, 16,9% have completed matric, 8,7% have some form of higher education.

a) **Total Population**

The table below indicates the total population within the municipal area:

2001	2008	2011	2012*	2013*	% growth
10 512	12 106	13 136	13 428	13 728	2.23%

*Source: Stats SA Census, 2011 * Guestimate based on growth rate determined in 2011 census*

*Table 1.: Demographic information of the municipal area –
Total population*

b) **Population profile**

Age	2011/12*		
	Male	Female	Total
Age: 0-9	1253	1355	2608
Age: 10-14	653	625	1278
Age: 15-19	597	544	1141
Age: 20-24	573	558	1131
Age: 25-39	1380	1370	2750
Age: 40- 54	1217	1224	2441
Age: 55-69	604	652	1256
Age: 70-84	199	277	476
Age: 85+	20	30	55

Table 2.: Population profile

1.3.2 Households

Households	2012/13	2013/14
Number of households in municipal area	2 234	2411
Number of indigent households in municipal area	783	646

Table 3.: Total number of households

1.3.3 Socio Economic Status

Financial year	Housing Backlog	Unemployment Rate	People older than 14 years illiterate	HIV/AIDS Prevalence	Urban/rural household split
2011/12	35.2%	6.8%	41%	2.1%	804

Table 4.: Socio Economic Status

1.4 Service Delivery Overview

1.4.1 Basic services delivery performance highlights

Highlights	Description
Leeu-Gamka housing project	Housing project completed – 262 houses
Sewerage site in Leeu-Gamka	Sewerage upgrade in Leeu-Gamka
Landfill site upgrade	Upgrade site of landfill sites

Table 5.: Basic Services Delivery Highlights

1.4.2 Basic services delivery challenges

Ward	Challenge	Actions to address
All	Ensure quality water provision	Trained water processing staff
All	Upgrade road infrastructure	Funds secured (R4m) to upgrade roads
All	Improve and erect road signage and markings	Road markings to be established as per available budget
All	Register land fill sites	Applications submitted
Ward 2, 3, 4	Upgrade electricity network	Funding applications submitted
All	Improve vehicle fleet	Fleet management principles established

Table 6.: Basic Services Delivery Challenges

1.4.3 Proportion of Households with access to Basic Services

Proportion of Households with minimum level of Basic services		
Detail	2012/13 %	2013/14 %
Electricity service connections	100	100%
Water - available within 200 m from dwelling	100	100%
Sanitation - Households with at least VIP service	100	100%
Waste collection - kerbside collection once a week	100	100%

Table 7.: Households with minimum level of Basic Services

1.5.1 Financial Viability Highlights

Highlight	Description
Appointment of interns	Interns appointed
Unqualified audit	Unqualified audit
Municipality's financial position improved	Increase in cash and cash equivalents

Table 8.: Financial Viability Highlights

1.5.2 Financial Viability Challenges

Challenge	Action to address
Traffic income	Traffic income must be optimised
Financial viability	Maximising income
Increase in impairments	Maintenance plans for capital assets and revenue enhancement for debtors

Table 9.: Financial Viability Challenges

1.5.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	R4 2351	R4 8514	R49145
Taxes, Levies and tariffs	R16924	R16171	R16005
Other	R6406	R5212	R17573
Sub Total	R65681	R69879	R73523
Less Expenditure	R48559	R45875	R61209
Net surplus/(deficit)	R17122	R24022	R12314

Table 10.: Financial Overview

1.5.5 Total Capital Expenditure

Detail	2011/12	2012/13	2013/14
	R'000		
Original Budget	53 443	7741	17919
Adjustment Budget	53 443	7741	24019
Actual	82 363	8356	20405
% Spent	154	108	85

Table 11.: Total Capital Expenditure

1.6 Organisational Development Overview

1.6.1 Municipal Transformation and Organisational Development Highlights

Highlights	Description
Sec 56 appointments made	Manager: Corporate and Community Services and Manager: Infrastructure services appointed
Working smarter	New work procedures implemented
EPWP and CWP program support	Support in strengthening the capacity of organisation via EPWP and CWP programs
Thusong Manager appointed	Thusong Centre operational
Finance department strengthened through Municipal Finance Management Grant	Appointment of MFIP advisor

Table 12.: Municipal Transformation and Organisational Development Highlights

1.6.2 Municipal Transformation and Organisational Development Challenges

Description	Actions to address
Capacity constraints	39% vacancy rate in organisation – no funding to fill vacancies
Limited skills base	Skills funding limited

Table 13.: Municipal Transformation and Organisational Development Challenges

1.7 Auditor General Report

1.7.1 Audited Outcomes

Year	2010/11	2011/12	2012/13
Opinion received	Qualified	Unqualified	Unqualified

Table 14.: Audit Outcomes

1.8 2013/14 IDP/Budget Process

The Process Plan is indicated in Addendum A for the 2013/14 IDP/Budget process.

Chapter 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Good governance has eight (8) major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2012/13	2013/14
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100	85

2.2 Performance Highlights - Good Governance and Public Participation

Highlight	Description
Ward committee attendance	Positive ward committee attendance from members
Complaint System functioning	Complaints captured electronically, improving accountability
Youth Council established	Youth organised to improve engagements with Council
Internal Audit function outsourced	Internal audit reports supports improved internal control; Standard Operating Procedures compiled
Sport Councils	Sports council representing sporting codes established for whole area; linking with district

Table 15.: Good Governance and Public Participation Performance Highlights

2.3 Challenges - Good Governance and Public Participation

Description	Actions to address
Quality of feedback to ward committees poor	Management Report to ward councillors before meetings
Need to improve ward committee capacity	Ward Operational Training for ward committees and ward based training in December 2014 with Department of Local Government
Limited communication tools for area	Funding application to Local Government for sponsoring bulk sms-system
Quarterly feedback in wards	Ward feedback meetings scheduled under chairmanship of mayor
Improved co-operation between inter-governmental departments	Quarterly Intergovernmental meetings to be scheduled under chairmanship of mayor

a) Council

Below is a table that categorizes the councillors within their specific political parties and wards for the 2012/13 financial year:

Name of councillor	Capacity	Political Party	Ward representing or proportional (PR)
Mr. G .Lottering	Mayor	KGP	Ward Councillor: ward 3
Miss. M. Jaftha	Speaker	KGP	Ward Councillor: ward 2
Mr. N.S. Abrahams	Deputy Mayor	ANC	Ward Councillor: ward 1
Mr. I.J. Windvogel	Councillor	KGP	Ward Councillor: ward 4
Mrs. C .Stols	Councillor	ANC	PR Councillor
Dr. A. Rabie	Councillor	DA	PR Councillor
Mr. C. Bouwer	Councillor	DA	PR Councillor replaced on 7

Name of councilor	Capacity	Political Party	Ward representing or proportional (PR)
			October 2013
Mr D Rennie	Councilor	DA	PR Councilor replacing Mr C Bouwer on 7 October 2013

Table 16.: Council

Below is a table which indicates the Council meetings attendance for the 2013/14 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
13 August 2013	100%	0%
29 August 2013	85%	0%
15 October 2013	100%	0%
3 December 2013	100%	0%
24 January 2014	100%	0%
27 February 2014	100%	0%
31 March 2014	100%	0%
14 April 2014	100%	0%
22 May 2014	100%	0%
26 May 2014	85%	15% (1 member)
26 June 2014	100%	0%
<i>Numbers between brackets indicate non-attendance without apology</i>		

Table 17.: Council meetings

b) Executive Mayoral Committee

Prince Albert Municipality have an Executive Mayor, Cllr Goliath Lottering, but has no Mayoral Committee.

b) Portfolio Committees

Section 80 committees are permanent committees that specialize in a specific functional area of the municipality and may in some instances make decisions on

specific functional issues. They advise the Executive Mayor on policy matters and make recommendations to the Executive Mayor. Section 79 committees are temporary and appointed by the council as needed. They are usually set up to investigate a particular issue and do not have any decision making powers, except those delegated to them by Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as Councillors can be included on Section 79 committees. The following Section 80 committees was utilized in the reporting year.

i) Finance Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective councillors in the finance committee meetings. The Finance Committee is under the chairmanship of Cllr G Lottering.

Name of member	Capacity	Meeting dates
Cllr. G. Lottering	Chairperson	24 July 2013 27 September 2013 21 November 2013 27 February 2014 24 April 2014
Miss. M. Jafftha	Member	
Mr. N.S. Abrahams	Member	
Mr. I.J. Windvogel	Member	
Mrs. C .Stols	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Table 18.: Finance Committee

ii) Personnel and Transformation Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective councillors in the finance committee meetings. The Personnel and Transformation Committee is under the chairmanship of Cllr M Jafftha.

Name of member	Capacity	Meeting dates
Miss M Jafftha	Chairperson	22 July 2013

Name of member	Capacity	Meeting dates
Mr G Lottering	Member	26 September 2013 20 November 2013 24 February 2014 23 April 2014
Mr. N.S. Abrahams	Member	
Mr. I.J. Windvogel	Member	
Mrs. C .Stols	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Table 19.: Personnel and Transformation Committee

iii) Civil Services Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective councillors in the finance committee meetings. The Civil Service Committee is under the chairmanship of Cllr I Windvogel.

Name of member	Capacity	Meeting dates
Mr I J Windvogel	Chairperson	24 July 2013 27 September 2013 18 November 2013 26 February 2014 24 April 2014
Miss. M. Jafftha	Member	
Mr. N.S. Abrahams	Member	
Mr. G Lottering	Member	
Mrs. C .Stols	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Table 20.: Civil Services Committee

iv) Community Services and Development Committee

All councillors in Prince Albert Council form part of the respective Portfolio Committees. The following table reflects the attendance of the respective

councilors in the finance committee meetings. The Community Services and Development Committee is under the chairmanship of Cllr C Stols.

Name of member	Capacity	Meeting dates
Ms C Stols	Chairperson	22 July 2013 26 September 2013 20 November 2013 25 February 2014 23 April 2014
Miss. M. Jafftha	Member	
Mr. N.S. Abrahams	Member	
Mr. G Lottering	Member	
Mr I J Windvogel	Member	
Dr. A. Rabie	Member	
Mr. C. Bouwer	Member till 7/10/13	
Mr D Rennie	Member from 7/10/13	

Community Services and Development Committee

2.4.2 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the municipality. He is the Head of the Administration and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		(Yes/No)
Heinrich Mettler	Municipal Manager	Yes
Jacob Van Der Westhuizen	Director Strategic & Community Services	Yes – position vacated in September 2013
Noel Klink	Manager: Technical Services	Yes – Till December 2013 after which the position was vacant till June 2014 when Justin Lesch was appointed
Jannie Neethling	Chief financial Officer	Yes
Anneleen Vorster	Manager: Corporate and Community Services	Yes -January 2014

Table 21.: Administrative Governance Structure

2.5 Intergovernmental Relations

South Africa has an intergovernmental system that is based on the principle of cooperation between the three spheres of government – local, provincial and national. While responsibility for certain functions is allocated to a specific sphere, many other functions are shared among the three spheres.

Chapter 3 of the Constitution describes the three spheres as being 'distinctive, interdependent and interrelated' and enjoins them to 'cooperate with one another in mutual trust and good faith'. An important element of this cooperative relationship is that there needs to be a clear understanding of each sphere of government's powers and functions to ensure that a sphere of government or organ of state 'does not encroach on the geographical, functional or institutional integrity of government in another

2.5.1 Provincial Intergovernmental Structures

Provincial intergovernmental relations is mostly aimed at oversight and monitoring as set out in various pieces of legislation pertaining to local and provincial government. It does, however, take on a supporting role in the sharing of best-practices and knowledge sharing. Provincial intergovernmental structures include MINMAY meetings, Provincial Task Groups and FORA such as the Provincial Public Participation Forum and SALGA Work Groups. Various Provincial FORA exist in every field of Local Government. The benefit of such FORA is a more integrated and coordinated planning process ensuring optimum use of available resources.

We participate in the following intergovernmental forums:

- ∞ Municipal Managers Forum
- ∞ CFO Forums
- ∞ Central Karoo District Coordinating Forum
- ∞ Central Karoo Communications Forum
- ∞ Thusong Centre Provincial Forum
- ∞ MIG Manager/Municipality Coordination Meetings – Western Cape Department of Local Government
- ∞ Central Karoo Bilateral Meeting – Department of Water Affairs
- ∞ The Provincial Transport Technical Committee (ProvTech) – Western Cape Department of Transport and Public Works
- ∞ The Provincial Transport Committee (ProvCom) – Western Cape Department of Transport and Public Works

- ∞ Integrated Waste Management Forum – Western Cape Department of Environmental Affairs and Development Planning
- ∞ Western Cape Recycling Action Group – Western Cape Department of Environmental Affairs and Development Planning
- ∞ Municipal Infrastructure and Related Services Working Group – SALGA
- ∞ Working for Water: Implementing Agent Managers Forum – National Department of Environmental Affairs

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6.1 Public Meetings

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

The table below details public communication and participatory initiatives held by the municipality during the financial year under review:

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
IDP & Budget Ward 1 Prince Albert Road	14 April 2014	7	7	40	Community meeting
IDP & Budget Ward 1 Leeu Gamka	14 April 2014	7	7	100	Community meeting
IDP & Budget Ward 2;3 & 4 Prince Albert	15 April 2014	7	7	150	Community meeting
IDP & Budget Ward 4 Klaarstroom	16 April 2014	7	7	60	Community meeting

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Housing meeting (Blink hokke)	26 May 2014	1	2	14	Beneficiary meeting

Table 22.: **Public Meetings**

2.6.2 Ward Committees

The ward committees support the Ward Councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities. In the following tables the respective ward committee meetings that were held during the reporting years are reflected.

a) **Ward 1: Leeu Gamka; Prince Albert Road and Farms**

Name of representative	Capacity representing	Dates of meetings
Cllr. N.S. Abrahams	Ward Councillor	15 July 2013 12 August 2013 16 September 2013 14 October 2013 11 November 2013 03 December 2013 17 January 2014 17 February 2014 17 March 2014 14 April 2014 19 May 2014 17 June 2014
Cllr. C. Stols	PR Councillor	
Vacant	Churches	
Mr. D. Steenkamp	Safety	
Mr. R. Swartz	Sport	
Vacant	Representative Prince Albert Road	
Mrs. M. Oliphant	Businesses	
Mr. K. Stols	Health	
Mrs. A. Booysen	NGO	
Miss. M. Fielies	Elderly	
Mr. A. Booysen	School Governing Body	
Mrs. L. Faroo	Food Security	

Table 23.: **Ward 1 Committee Meetings**

b) **Ward 2: Prince Albert**

Name of representative	Capacity representing	Dates of meetings
Cllr. M.D. Jafftha	Ward Councillor	16 July 2013 15 August 2013 17 September 2013 15 October 2013 12 November 2013 03 December 2013 17 January 2014 18 February 2014 18 March 2014 15 April 2014 20 May 2014 18 June 2014
Cllr. A. Rabie	PR Councillor	
Cllr. C. Bower	PR Councillor	
Vacant	Tourism	
Mr. R. Waterston	Chamber Of Commerce	
Miss. B. Castle	Ratepayers Association	
Mr. J. Mckenna	Cultural Foundation	
Vacant	Education	
Mr. J. Du Tiot	Elderly	
Mr. G. Erasmus	NGO	
Mrs. M. Mooneys	Church	
Mrs. L. Jaquet	Safety	

Table 24.: Ward 2 Committee Meetings

c) **Ward 3: Prince Albert**

Name of representative	Capacity representing	Dates of meetings
Cllr. G. Lottering	Ward Councillor	18 July 2013 13 August 2013 18 September 2013 14 October 2013 11 November 2013 03 December 2013 17 January 2014 19 February 2014 19 March 2014 15 April 2014 20 May 2014 18 June 2014
Miss.L.Hesque	NGO	
Mr. M. Berlin	Elderly	
Miss. F. Januarie	Churches	
Miss. A.Hoorn	Health	
Mr. J. Pietersen	Sport	
Vacant	Argicalcture	
Miss. E. Manewille	Youth	
Vacant	Women	
Mrs. H. Mckay	Education	

Table 25.: Ward 3 Committee Meetings

d) **Ward 4: Prince Albert Rondomskrik/Klaarstroom and Farms**

Name Of Representative	Capacity Representing	Dates of meetings
Cllr. I.J. Windvogel	Ward Councillor	17 July 2013

Name Of Representative	Capacity Representing	Dates of meetings
Cllr.S.Botes	PR Councillor	14 August 2013
Mr. H. Piedt	Education	18 September 2013
Mrs. J. Plaatjies	Safety	14 October 2013
Vacant	NGO	11 November 2013
Mr. J. Loff	Farmers	03 December 2013
Mr. J. Jantjies	Youth	17 January 2014
Miss. B. Ackerman	Elderly	20 February 2014
Mrs. D. Lottering	Business	20 March 2014
Miss. S. Piedt	Health	15 April 2014
Mr. S. Fister	Farmworkers	21 May 2014
Mr. I.Cupido	Sport	19 June 2014

Table 26.: **Ward 4 Committee Meetings**

2.6.3 Functionality of Ward Committee

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and should be representative. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the Council. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of ward committees and their functionality:

Ward Number	Committee established Yes / No	Number of reports submitted to the Speakers Office	Number meetings held during the year	Number of quarterly meetings held during year	Committee functioning effectively (Yes / No)
1	Yes	84	12	0	Yes

Ward Number	Committee established Yes / No	Number of reports submitted to the Speakers Office	Number meetings held during the year	Number of quarterly meetings held during year	Committee functioning effectively (Yes / No)
2	Yes	78	12	0	Yes
3	Yes	83	12	0	Yes
4	Yes	69	12	0	yes

Table 27.: Functioning of Ward Committees

2.6.4 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour Forum for the 2013/14 financial year:

Name of representative	Capacity	Meeting dates
P Oliphant	Chairperson: Imatu member	20 September 2013 09 October 2013 25 April 2014 9 June 2014
A Arendse	Imatu	
A Waterboer	SAMWU	
N Abrahams	Employer	
A Vorster	Employer	
D Mooneys	Employer	

Table 28.: Labour Forum

2.7 Risk Management

The table below reflects the Risk Committee:

Member	Capacity	Department
1. H Mettler	Chairperson	Municipal Manager
2. J Neethling	Member / Champion	Finance
3. A Vorster	Member/ Champion	Corporate and Community Services
4. J Lesch	Member/ Champion	Technical Services
5. R Fransen	Risk Officer	Municipal Manager

Member	Capacity	Department
6. P Theron	Member	Audit Committee member

Table 29.: Risk Committee

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.10 RISK MANAGEMENT

Prince Albert Municipality is committed to the optimal management of risks in order to achieve our vision, deliver on our core business and key objectives.

In the course of conducting our day-to-day business operations, we are exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

To ensure business success we have adopted an enterprise-wide integrated approach to the management of risks. By embedding the risk management process into key business processes such as planning, operations and new projects, we will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

To further implement the enterprise-wide approach, we have taken a number of steps to reinforce a culture of disciplined risk-taking.

Council is responsible for oversight of the risk management processes and has delegated its day-to-day implementation to the Accounting Officer. The Accounting Officer, who is accountable for the overall governance of the municipality's risks, has delegated this role to the Risk Officer (RO) and management. The RO will ensure that the framework is implemented and that Council and the Risk Management Committee (RMC) receive appropriate reporting on the municipality's risk profile and risk management process. Management will execute their responsibilities outlined in the Risk Management Strategy. All other officials are responsible for incorporating risk management into their day-to-day activities.

For the 2013/14 financial year the top 5 strategic and operational risks identified are as follows:

Strategic Risks

- Implications of the changes proposed by the Bill on Basic Conditions of Employment and Labour Relations – will be addressed in the 2014/15 financial year.
- The risk of financial sustainability for the immediate and longer term – Being addressed through the development of a long term financial strategy.
- Capital funding for projects decreasing, leading to increase in external funding required – Included in the long term financial strategy.
- Replacing old dilapidated infrastructure network – MIG funding applications submitted
- Re-vitalise local economy – risk tender awarded in 2014/15 financial year for development and implementation of economic strategy.

Operational Risks

- Housing waiting list not properly managed and/or maintained – New procedure implemented for future housing project.
- Poor record keeping - to be remedied with assistance with SALGA
- Flat organisational structure with limited capacity – develop smarter ways to work.
- Insufficient electricity tariff structure – referred to 2015/16 budget process for development of new structure; negotiations with consulting engineers to determine most effective tariff.
- Loss of key data – Off site backup facility needed
- Outdated land use register – new register to be compiled.
- Building Control Officer required – referred to new budget process

2.8 Anti-Corruption and Anti-Fraud

Section 83(c) of the Municipal Systems Act refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

a) **Developed Strategies**

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Anti-corruption and Fraud Prevention strategy and Implementation plan	Yes	Not reviewed during the reporting year
Risk Management Policy	Yes	June 2014
Risk Management Strategy and Implementation Plan	Yes	June 2014

Table 30.: *Strategies*

b) **Members of the Audit Committee which is also the Performance Audit Committee**

Name of representative	Capacity	Meeting dates
A Dippenaar	Chairperson	15 August 2013
M van Wyk	Member	30 August 2013
P Theron	Member	11 November 2013
A Badenhorst	Internal Auditor	21 February 2014
		16 May 2014
		17 June 2014

Table 31.: *Members of the Audit Committee*

2.11 Internal Auditing

Annual Audit Plan

The Risk Based Audit Plan for 2013/14 was executed with the available resources. The table below provides detail on audits completed:

Description	No of Hours	Date completed
Phase 1		
Revisiting current risk profile and priorities	2	
Phase 2		
Compiling Risk Based Audit Plan	60	
Phase 3		

Description			No of Hours	Date completed
Audit Engagement	Departmental System	Detail	No of Hours	
Performance management	All departments	SOP's drafted and POE's verified	125	
HR	Corporate Services	Legal compliance	64	
Income	Finance department	Debtor billing	72	
Grants	Finance department	Grant allocations	64	
Continuous Auditing/Consulting				Ongoing – monthly basis
Junior Internal Audit Assistance				Ongoing – daily basis
Training CPD				Ongoing
Total Hours				

Table 32.: **Internal Audit Coverage Plan**

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function
Risk analysis completed/reviewed
Risk based audit plan approved for 2013/14 financial year
Internal audit programme drafted and approved
Number of audits conducted and reported on
Grants
IT risk assessment
Performance management
HR analysis

Table 33.: **Internal Audit Functions**

2.12 By-Laws and Policies

By-laws developed/revised	Public Participation Conducted Prior to adoption of By-Laws Yes/No	Date of Publication
Tariff By-Law	Yes	13 December 2013
Liquor Trading Hours	Yes	13 December 2013

Table 34.: By-laws developed and reviewed

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Risk Policy	June 2014	No

Table 35.: Policies developed and reviewed

2.13 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the above-mentioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of **Batho Pele** and this, in simple terms, means that those we elect to represent us (Councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

The table below provides details regarding the municipality's use of various communication platforms

Communication activities	Yes/No
Communication unit	Yes
Communication strategy	Yes
Communication Policy	Yes
Customer satisfaction surveys	Yes
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	No

2.14 Website

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal website	Published (Yes/No)
Current annual and adjustments budgets and all budget-related documents, including SDBIP	Yes
Tariff policy	Yes
Credit control policy	Yes
Valuation policy	Yes
Rates policy	Yes
SCM policy	Yes
Annual report for 2012/13	Yes
All service delivery agreements for 2013/14	No
All supply chain management contracts above the prescribed value for 2013/14	No
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2013/14	Yes
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA during 2013/14	Yes

Table 36.: Website Checklist

2.15 Supply Chain Management

2.15.1 Competitive Bids in Excess of R200 000

a) Bid Committee Meetings

The attendance figures of members of the bid evaluation committee are as follows:

Member	Percentage attendance
CHRISTA BAADJIES	100
DONOVAN PLAATJIES	100
LOUWRENCE LESCH	100

Table 37.: Attendance of members of bid evaluation committee

The attendance figures of members of the bid adjudication committee are as follows:

Member	Percentage attendance
Mr. J LESCH	100
Mrs. D MOONEYS	100
Mrs KARIN VAN DER MESCHT	100
Mr JD NEETHLING	100
Mr A VORSTER	100

Table 38.: Attendance of members of bid adjudication committee

The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

b) Awards Made by the Bid Adjudication Committee

The ten highest bids awarded by the bid adjudication committee are as follows:

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded
TENDER 43/2013	25.04.14	Prince Albert Upgrading Of Prince Albert Water Supply: New 1.5ML Reservoir	A2 Loodgieters	R3537629.76

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded
TENDER 67/2013	10.12.13	Klaarstroom: Supply And Installation Of Borehole Pump And Ancillary Equipment	Viking Pony Africa Pumps t/a Tricom Africa	R549956.75
TENDER 68/2013	10.12.13	Leeu Gamka: Upgrae Of The Leeu Gamka Wastewater Treatment Works	A2 Loodgieters	R3618023.91
TENDER 39/2013	22.11.13	Behuising: Riool lyn Leeu gamka	Asla Construction	R778577.07
TENDER 31/2014	27.05.14	Prince Albert: Upgrading Of Prince Albert Water Supply: New Bulk WaterMain To Reservior	A2 Loodgieters	R3817029.91
TENDER 51/2013	24.10.13	The Supply And Delivery Of Material For Pedestrain and Cycle Pathway in Prince Albert	Volmoed Quarries	R315810.62
TENDER 52/2013	24.10.13	The Supply And Delivery Of Material For Pedestrain and Cycle Pathway in Leeu Gamka	Volmoed Quarries	R581834.87
TENDER 25/2013	3.06.13	Prince Albert: Rehabilitation Of Stormwater Channel No1 Using Labour Intensive Construction Methods	Cheslyn Transport & Projects Cc	R195673.79

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded
TENDER 53/2013	24.10.13	The Supply And Delivery Of Watermeters In Leeu Gamka	Civil Corp	R82810.00
TENDER 45/2014	13.06.14	Make & Supply Pallisade Fencing And Gates (Thusong Centre)	Octobersky & Plant Hire and Suppliers	R181704.60

Table 39.: Ten highest bids awarded by bid adjudication committee

c) Awards Made by the Accounting Officer

No bids awarded by the Accounting Officer for the reporting year.

e) Appeals lodged by aggrieved bidders

No appeals were lodged against any bid or tender during the reporting year.

2.15.3 Deviation from Normal Procurement Processes

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Value of deviations	Percentage of total deviations value
SOLE SUPPLIERS	110	R441 156.00	1.37%
Total			

Table 40.: Summary of deviations

Clause 36(1)(a)(v)- Deviations- Impractical and or Impossible: None

2.15.4 Logistics Management

As at 30 June 2014, the value of stock at the municipal stores amounted to R253 798.00.

The system of disposal management must ensure the following:

- immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- Immovable property is let at market related rates except when the public e plight of the poor demands otherwise;
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. The current policies in place aim to provide the guidelines for the disposal of all obsolete and damaged assets.

Chapter 3: ORGANISATIONAL PERFORMANCE

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2013/14 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2013/14 compared to the actual performance in 2013/14.

3.1 Overview of Performance within the Organisation

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources;
- accountable public administration;
- to be transparent by providing information;
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role

players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

3.1.1 Legislative requirements

In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.1.2 Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level and municipal services

3.1.3 The performance system followed for 2013/14

The performance management system drafted and implemented for the 2013/14 financial year is described beneath.

a) Adoption of a Performance Management Framework

The municipality's performance management framework was adopted by Council on 15 October 2013 and will be revised in the next financial year.

b) The IDP and the budget

The 2013/14 IDP was approved together with the 2013/14 budget by Council on 28 May 2013. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management.

Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

c) The Service Delivery Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned.
- The budget must address the strategic priorities.
- The SDBIP should indicate what the municipality is going to do during the next 12 months.
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP for 2013/14 were prepared as described in the paragraphs below and the Top Layer SDBIP approved by Council on 28 May 2013 and signed off by the Executive Mayor on 28 May 2013.

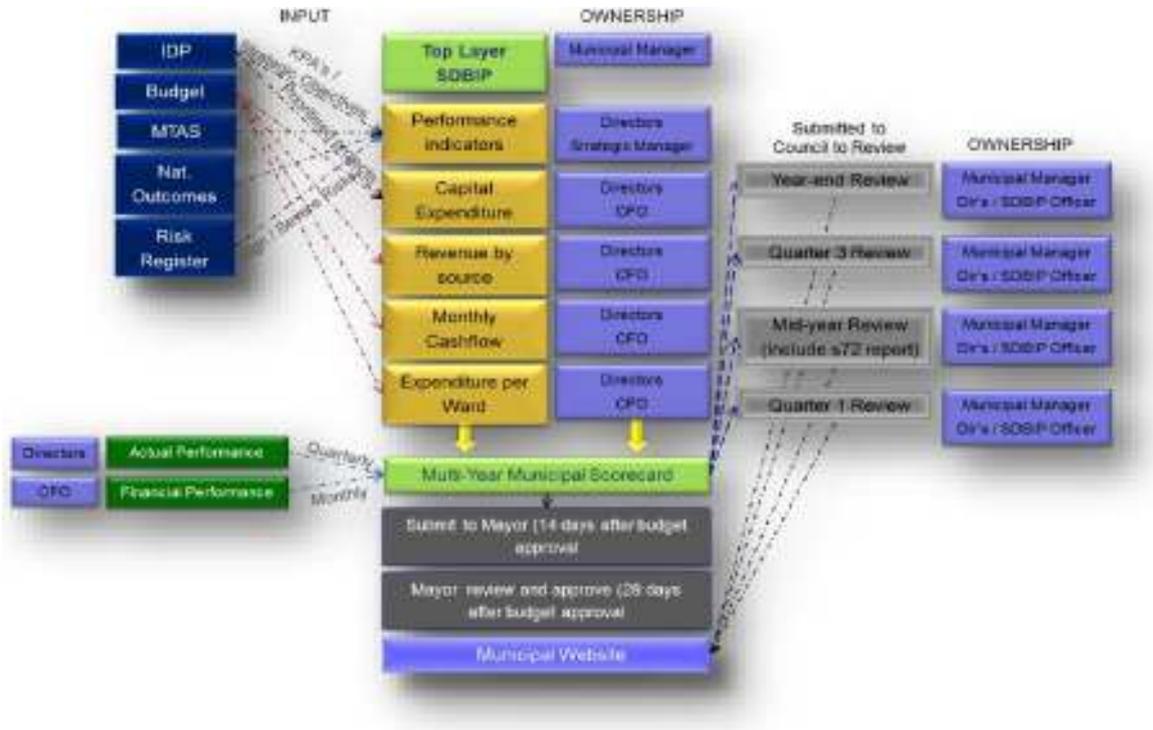
(i) The municipal scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

- **One-year** detailed plan, but should include a **three-year capital plan**
- Monthly projections of revenue to be collected for each source
- Expected revenue to be collected NOT billed
- Monthly projections of expenditure (operating and capital) and revenue for each vote
- Section 71 format (Monthly budget statements)
- Quarterly projections of service delivery targets and performance indicators for each vote
- Non-financial measurable performance objectives in the form of targets and indicators
- Output NOT input / internal management objectives
- Level and standard of service being provided to the community
- Ward information for expenditure and service delivery

- Detailed capital project plan broken down by ward over three years

The following diagram illustrates the establishment, components and review of the municipal scorecard (Top Layer SDBIP):



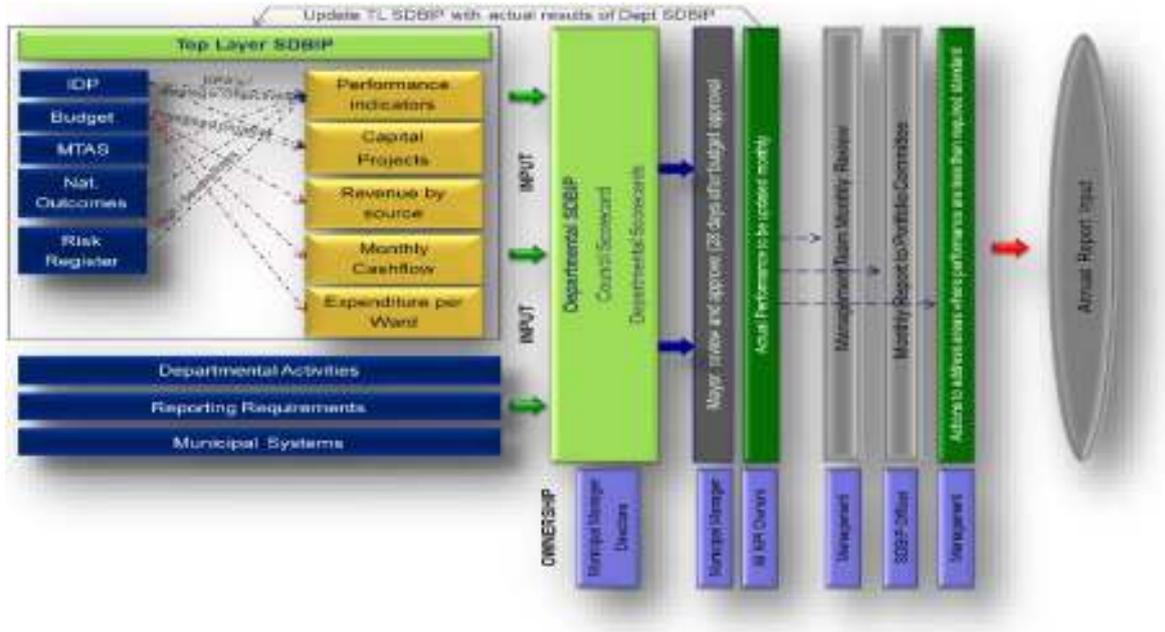
Top Layer KPI's were aligned with the IDP Implementation Map (iMAP) that was prepared based on the following:

- Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- KPI's identified during the IDP and KPI's that need to be reported to key municipal stakeholders.

(ii) Departmental scorecards

The departmental scorecards (detail SDBIP) capture the performance of each defined directorate or department. Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the departmental SDBIP provide detail of each outcome for which top management are responsible for, in other words a comprehensive picture of the performance of that department/sub-department. It consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

The following diagram illustrates the establishment, components and review of the departmental SDBIP:



KPI's were developed for each department. Each KPI have clear monthly targets and are assigned to the person responsible for the KPI's. The departmental KPI link back to the top-layer SDBIP.

d) Actual performance

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set.
- The output/outcome of achieving the KPI.
- The calculation of the actual performance reported. (If %)
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

3.1.4 Performance Management

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining

the responsibilities of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

a) Organisational Performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

The Top Layer SDBIP was approved by the Mayor on 28 May 2013 and the information was loaded on an electronic web based system;

- The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the 15th every month for the previous month's performance.
- Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web based system.
- The first quarterly report was submitted to Council on 24 January 2014 and the second quarterly report formed part of the section 72 report in terms of the Municipal Finance Management Act, which was submitted to Council on 24 January 2014.
- The Quarterly SDBIP performance reports was also submitted to the Internal Audit unit (outsourced), who performed an audit of sample KPI's and reviewed all quarters for submission to the Performance Audit Committee on 15 August 2013.

b) Individual Performance Management

(i) Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. In addition the Regulation in Government Gazette 37245, of 17 January 2014 (Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, Section 9, Annexures A and B) notes the Competency requirements for senior managers. The Performance Agreements of the Municipal Manager and other Section 56/57 Managers should be directly linked to their employment contract. These Performance Agreements consist of three distinct parts:

- Performance Agreement: This is an agreement between the Section 56/57 Manager and the Municipality, which regulates the performance required for

a particular position and the consequences of the performance. The Agreement deals with only one aspect of the employment relationship, namely performance. This agreement must be reviewed and renewed annually, subject to the individual's annual performance.

- Performance Plan: The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP transcends into the Performance Plan/s of the respective Section 56/57 Managers according to their areas of responsibility.
- Personal Development Plan: The plan is an Annexure to the Performance Agreement and addresses the developmental needs/requirements of the manager indicating actions and timeframes.

The performance agreements for the 2013/14 financial year were signed during July 2013 as prescribed. The performance agreement for the Operational Manager: Corporate and Community Services were signed in February 2014, as the latter was appointed at the end of January 2014.

(ii) Other municipal personnel

The municipality has not implemented individual performance management to lower level staff during the 2013/14 financial year.

3.2 Introduction to Strategic and Municipal Performance for 2013/14

3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements).

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

Category	Color	Explanation
KPI's Not Yet Measured	Grey	KPIs with no targets or actuals in the selected period.
KPI's Not Met	Red	0% >= Actual/Target < 75%
KPI's Almost Met	Yellow	75% >= Actual/Target < 100%
KPI's Met	Green	Actual/Target = 100%
KPI's Well Met	Dark Green	100% > Actual/Target < 150%
KPI's Extremely Well Met	Dark Blue	Actual/Target >= 150%

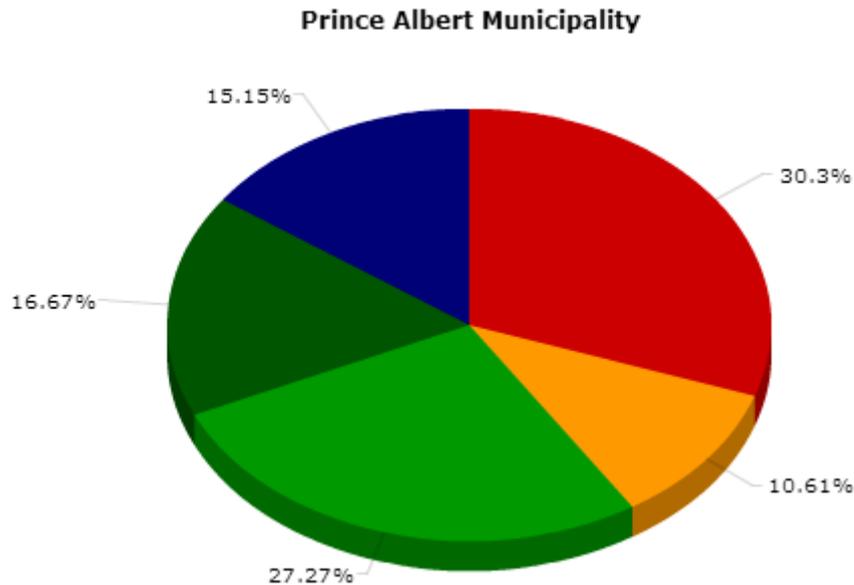
Figure 2: SDBIP Measurement Categories

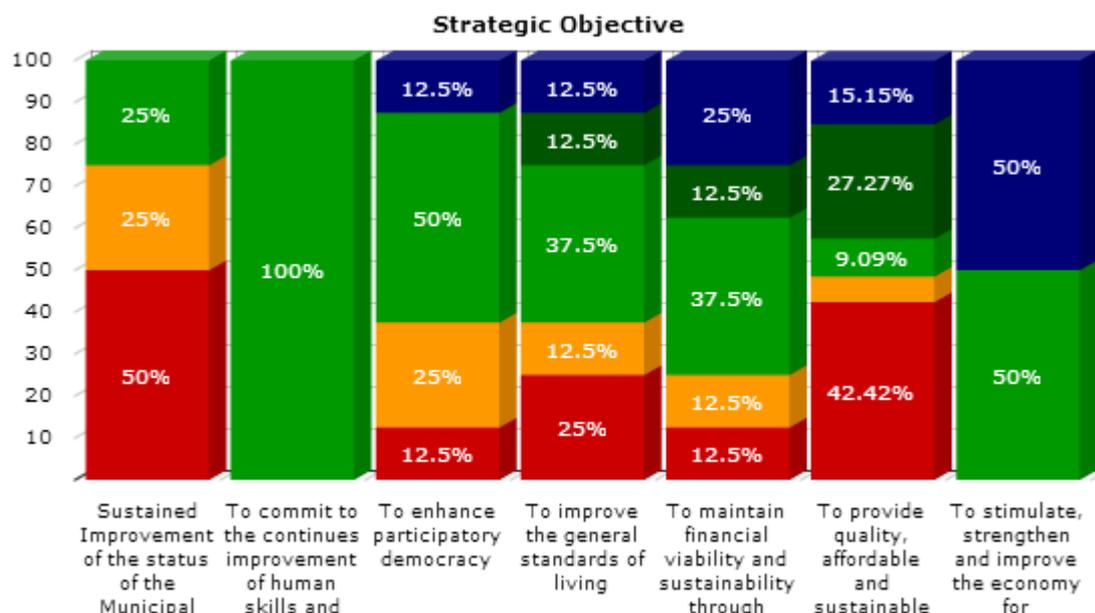
The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the table and graph below:

	Prince Albert Municipality	Strategic Objective						
		<i>Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy</i>	<i>To commit to the continues improvement of human skills and resources to delivery effective services</i>	<i>To enhance participatory democracy</i>	<i>To improve the general standards of living</i>	<i>To maintain financial viability and sustainability through prudent expenditure, and sound financial systems</i>	<i>To provide quality, affordable and sustainable services on an equitable basis</i>	<i>To stimulate, strengthen and improve the economy for sustainable growth</i>
KPI Not Met	20 (30.3%)	2 (50%)	-	1 (12.5%)	2 (25%)	1 (12.5%)	14 (42.4%)	-
KPI Almost Met	7 (10.6%)	1 (25%)	-	2 (25%)	1 (12.5%)	1 (12.5%)	2 (6.1%)	-
KPI Met	18 (27.3%)	1 (25%)	3 (100%)	4 (50%)	3 (37.5%)	3 (37.5%)	3 (9.1%)	1 (50%)
KPI Well Met	11 (16.7%)	-	-	-	1 (12.5%)	1 (12.5%)	9 (27.3%)	-
KPI Extremely Well Met	10 (15.2%)	-	-	1 (12.5%)	1 (12.5%)	2 (25%)	5 (15.2%)	1 (50%)
Total:	66	4	3	8	8	8	33	2

Top Layer SDBIP Performance per Strategic Objective

The graph below displays the overall performance per Strategic objectives for 2013/14:





Overall performance per Strategic objective

a) Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

The results of this strategic objectives must be considered with the recognition that the position for Operational Manager: Corporate and Community Services was only filled on 23 January 2014.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL1	Review the spatial development framework and submit to council by end June	SDF submitted to council	All	New performance indicator; no comparatives available	0	0	0	1	1	1	G	n/a
TL2	Provide consideration (decisions) on building plans applications within 60 days after receipt of all outstanding information (Actual applications approved/actual applications received)	% building plans evaluated within 60 days	All	53.19	80	80	80	80	80%	78.25%	O	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL3	Provide consideration (decisions) on land use applications within 120 days after receipt of all outstanding information (Actual applications approved/actual applications received)	% of applications evaluated within 120 days	All	41.93%	80	80	80	80	80%	59.17%	R	The date of calculation should move to the closing date of the advertisement and not of application as the newspaper only appear once a month and if you miss the cut-off date for one month on say the 16 th of a month, your process will be held back for a month and a half – this is out of the hands of the municipality. As an alternative applicants can advertise in Die Hoorn which appears weekly and will now be available in Prince Albert area. This is however very costly and the applicant will have the choice not the Municipality.
TL5	Develop a Drought Management Plan and submit to council for approval by end June	Drought management plan submitted to council	All	New performance indicator. No comparatives available	0	0	0	1	1	0	R	Draft Drought Management plan completed, Signed off by Portfolio Chairperson and Executive Mayor. However not yet workshopped with Council and thus not yet tabled at Council. This was mainly due to the fact that the Technical Manager position was vacant since 6 December 2013 until 1 June 2014.

Top Layer SDBIP – Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

The Spatial Development Framework was approved in February 2014, exceeding the time limit in the KPI. It must further be noted that the municipality embarked on an awareness program to address illegal land use and building control in the municipal area by declaring an amnesty period in which applicants whose land use are illegal, have the opportunity to remedy such.

b) To commit to the continues improvement of human skills and resources to delivery effective services

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL14	Develop a risk management policy /strategy and submit to council for approval by end June	Policy/ strategy submitted to council	All	New performance indicator; no comparatives available	0	0	0	1	1	1	G	n/a
TL15	Development skills of staff (Actual total training expenditure/total	% of total operational budget spent on training	All	0.15%	0	0	0	0.30%	0.30%	0.14%	R	There was an over expenditure on the training budget. It should further be noted that not all training is funded from one vote. Training could only be incurred as budgeted. Municipality should increase

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	operational budget)											training budget, but are facing budget constraints.
TL16	Develop an employment equity policy and plan and submit to council for approval by end June	Draft policy and plan submitted to council	All	New performance indicator; no previous measurement available	0	0	0	1	1	1	G	n/a

Top Layer SDBIP – To commit to the continues improvement of human skills and resources to delivery effective services

An employment equity plan will be drafted in the new financial year to reflect the demography and equity targets for the Municipality. The Municipality is investing in Skills Development and signed a service delivery agreement to source external funding to improve skills development.

c) To enhance participatory democracy

Participatory governance is one of the key principles that local government is built upon. The following depicts the Prince Albert Municipality's performance in this aspect.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL17	Develop a Communication and Public Participation implementation plan and submit to council by end March its strategy already developed	Implementation plan submitted to council	All	New performance indicator; no previous measurement available	0	0	1	0	1	0	R	Implementation plan to be drafted in next financial year.
TL18	Train ward committees with one training session per ward per annum	Number of training sessions	All	1	0	0	0	4	4	4	G	n/a
TL19	Facilitate the meeting of the Audit Committee	Number of meetings	All	New performance indicator; no previous measurement available	1	1	1	1	4	3	O	n/a
TL20	Train the Audit Committee and Performance Audit Committee	Number of training sessions	All	1	1	0	0	0	1	1	G	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL21	Submit quarterly report to council on the actual performance in terms of the Top Layer SDBIP	Number of SDBIP reports submitted to council	All	New performance indicator; no previous measurement available	1	1	1	1	4	3	O	n/a
TL22	Compile and submit the Risk based audit plan to the Audit Committee for approval	RBAP submitted to the Audit Committee	All	1	0	0	0	1	1	1	G	n/a
TL23	Implement the RBAP (Planned audits for the period/audits completed for the period)	% implemented	All	New performance indicator; no previous measurement available	0	0	0	70%	70%	70%	G	n/a
TL24	Facilitate the regular meeting of ward committees	Number of meetings	All	5	4	4	4	4	16	38	B	n/a

Top Layer SDBIP – To enhance participatory democracy

The Municipality invited the public to submit comments to improve communication and this will be considered in the compilation of the communication implementation plan. The quality of ward committee engagements will be improved in the next financial year, while the municipality will also build on the sectorial and stakeholders engagements that already take place on a continuous basis.

d) To improve the general standards of living

The underlying principle to all local government activities is the objective to improve the general standards of living and well-being of their residents. Prince Albert Municipality spend 100% of their Municipal Infrastructure Grant during the reporting year. With no capital projects funded through own funds, capital expenditure was incurred in respect of housing. The housing expenditure was claimed as the project progressed. The following objective portrays the Municipality's performance in this respect.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL4	Research and compile a report with results and recommendations for the development of a	Report submitted to council	All	New performance indicator; no previous measurement available	0	0	0	1	1	1	G	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014						Corrective measures for targets Not Achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
	Housing pipeline and submit to council by end June											
TL7	Provide wheelie wagons for library services	Number of wheelie wagons provided	All	New performance indicator; no previous measurement available	0	0	0	1	1	1	G	n/a
TL8	Hold exhibitions on identified topics to enhance library awareness	Number of exhibitions held	All	9	3	3	3	3	12	18	B	n/a
TL9	Hold road blocks to decrease incidents affecting traffic safety	Number of road blocks held	All	5	3	2	2	3	10	11	G2	n/a
TL10	Review the Disaster Management Plan and submit to council for approval by end May	Plan submitted to council	All	1	0	0	0	1	1	1	G	n/a
TL11	Develop a Human Settlement Plan and submit to council by the end of June	Plan submitted to council	All	New performance indicator; no previous measurement available	0	0	0	1	1	0	R	Currently in discussion with DoHS who is drafting a template for Municipalities.
TL12	Install services for new housing sites	Number of sites serviced	1; 4	New performance indicator; no previous measurement available	0	0	0	321	321	252	O	
TL13	Built top structures for new housing sites	Number of top structures built	1; 4	New performance indicator; no previous measurement available	0	0	0	50	50	30	R	The original approval was for 50 units by DoHS amended it to the full 251 top structures. This implied that bulk infrastructure scheduled was to be amended to ensure services for the new target of 252 units, therefore all top structures was held back to ensure efficiency. The first 30 units will be delivered to beneficiaries on 4 July 2014. This is due to the availability of Mayor.

Top Layer SDBIP – To improve the general standards of living

A municipality's housing delivery is subject to funding received from Provincial government. As such, Province initially approved only 51 houses in Leeu-Gamka which was later increased to 252 units. In addition to the increase in units, the subsidy scheme was changed after the first 51 houses were completed and the contractor

had to go back to these houses to bring it up to the new standard. This held the project back and the first houses were completed just before the end of the financial year, with the first hand-overs taking place on July 4, 2014.

The Municipality's housing division focussed on the identification of the beneficiaries, the verification and "cleaning" of all waiting lists in the municipal area and the drafting of a housing policy to be tabled to Council in the next financial year. An Integrated Human Settlement Plan will only be drafted in the next financial year.

e) To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

Financial viability is indicative of the municipality's sustainability. The following KPI's reflect the municipality's performance in respect of good financial practice.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014						Corrective measures for targets Not Achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
TL54	Hold indigent awareness campaigns	Number of campaigns	All	1	0	0	0	1	1	1	G	n/a
TL55	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	All	New performance indicator; no previous measurement available	0	0	0	18,50%	18.50%	11.19%	R	n/a
TL56	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	All	New performance indicator; no previous measurement available	0	0	0	0,09	0.09	7.41	B	n/a
TL57	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-	Target achieved	All	New performance indicator; no previous measurement available	0	0	0	0,81	0.81	150	B	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014						Corrective measures for targets Not Achieved	
					Target				Actual	R		
					Q1	Q2	Q3	Q4				Annual
	operating grants received)/debt service payments due within the year)											
TL58	Review the required budget implementation policies	Number of policies	All	12	0	0	4	0	4	5	G2	n/a
TL59	Achieve a payment percentage of at least 85%	Payment %	All	100	85%	85%	85%	85%	85%	80%	O	n/a
TL60	Achieve an unqualified audit opinion for the 2012/13 financial year	Opinion achieved	All	1	0	1	0	0	1	1	G	n/a
TL61	Implement an initiative to improve debt collection	Number of initiatives	All	1	0	0	0	1	1	1	G	n/a
TL62	Provide 6kl free basic water per household per month in terms of the equitable share requirements	Number of HH receiving free basic water	All	2023.09	0	0	0	1937	1,937	2,063	G2	n/a
TL63	Provide cleaned piped water to all households within 200m from the household within the municipal area	Number of HH that meet the agreed service standards for piped water	All	2023.09	0	0	0	1989	1,989	2,231	G2	n/a
TL65	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic electricity	All	769.25	0	0	0	615	615	790	G2	n/a
TL66	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	769.25	0	0	0	615	615	790	G2	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	0	0	0	1989	1,989	2,150	G2	n/a

Top Layer SDBIP – To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

f) To provide quality, affordable and sustainable services on an equitable basis

A municipality's main objective is to provide quality, affordable and sustainable basic services on an equitable basis. The following KPI's reflect the Municipality's performance in this respect.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL27	Develop a Vehicle Replacement Strategy by the end of October 2013	Strategy completed and adopted by Council	All	New performance indicator; no previous measurement available	0	1	0	0	1	0	R	A Vehicle Replacement strategy Will be drafted before 30 June 2015
TL28	Upgrade 28 Transnet settlement houses to national standards by the end of June 2014	Number of houses completed	1	New performance indicator	0	0	0	28	28	0	R	The DoHS appointed the Central Karoo PRT to plan and manage this project. The PRT in consultation with our Consulting Engineers drafted an implementation programme, which was approved by DoHS and unlocked R 6 million. This is resulted in a concert of 16 projects to the value of R 29 684 969. Three of these projects have been completed and further technical reports were drafted for the unlocking of another R 8 million. The project as seen as a whole and will only conclude when completed. Since it involves bulk infrastructure 92 units are thus all services at once and progressively. This project must therefore be managed as for 92 units, and cannot be broken down, for it involves bulk infrastructure which is very costly
TL29	Develop an Integrated Infrastructure Maintenance Plan by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator for 2013/14; no comparatives available	0	0	0	1	1	1	G	n/a
TL30	Limit electricity losses to less than 15%	% of electricity losses	All	12.48%	0	0	0	15%	15%	17.59%	R	Electricity losses have increased, Door-to-door site visit to inspect electricity losses

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL31	% of the electricity maintenance budget spent on repairs and maintenance of electricity assets	% of maintenance budget spent	All	100	30%	30%	30%	50%	50%	96.69%	B	n/a
TL32	Obtain permit for the Leeu-Gamka landfill site by the end of June 2014	Permit obtained	1	New performance indicator; no previous measurement available	0	0	0	1	1	0	R	Await approval from DEAP, which is long process. Basic Assessment and Application have been made as per the Waste Act, since this is listed items
TL33	Implement Integrated waste management awareness campaign	Number of campaigns	All	1	1	1	1	1	4	0	R	Awareness campaign to be launched In 2014/15.
TL34	Report quarterly on compliance with the National Waste Management Strategy	Number of reports	All	0	1	1	1	1	4	2	R	Manager: Infrastructure to report quarterly on compliance to National Waste Management Strategy
TL35	75 ton of domestic waste recycled	Ton recycled	1; 2	New performance indicator; no previous measurement available	15	15	15	30	75	31.7	R	Due to long distances to Oudtshoorn and Cape Town, the haulage cost of Recyclables is uneconomical and not budgeted for. The Pic a Piece initiative was supported, and recycling on Landfill site was sporadic and as per the availability of the None State sector EPWP and the CWP programme
TL36	Annual external audit of landfill site and recycling plant	Number of audits	1; 2; 4	New performance indicator; no previous measurement available	0	0	0	3	3	3	G	n/a
TL37	% of the water maintenance budget spent on maintenance of the water assets	% of operational budget of water spent	All	100	30	30	30	50	50%	77%	B	n/a
TL38	Limit unaccounted water to less than 16%	% of water unaccounted for	All	18	0	0	0	16%	16%	8.25%	B	n/a
TL39	New Storage reservoir for Prince Albert to improve from 2.7ML to 3.7ML by the end of January 2014	Project completed	2	New performance indicator; no previous measurement available	0	0	1	0	1	0	R	Project was delayed due to non-performance of Contractor, Contract was terminated and guarantee was called up. Time was lost during the supply chain processes to appoint a new contractor. Project is a work in progress and treated as a multi- year project, to be completed in the 2014/15 financial year.
TL40	Microbiological quality of water to comply with SANS standards	% of water quality	All	100	97%	97%	97%	97%	97%	94.03%	O	n/a

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL41	80% Blue Drop assessment received by the end of June 2014	% assessment achieved	All	New performance indicator; no previous measurement available	0	0	0	80%	80%	0%	R	No Blue assessments was conducted for the year under review
TL42	Implement Water Awareness campaigns	Number of campaigns	All	1	0	0	0	2	2	4	B	n/a
TL43	Review the Water Service Development Plan by the end of March 2014	Plan reviewed	All	New performance indicator; no previous measurement available	0	0	1	0	1	0	R	Project was negotiated for support from DWA. This was however not successful, in that the DWA could not fund the use of their expertise to our project and required us to carry the cost. The Municipality could not proceed due to financial constraints.
TL44	Develop and implement a Water Conservation and Demand Strategy by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator; no previous measurement available	0	0	0	1	1	0	R	The draft strategy was completed in June but unfortunately it could not be tabled to Council, before the end of June. The delay was due to the vacant position of Technical manager during the period 6 December 2013 to 1 June 2014. The draft was however forwarded by the Portfolio Chair to the Executive Mayor for endorsement
TL45	Quality of effluent in terms of SANS standards	% quality of effluent	All	100	90%	90%	90%	90%	90%	100%	G2	n/a
TL47	Paving of new access roads - Prince Albert	Square meters paved	1	New performance indicator; no previous measurement available	0	0	0	3,750	3,750	0	R	This project was removed from the schedule at the amendment budget. Funding as relocated to the WWTW in Leeu-Gamka, which were needed to accommodate the newly approved 262 serviced erven with 251 top-structures. The budget only provided for 50 top structures. Bulk Infrastructure had to be prioritised to ensure sufficient basic services for the planned units.
TL48	Upgrade Storm water Network - Prince Albert Nooreinde by the end of November 2013	Project completed	3	New performance indicator; no previous measurement available	0	1	0	0	1	1	G	n/a
TL49	Upgrade Storm water network - Leeu-Gamka (Bitterwater) by the end of December 2013	% completed	1	New performance indicator; no previous measurement available	0	1	0	0	1	0	R	Funding re-routed to sewerage Bulk infrastructure to accommodate Housing project

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL51	Complete the design of the WWTW of Prince Albert and repair the grid removal system by the end June 2014	Projects completed	3	New performance indicator; no previous measurement available	0	0	0	2	2	0	R	These funds were re-directed to the Leeu-Gamka WWTW, which was needed to accommodate the 252 top structures. This change was made and confirmed with the amendment budget. The WWTW in Leeu-Gamka was put out on tender, a contractor was appointed and the project is currently a work in progress. The project was co-funded by the DoHS discretionary funding to accommodate the Transnet bulk infrastructure.
TL52	Upgrade of the netball and cricket fields by the end of June 2014	Number of sport fields upgraded	3	New performance indicator; no previous measurement available	0	0	0	2	2	0	R	R 200 000 was DORA and received from Dep. Sport and Recreation. Quotations was requested and prices in die order of R 459 275.52 was rendered. The project needed to be co-funded, by the MIG Sport funding, but due to other obligations the MIG funding was committed and could not be amended. A roll-over will be requested and the scope of works will be adapted.
TL53	Complete the business plan and technical report for the new swimming pool Prince Albert by the end of August 2013	Plan and report completed	All	New performance indicator; no previous measurement available	2%	0	0	0	2%	100%	B	n/a
TL64	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	769.25	0	0	0	615	615	789	G2	n/a
TL68	Provide electricity (at least min.service level) within the municipal area supplied by the municipality	Number of households	All	2 023.09	0	0	0	1989	1,989	2,186	G2	n/a
TL69	Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	Number of households for which refuse is removed at least once a week	All	2023.09	0	0	0	1989	1,989	2,333	G2	n/a

Top Layer SDBIP – To provide quality, affordable and sustainable services on an equitable basis

The targets not met in the above table each indicates an explanation of why they could not be achieved. It must further be noted that the position of Technical Manager was vacant for six months. For two of these six months the Municipality also did not have a Corporate and Community Services manager, increasing the burden on the existing management team exponentially.

g) To stimulate, strengthen and improve the economy for sustainable growth

Although a municipality cannot provide local economic development as an entity, the Municipality focuses on establishing a positive environment that will encourage investment and economic growth. The Prince Albert Municipality is in favour of concluding positive partnerships that will see to catalyst projects that will grow the area's economic growth potential. As an organisation the Municipality supports local businesses and create jobs through the labour intensive government programs such as the Expanded Public Works Program and the Community Works program. The following table depicts the Municipality's performance in respect of the above Key performance area.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014							Corrective measures for targets Not Achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL6	Submit applications to obtain funding for projects for the implementation of the LED strategy	Number of applications submitted	All	New performance indicator; no previous measurement available				2	2	2	G	
TL25	The number of temporary work opportunities created in terms of the EPWP (FTE's)	Number of work opportunities created	All	181	0	0	0	46	46	163	B	

Top Layer SDBIP – To stimulate, strengthen and improve the economy for sustainable growth

3.2.2 Service Providers Strategic Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality

- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- a Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

The purpose of this section is to provide information related to the performance of external service providers. Only services rendered for an amount more than R200 000 are listed.

The table below indicates service providers utilised according to functional areas:

a) Office of the Municipal Manager

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Legal Services	3 years	Legal and disciplinary hearing support services	Good	Shared services agreement with Beaufort West, CKDM and Laingsburg. Legal specialist appointed, stationed in BFW	Skills transfer on lower level in the absence of qualified internal personnel
Internal Audit and Risk Management.	3 years	Provision of internal audit, compliance and risk management support services.	Good	Shared services agreement with Beaufort West, CKDM and Laingsburg. Service provider, Meyer Otto Appointed stationed at CKDM	Skills transfer on lower level in the absence of qualified internal personnel

Service Providers Performance – Office of the Municipal Manager

b) Financial Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Mubesko	3 years	AFS	Excellent Service	n/a	n/a
PWC	1 year	Asset register	Excellent Service	n/a	n/a

Service Providers Performance – Financial Services

c) Infrastructure Services

Description of services rendered	Term of contract	Performance Areas	Performance Rating	Performance Comment	Corrective measures
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Aurecon	3 years	Consulting Engineer	Excellent Services	n/a	n/a
A2 Loodgieters	1 Year	Contractor	Excellent Services	n/a	n/a
Jan Nel Elektries	1 Year	Electricity Contractor	Excellent Services	n/a	n/a
CalConstruction	1 year	Contractor	Very poor Services	Contract Terminated and guarantee called up	n/a
Weslab	1 year	Water and waste water testing lab	Excellent Services	n/a	n/a
RMS	Pilot project	Smart metering	Pilot underway	n/a	n/a
ASLA	3 year	Turnkey implementation agent	Satisfied with performance	n/a	n/a

Service Providers Performance – Infrastructure Services

d) Corporate & Community Services

Description of services rendered	Term of contract	Performance Areas	Performance Rating	Performance Comment	Corrective measures
Ultimate Traffic Solutions	Contract commenced in June 2012 for 3 years	Traffic Management Systems	Too soon to evaluate	Concerns about contract Monitored closely	3 month notice termination clause added in contract
Ubertech	1 year	IT Services	Satisfied but financially constraint	Insufficient funding for effective ICT management	Shared Services
Fujitsu	1 year	Abakus	Satisfied with service	DOS based system	Upgrade

Service Provider Performance – Strategic & Community Services

e) Development & Strategic Support

Description of services rendered	Term of contract	Performance Areas	Performance Rating	Performance Comment	Corrective measures
Ignite Advisory Services	1 year	Performance Management	Satisfied with services rendered	n/a	n/a

3.2.3 Municipal Functions

a) Analysis of Functions

The municipal functional areas as per Schedule 4 and 5 of the South African constitution, 1996 are as indicated below:

Municipal Function	Municipal Function: Yes / No
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Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire Fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes

Municipal Function	Municipal Function: Yes / No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes

Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Functional Areas

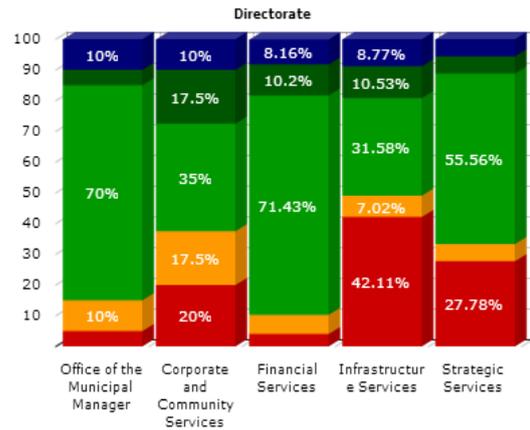
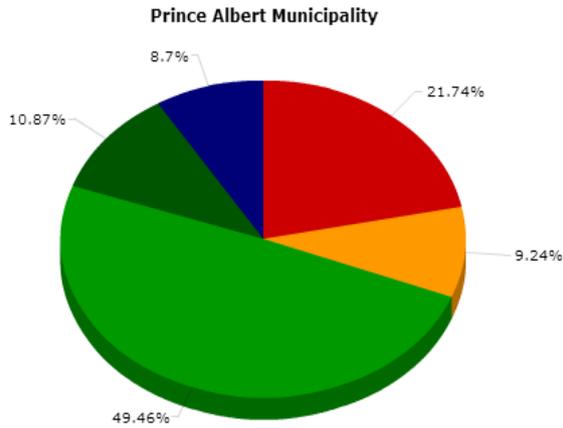
b) Overview of performance per directorate

The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the respective departmental SDBIP's for the 2013/14 financial year and where applicable, in comparison to the 2012/13 financial year.

Directorates	Financial Year	Total KPIs	KPIs Extremely Well Met	KPIs Well Met	KPIs Met	KPIs almost Met	KPIs not Met
Council	2012/13	n/a	n/a	n/a	n/a	n/a	n/a
	2013/14	n/a	n/a	n/a	n/a	n/a	n/a
Office of the Municipal Manager	2012/13	28	1	3	16	1	7
	2013/14	20	2	1	14	2	1
Corporate & Community Services	2012/13	78	4	14	39	5	16
	2013/14	40	4	7	14	7	8
Infrastructure Services	2012/13	79	1	19	42	6	11
	2013/14	57	5	6	18	4	24
Financial Services	2012/13	49	2	5	38	4	0
	2013/14	49	4	5	35	3	2
Development & Strategic Support	2012/13	n/a	n/a	n/a	n/a	n/a	n/a
	2013/14	18	1	1	10	1	5
Total	2012/13	234	8	41	135	16	34
	2013/14	184	16	20	91	17	40

Summary of total performance per Directorate

The graphs provide and illustrative overview of the overall performance results of all the KPI's measured as at 30 June.



Overall performance of directorates for 2013/14

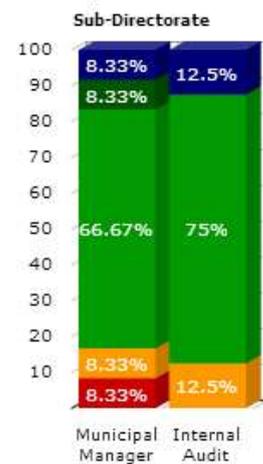
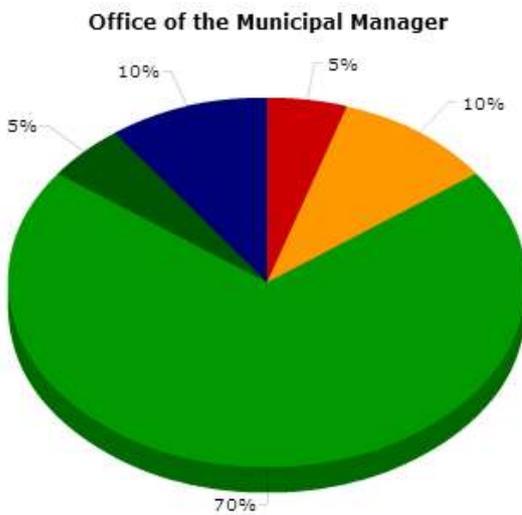
c) Performance per functional area (Departmental/Operational SDBIP)

(i) Municipal Manager

The Municipal Manager's area of responsibility includes the following divisions:

- Municipal Manager
- Internal Audit

The following graph indicates the performance of the various sub-directorates within the Municipal Manager directorate:

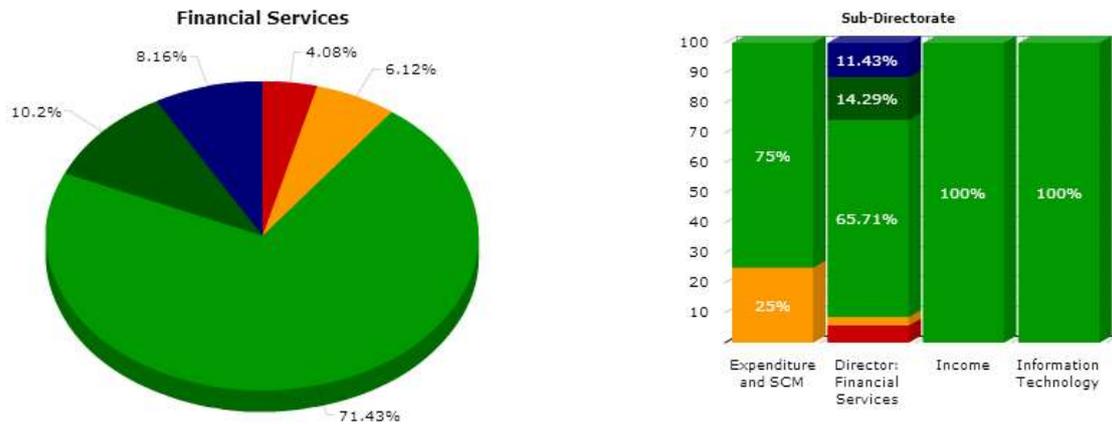


Municipal Manager Sub-directorate performance

(ii) Finance consists of the following divisions:

- Director: Financial Services
- Expenditure & SCM
- Income
- Information Technology

The following graph indicates the performance of the various sub-directorates within Finance directorate



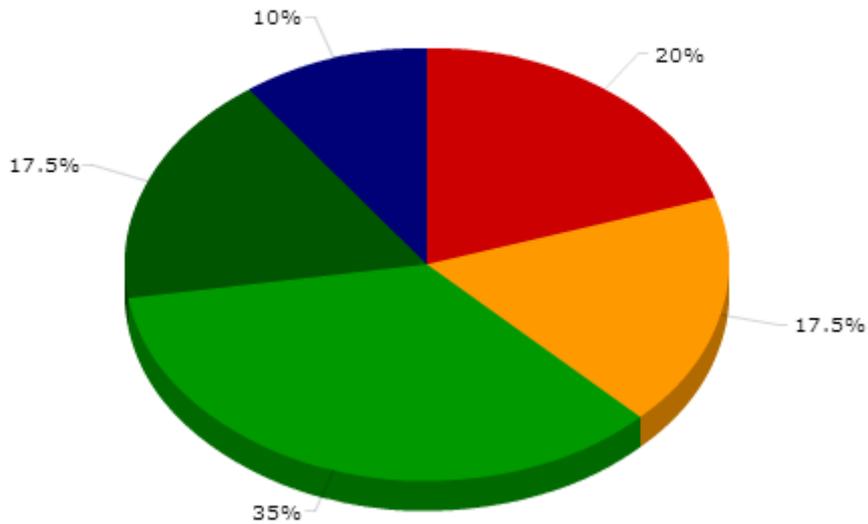
Finance Sub-directorate performance

(iii) Corporate & Community Services consists of the following divisions:

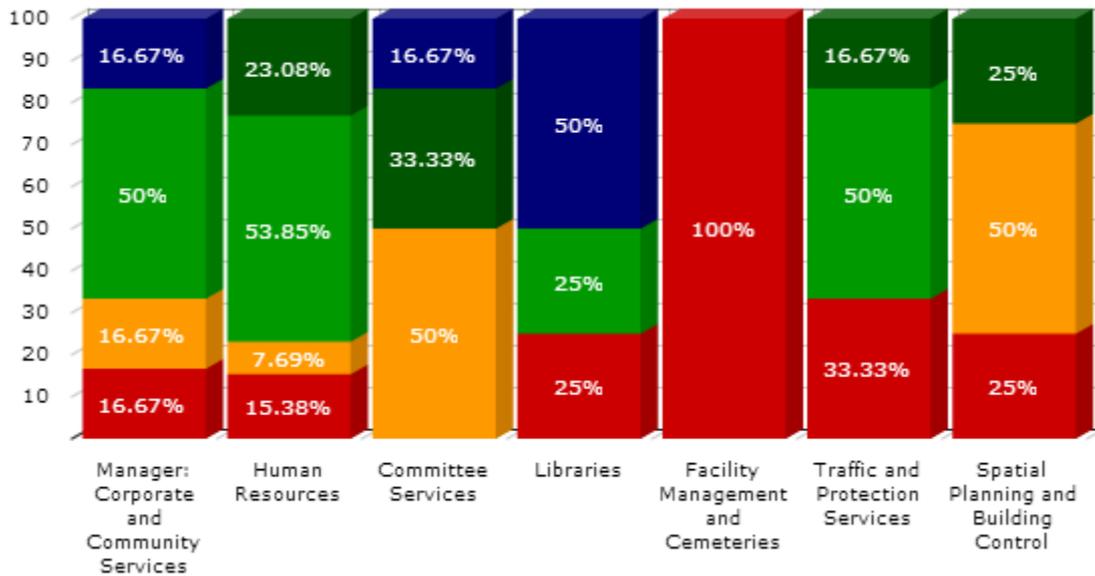
- Manager: Corporate & Community Services
- Human Resources
- Committee Services
- Libraries
- Facility Management & Cemeteries
- Traffic & Protection Services
- Spatial Planning and Building Control

The following graph indicates the performance of the various sub-directorates within the Corporate and Community Services directorate

Corporate & Community Services



Sub-Directorate



Corporate and Community Services Sub-directorate performance

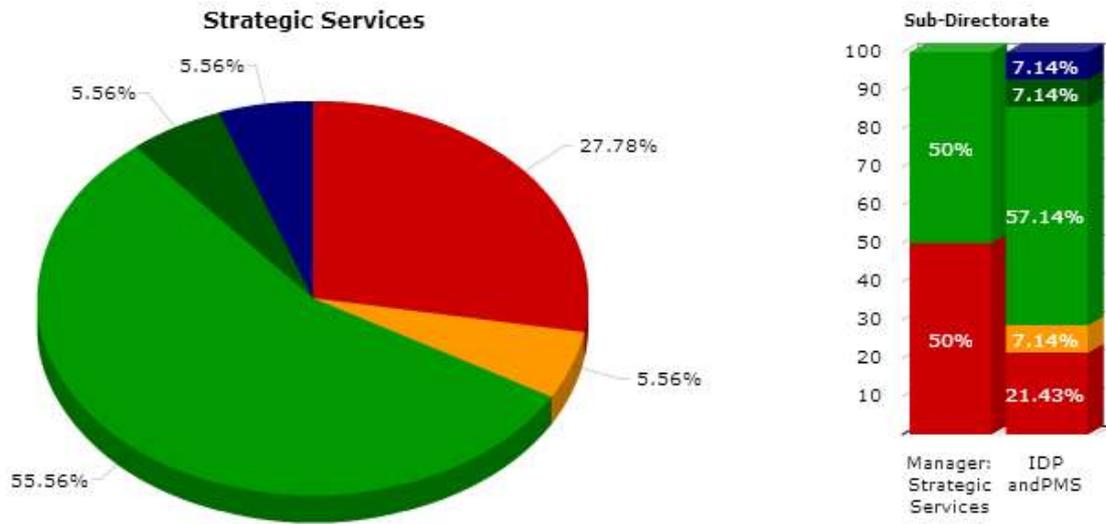
The position of Operational Manager: Corporate and Community Services were only filled on 23 January 2014.

The following graph indicates the performance of the various sub-directorates within the Development & Strategic Support directorate

(iv) Development & Strategic Support consists of the following divisions:

- Manager: Development & Strategic Support

- Integrated Development Planning & Performance Management
- Housing
- Public Participation



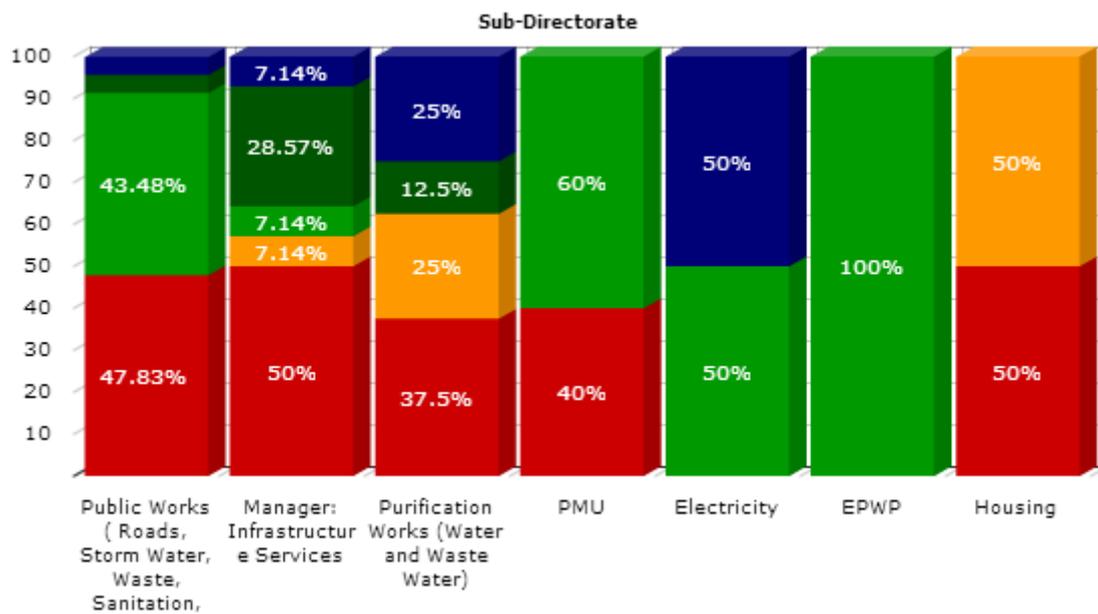
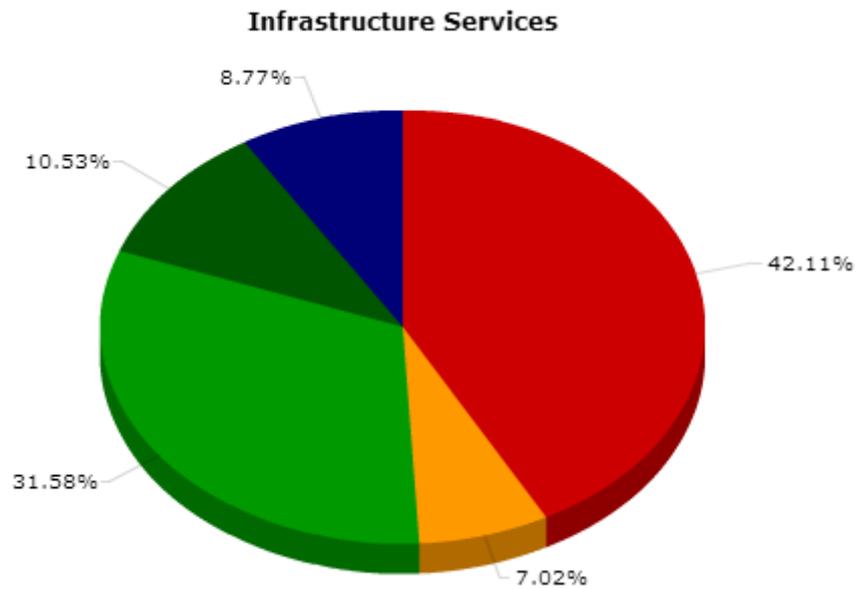
Development and Strategic Support Sub-directorate performance

As there is no Manager: Development and Strategic Support these key performance areas resort under the Operational Manager: Corporate and Community Services, appointed on 23 January 2014.

(v) Infrastructure Services consists of the following divisions:

- Manager: Infrastructure Services
- Public Works (Roads, Storm Water, Waste, Sanitation, Sewer)
- Purification Works (Water and Waste Water)
- PMU
- Electricity
- EPWP

The following graph indicates the performance of the various sub-directorates within the Infrastructure Services directorate



Infrastructure Services Sub-directorate performance

3.3 Component A: Basic Services

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

3.3.1 Water Provision

a) Introduction to Water and Sanitation Provision

Prince Albert's bulk water supply is provided from nine boreholes with varying supply levels. This supply is augmented by a steady stream (bergbron) that is the municipal allocation of the water furrow that supply the irrigation water to the South End of Prince Albert. The Municipal water allocation is 17.25 hours of scheduled irrigation water per week, in Prince Albert town. Leeu-Gamka and Klaarstroom have no irrigation allocations and is solely dependent on its boreholes

The boreholes in Prince Albert town provide water to the treatment plant by a combined 160 mm diameter PVC pipe and 100 mm diameter AS-pipe supply system. Boreholes 1 to 4 have a low iron content compared to boreholes 5 to 9's high iron content.

Currently only water from boreholes 7, 8 and 9 are being purified by means of an iron removal plant, as the capacity of the plant is limited. The low iron content wells and mountain source delivers water directly to the existing three raw water balancing dams with a total capacity of 2147 kl at the treatment plant.

In summer, the Municipality have to carefully manage the supply, due to decreased runoff and the low level of the water table as well as carefully manage the demand due to very hot conditions, increased users in the holidays, and reckless usage by inhabitants. With the ever rising municipal consumption, the available resources are no longer sufficient and shortages may occur during the summer season, as the provision of boreholes also decreases and the Storage Infrastructure is insufficient to store water over longer periods. Cognisance of this ever present risk must be taken.

The water sources for the towns in the PAM's Management Area are as follows:

- Prince Albert: Dorps River and nine boreholes.
- Leeu-Gamka: Three boreholes
- Klaarstroom: Two boreholes
- Prince Albert Road: Boreholes

Water losses are restricted to the minimum. The average water losses for 2013/2014 was targeted to be 16%, but was reduced to 7%. These losses are measured from the source to the sector meters. These losses include the losses in the purification works.

In the new financial year the Municipality will endeavour to promote responsible water use by users. The Municipality will also aim to secure funding to undertake a water audit within the municipal area.

b) Highlights: Water Services

Highlights in respect of Water services are indicated below.

Highlights	Description
Water week	Primary school tours of water management system and Plant. Green and Blue scorpions visited the Klaarstroom area and investigated the water usage permits of surrounding farmers.

Effective Drought management during summer months	No water restrictions had to be imposed.
Good rainfall	Boreholes in Prince Albert town was used to a minimum, the implication is that a sufficient reserve was managed for the duration of the year, and a high water table was maintained
Summer Holiday program	Municipality purchased movable swimming pools, which was used during the holidays to lure children and youth to stadiums. This was especially good since it effectively lured them out of the upstream water source that was usually used, thus minimizing pollution of the Dorps river. This program was also successful since it countered over use due to hot weather as people flocked to the recreational area.

Water Services Highlights

c) Challenges: Water Services

Challenges in respect of the water services are indicated below.

Description	Actions to address
Pollution of Runoff water(People swimming)	Build swimming pools to accommodate summer recreation. Plans have been concluded and the phase of the swimming pool will be constructed in the 2014/15 financial year
Water storage	The first 1 Ml reservoir is underway and is soon to be completed
Incorrect water metering (Bulk)	A project was registered with ACIP, and funding was approved, to be completed in next financial year
Pollution of Ground water(Septic tanks)	Lobby for funding to eradicate 400+ conservancy and septic tank. Install if possible waterborne sewerage systems in the Prince Albert Town area.
Misuse of water by residents	Implement an awareness campaign on responsible water use

Water Services Challenges

d) Water Service (piped water) Delivery Levels

The following table indicates the Municipality's performance in supplying water within the minimum service level as prescribed by the national government.

Description	2012/13		2013/14	
	Actual	Actual as per census – including farms	Actual as per census – including farms	Actual as serviced by Municipality
	No.	No.	No.	No.
Water: (above min level)				
Piped (tap) water inside dwelling/institution	2 023	2 495		2 274
Piped (tap) water inside yard	0	930		0
Piped (tap) water on community stand: distance less than 200m from dwelling/institution	0	93		28
Minimum Service Level and Above sub-total	2 023	3 518		2 302
Minimum Service Level and Above Percentage	100%	98.3%		100%
Water: (below min level)				
Piped (tap) water on community stand: distance between 200m and 500m from dwelling/institution	0	25		0

Using public tap (more than 200m from dwelling), distance between 500m and 1000m (1km) from dwelling /institution	0	5	0
Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	0	6	0
No access to piped (tap) water	0	24	0
Below Minimum Service Level sub-total	0	60	0
Below Minimum Service Level Percentage	0	1.7%	0
Total number of households	2 023	3 578	2 231
Included in the above table: Formal residential Informal residential Traditional residential Farms Parks and recreation Collective living quarters Industrial Small holdings Vacant Commercial <i>The above table 2013/14 are populated as per the Census 2011 data for Source of Water, Type of dwelling and includes all dwellings</i>			

Water Service delivery levels: Households based on 2011 Census data

Access to free basic water:

Number /Proportion of households receiving 6 kl free #	
2012/13	2013/14
2 023	1 937

Access to the six kilolitres free water has decreased in the reporting year. As the indigent population has not decreased, an awareness campaign was launched by the Municipality to ensure that indigent residents are aware of the indigent support program.

e) Service delivery indicators

The table below reflects the municipality's performance pertaining basic service provision within the 2013/14 financial year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL37	% of the water maintenance budget spent on maintenance of the water assets	% of operational budget of water spent	All	100	50%	77%	B
TL38	Limit unaccounted water to less than 16%	% of water unaccounted for	All	New performance indicator for 2013/14, thus no comparatives available	16%	8.25%	B
TL39	New Storage reservoir for Prince Albert to improve from 2.7ML to 3.7ML by the end of January 2014	Project completed	2	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL40	Microbiological quality of water to comply with SANS standards	% of water quality	All	100	97%	94.03%	O

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL41	80% Blue Drop assessment received by the end of June 2014	% assessment achieved	All	New performance indicator for 2013/14, thus no comparatives available	80%	0%	R
TL42	Implement Water Awareness campaigns	Number of campaigns	All	1	2	4	B
TL43	Review the Water Service Development Plan by the end of March 2014	Plan reviewed	All	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL44	Develop and implement a Water Conservation and Demand Strategy by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL62	Provide 6kl free basic water per household per month in terms of the equitable share requirements	Number of HH receiving free basic water	All	1 835	1,937	2,063	G2
TL63	Provide cleaned piped water to all households within 200m from the household within the municipal area	Number of HH that meet the agreed service standards for piped water	All	2 023.09	1,989	2,231	G2

Service delivery indicators: Water services

f) Employees: Water Services

The following table depicts the staff deployment in respect of water services. As most of the staff in Prince Albert Municipality performs dual functions, these numbers cannot be reconciled perfectly.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
0 - 3	1	1	1	4	0
4 - 6	2	3	2	2	33
7 - 9	0	0	2	3	0
10 - 12	0	0		0	0
13 - 15	0	0		0	0
16 - 18	0	0		0	0
19 - 20	0	0		0	0
Total	3	4	5	9	25

Employees: Water Services

g) Capital: Water Services

The following table reflects the municipality's capital expenditure for the 2013/14 financial year in respect of water services.

Capital Expenditure 2013/14: Water Services					
R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget %	Total Project Value
Klaarstroom borehole and piping	250 000	650 000	154 000	-62.34	154 000
P/A Reservoir	2 042 000	3 564 000	3 775 000	45.91	3 775 000
Total	2 292 000	4 214 000	3 929 000	41.66	3 929 000

Capital Expenditure 2013/14: Water Services

3.3.2 Waste water (sanitation) provision

a) Introduction to Sanitation Provision

The four towns in the PAM area each have their own wastewater collection and treatment facility. Prince Albert, Klaarstroom and Leeu-Gamka have oxidation pond systems for WWTW, whereas Prince Albert Road is served by a communal septic tank and soak-away.

Klaarstroom

The sanitation system for Klaarstroom comprises a full waterborne system. The Klaarstroom WWTW does not hold any permit or license. Wastewater is screened in town and pumped to the WWTW. The works has a design capacity of 50 kl/day and was constructed in 1970. It consists of an anaerobic pond and an oxidation pond with the final effluent overflowing into the adjacent field.

Leeu-Gamka

The treatment works is a pond system comprising: Four primary ponds operating in parallel. The WWTW was originally constructed in 1985 with a design capacity of 140 kl/ day; however, it was recently upgraded to provide for the upcoming 251 houses that are currently in the process of being built. Final effluent is used for irrigation or overflows (uncontrolled discharge) into the adjacent field. The wastewater is screened at the pump station before being pumped to the WWTW. The night fall (buckets) are deposited in a manhole upstream of the central pumping station. The buckets are washed and stored at the central pumping station.

Prince Albert

The Prince Albert WWTW, a pond system was designed to treat 623 kl/day (with the final effluent being used for irrigation at the adjacent nursery, or it is discharged uncontrolled to the lower lying areas adjacent to the site. The sanitation system

consists of a waterborne system as well as septic tanks. These septic tanks is services by means of a sanitation team with appropriate equipment and vehicles who collect sewerage and deposit it into a pump network that is connected to the waterborne network. The WWTW is need of an upgrade and is registered with MIG for funding

The table below specifies the different sanitation service delivery levels per households for the financial years 2012/13 and 2013/14 in the areas in which the municipality is responsible for the delivery of the service:

b) Highlights: Waste Water (Sanitation) Provision

The following table depicts the highlights in respect of sanitation services for the reporting year.

Highlights	Description
Approvals and installations of new connections	More people connected to waterborne systems.
Sewerage suction roster implemented	Sewerage suction is now done on a schedule and thus more cost effective.

Waste Water (Sanitation) Provision Highlights

c) Challenges: Waste Water (Sanitation) Provision

The following table depicts the challenges in respect of sanitation services within the reporting year. The Municipality have embarked on an initiative to encourage residents to connect, where possible, to the sewerage reticulation network so as to move away from the operational costs. The performance of this division correlates closely with an available maintenance budget, with particular reference to the honey sucker vehicles.

Description	Actions to address
Licensing of WWTW's	Funding t be sourced
Septic and Conservancy tanks in South End	Source funding to connect to waterborne system
Scheduled sewerage suction hampered by breakages on honey sucker	Scheduled maintenance on equipment with Leeu-Gamka's equipment as standby.
WWTW insufficient for growing town	Upgrade WWTW, including activated sludge

Waste Water (Sanitation) Provision Challenges

d) Sanitation Service Delivery Levels

The table below depicts the sanitation service levels for the 2013/14 financial year in comparison to the previous financial year. It must be noted that the census numbers include the farming areas where the Municipality do not supply a direct service.

Households

Description	2012/13	2013/14	Actual as Serviced by municipality
	Outcome	Actual as per Census 2011	
	No.	No.	
Sanitation/sewerage: (above minimum level)			
Flush toilet (connected to sewerage)	1 708	2 274	1835
Flush toilet (with septic tank)	315	645	320
Chemical toilet	0	3	0
Pit toilet with ventilated (VIP)	0	175	0
Pit toilet without ventilated		62	0
Other toilet provisions (above min.service level)	0	0	0
Minimum Service Level and Above sub-total	2 023	3 159	2 155
Minimum Service Level and Above Percentage	100%	88%	98.8%
Sanitation/sewerage: (below minimum level)			
Bucket toilet	0	148	26
Other	0	125	0
No toilet provisions	0	148	0
Below Minimum Service Level sub-total	0	421	26
Below Minimum Service Level Percentage	0	12%	1.2%
Total households	2023	3 580	2 181
The above table 2013/14 are populated as per the Census 2011 data for Toilet Facilities by Type of dwelling and include all dwellings			

e) Service Delivery Indicators Waste Water (Sanitation)

The following table depicts the service delivery progress made in respect of waste water management within the reporting year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for Sep 2013 to Jun 2014		
					Target	Actual	R
TL45	Quality of effluent in terms of SANS standards	% quality of effluent	All	100	90%	100%	G2
TL51	Complete the design of the WWTW of Prince Albert and repair the grid removal system by the end June 2014	Projects completed	3	New performance indicator for 2013/14, thus no comparatives available	2	0	R
TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	1,989	2,150	G2

Service delivery indicators: Waste Water

Employees: Sanitation Services

The table below indicates the staff component in respect of waste water / sanitation services. It must be borne in mind that staff performs a dual function and the employee statistics can thus not be seen in isolation.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	3	1	0
4 - 6	2	2	1	0	0
7 - 9	1	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	5	5	5	1	0

Employees Waste Water (Sanitation) Provision

f) Capital: Sanitation Services

The table below indicates the capital expenditure on sanitation services for the 2013/14 financial year. Expenditure was focused on Leeu-Gamka as the waste water treatment works there had to be upgraded to ensure legislative compliance and to increase the capacity to accommodate the 252 houses build within the area.

Capital Expenditure 2013/14: Sanitation Services					
R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Leeu-Gamka New Bulk sanitation	0	2 734 000	2 959 000		
Prince Albert WWTW	2 226 000				
Total	2 226 000	2 734 000	2 959 000		

Capital Expenditure 2012/13: Waste Water (Sanitation) Provision

3.3.3 Electricity

a) Introduction to Electricity

The municipality provides a reliable service within NERSA specified limits within the area of supply. In the areas of Klaarstroom and Leeu-Gamka, electricity is directly supplied by ESCOM, thus impacting on revenue collection and the implementation of Prince Albert Municipality's credit control and debt collection policy. This is detrimental to the municipality's sustainability as is evident in the low payment rate in these areas.

The current electricity network is in need of an upgrade as well as an expansion from 25MVA to 35 MVA, as per the expected demand in 2017.

Another challenge is to implement measures which serve to control, influence and generally reduce electricity demand. This can be achieved by using high efficiency equipment and efficient use of electricity through good operating practice.

This department also needs an Asset Management System in place for the maintenance plan of the entire electrical infrastructure.

The Municipality is encouraging energy saving by public notices and is investigating alternative energy development within the area. The latter initiative will be reported on in the next financial year.

b) Highlights: Electricity

The following highlights pertaining electricity provision during the reporting financial year are emphasised.

Highlights	Description
Transformer Assessment was done, and a request for assistance has been made to Department of Energy, which was successful	R 2 000 000 was allocated to Prince Albert for Network upgrade
Assistant Electrician position on organogram and funded	On new organogram and funded
Smart Metering Pilot Project in final stages	Service provider negotiated funding for pilot project to be implemented 2013/2014 financial year. Data is currently collected through the system, which will be used to assess smart metering and to plan accordingly
New Transformer is purchased and installed in Deurdrif street	Transformer is mounted, but is still offline, awaits high voltage service provider to connect

Electricity Highlights

c) Challenges: Electricity

The following challenges pertaining electricity provision during the reporting financial year are emphasised.

Description	Actions to address
Old / dilapidated transformer and system	Project registration through MIG
No equipment and electrical tools	To budget
No electrician appointed	To fund the position

Electricity Challenges

d) Electricity Service Delivery Levels

The table below depicts the Municipality's performance in the current financial year against the previous financial year. It must be noted that the farms and Escom-supplied areas are included in the Census statistics depicted below.

Description	Households		Actual as Serviced by municipality
	2012/13	2013/14	
	Actual No.	Actual as per Census 2011 No.	
Energy: (above minimum level)			
Electricity (at least min.service level)	439	490	433
Electricity - prepaid (min.service level)	1 584	1 948	1949
Minimum Service Level and Above sub-total	2 023	2 438	2 382
Minimum Service Level and Above Percentage	100	100	
Energy: (below minimum level)			
Electricity (< min.service level)	0		
Electricity - prepaid (< min. service level)	0		
Other energy sources	0		
Below Minimum Service Level sub-total	0		
Below Minimum Service Level Percentage	0		
Total number of households	2 023	2 438	

e) Service Delivery Indicators

Energy provision is progressively seen as a basic human right. The table below depicts the municipality's performance against the service delivery indicators for electricity provision.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL30	Limit electricity losses to less than 15%	% of electricity losses	All	2394	15%	17.59%	R
TL31	% of the electricity maintenance budget spent on repairs and maintenance of electricity assets	% of maintenance budget spent	All	2394	50%	96.69%	B
TL68	Provide electricity (at least min.service level) within the municipal area supplied by the municipality	Number of households	All	2394	1,989	2,186	G2

Service delivery indicators: Electricity

f) Employees: Electricity

This service is provided via a service level agreement and there is no internal staff allocated to this particular service. The Manager: Infrastructure is responsible for overseeing the work of the service provider, while the Incident Clerk provides administrative assistance on logging of electricity complaints.

Job Level	2012/13		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	0	0	100
4 - 6	0	1	0	2	100
7 - 9	1	1	0	1	0
10 - 12	0	0	0	1	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	4	0	4	75

Employees: Electricity services

3.3.4 Waste management (Refuse collections, waste disposal, street cleaning and recycling)

Introduction to Waste Management

Waste is collected on a weekly basis and each service point is supplied with black bags by the municipality. In order to better manage distribution households are encouraged to collect the bags at the Technical offices. Prince Albert has three waste removal vehicles: a Kia 2.7l small truck equipped for daily collection of refuse, a 2.7l Kia small truck equipped for garden refuse and a Tractor for the removal of domestic waste in Leeu-Gamka. The waste collection in Klaarstroom and Prince Albert Road is managed from Prince Albert.

There are five existing mini-transfer stations for garden waste disposal in the North End of Prince Albert. These are unlined facilities and, in places, the walls have been broken down. These facilities, which are not designed nor intended for household waste are, unfortunately, being used as general waste depots opposed to garden waste depots, for which it were intended. The residents of North End do not have large gardens and thus generate insignificant volumes of garden refuse. The Municipality uses the CWP program as well as other EPWP programmes to manage the mini-transfer stations. Illegal dumping still proves to be a challenge in some of the areas. Residents are encouraged through the ward committee system to report such transgressions.

The Municipality is in the process to either license/ close landfill sites within the municipal area. The landfill sites are prone to smouldering and the Fire Prevention staffing component closely monitors this on all landfill sites within our boundaries. Tests done by the Western Cape Government: Environmental Affairs and Development Planning on July 8, 2014 in respect of the landfill site in Prince Albert reflect on the management during the reporting year. During this inspection no ethane gas was detected.

Highlights: Waste Management

The table below depicts the highlights of the waste management service for the reporting year. The co-operation and support of the private sector should be applauded, but recycling should be revisited in the next financial year to ensure that it becomes cost-effective.

Highlights	Description
DEADP and DEA agreed to upgrade the Integrated Waste Management Plan	Initial meetings took place, and the review is underway
Pick-a-Piece	Part of recycling strategy and Education.

Waste Management Highlights

Challenges: Waste Management

The challenges pertaining waste management for the 2013/14 financial year is depicted below with transport and recycling as matters that must be addressed with urgency.

Description	Actions to address
Transport still a challenge	Buy more vehicles.
2 Bag system	Need to communicate better to community.
Recycling	Management of transport from Oudtshoorn. Tonnage too low to cover transport and haulage costs. Recyclables in many cases not processed after collection. Leading to demoralisation of staff
Gate control	Investigate security on premises.
Illegal dumping	Stricter control measure needs to be implemented.
No weighbridge	Effective management impossible without such equipment

Waste Management Challenges

Waste Management Service Delivery Levels

The table below depicts the municipality's performance against the service delivery indicators for waste management provision in comparison with the previous financial year.

Description	Households		
	2012/13	Census 2011	2013/14
	Actual	Actual	Actual as serviced by municipality

	No.	No.	No.
Solid Waste Removal: (Minimum level)			
Removed at least once a week	2 023	1 989	2 333
Minimum Service Level and Above sub-total	2 023	1 989	2 333
Minimum Service Level and Above percentage	100%	100%	100%
Solid Waste Removal: (Below minimum level)			
Removed less frequently than once a week	0	0	0
Using communal refuse dump	0	0	0
Using own refuse dump	0	0	0
Other rubbish disposal	0	0	0
No rubbish disposal	0	0	0
Below Minimum Service Level sub-total	0	0	0
Below Minimum Service Level percentage	0	0	0
Total number of households	2 023	1 989	2 333

Waste Management Service Delivery Levels

Service Delivery Indicators

The service delivery indicators below reflect the performance of the solid waste management for the 2013/14 financial year. As indicated previously the recycling of waste material remains problematic as the low volume and vast distances to be travelled hampers cost-effectiveness. The Municipality will have to consider ways to increase the recyclable material collection so as to increase the recyclable material volume.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL32	Obtain permit for the Leeu-Gamka landfill site by the end of June 2014	Permit obtained	1	New performance indicator; no previous measurement available	1	0	R
TL33	Implement Integrated waste management awareness campaign	Number of campaigns	All	1	4	0	R
TL34	Report quarterly on compliance with the National Waste Management Strategy	Number of reports	All	0	4	2	R
TL35	75 ton of domestic waste recycled	Ton recycled	1; 2	New performance indicator; no previous measurement available	75	31.7	R
TL36	Annual external audit of landfill site and recycling plant	Number of audits	1; 2; 4	New performance indicator; no previous measurement available	3	3	G
TL69	Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	Number of households for which refuse is removed at least once a week	All	2023.09	1,989	2,333	G2

Service delivery indicators: Solid waste management

Employees: Waste Management

The table below reflects the staff component for solid waste management in the reporting year, compared to 2012/13. It must be noted that staff perform dual functions and thus the staffing table below cannot be read in isolation.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	2	2	5	4	0
4-6	3	3	2	2	0
7-9	1	1	0	0	0
10-12	0	0	0	0	0
13-15	0	0	0	0	0
16-18	0	0	0	0	0
19-20	0	0	0	0	0
Total	6	6	7	6	0

Employees: Waste Management Services

Capital: Solid Waste Management

No capital expenditure was incurred in respect of solid waste management during the 2013/14 financial year.

3.3.5 Housing

Prince Albert Municipality supports the following objectives in respect of housing

- Promotion of equal access to housing for Prince Albert residents
- Transparency
- Prevention of unfair discrimination
- Promotion of fair administrative justice
- Apply the principle of "first come first serve" subjected to approved framework

- Proper recording of all housing applicants

Council follows the following working procedure in respect of the allocation of housing.

1. All persons who want to qualify for state financed housing must complete the standard application form to be registered on the housing database.
2. Only applicants who appears on the housing database will be considered for any state subsidized housing assistance
3. Completed applications shall be lodged with the Community Services manager who shall capture the information in the Housing Database in a separate list called the Housing Waiting List
4. Housing allocation shall be decided on a first come first serve basis subject to the provisions below:
 - (a) Applicants shall be Prince Albert Area residents for a period not less than five (5) years
 - (b) The waiting list will be Categorized in to three main categories and allocation will be made as per the following proportion (category A)
 - i. Squatters (in camps) 15%
 - ii. Farmworkers 10%
 - iii. Back yard dwellers and others 75%
 - (c) The aged, the disabled, HIV/AIDS victims and persons staying in dangerous or very vulnerable situations shall be prioritised without unduly undermining the principle of first come first serve. The proportional allocation will be as follows with priority to those with dependants (category B)
 - i. Disabled 5%
 - ii. Married 25%
 - iii. "Widow/widowers 25%
 - iv. Unmarried 35%
 - v. Aged 60 and above 10%
 - (d) Allocation of housing subsidies shall comply with the provisions of the Housing Act, the Housing Code, the Provincial and Municipal housing policies

In Prince Albert municipal area people earning less than R3 500 per month per household can qualify for a normal housing subsidy, while GAP housing applicants can qualify if they earn between R3 500 and R15 000 per month.

The housing waiting list for the whole of Prince Albert Municipality's jurisdiction include 1426 applicants in respect of normal housing subsidies and 89 in respect of GAP subsidies as indicated in the table below.

Less than R3 500	1426
GAP housing	89

Housing needs

Where the Provincial government initially allocated funding for 51 top structures in Leeu-Gamka during 2013/14, the housing pipeline was changed to include 252 top structures, 9 light industrial erven and 1 industrial erf. This increase resulted in pressurised the Municipality to increase the waste water treatment capacity in Leeu-Gamka. The project was also delayed when subsidy changes required the contractor to go back to the already completed 51 structures in order to ensure that all houses within the project are of the same standard.

Consumer education was facilitated by the housing unit in respect of all beneficiaries and the first 30 houses were completed just before the end of June 2014, with the formal handing over of the houses on 4 July 2014.

As the housing project in the reporting year grew significantly and with the Municipality embarking on an initiative to clean the housing waiting lists in collaboration with the Provincial Government, no Integrated Human Settlement Plan was drafted. This plan will enjoy priority in the 2014/15 financial year.

The Western Cape Government: Human Settlements indicated in October 2013 that the following housing pipeline for Prince Albert municipal area is supported.

Municipal Area	Project Number and Name	Program	Number of Opportunities	Earliest Implementation Year	Recommendation
Prince Albert	3 288 Prince Albert Enhanced Services (300 units) IRDP	IRDP	300	2016/17	Project supported by PPC, but it was recommended that the earliest implementation date be changed to 2016/17
Leeu-Gamka	2 718 (3): Transnet Housing Leeu-Gamka & Prince Albert Road (92 services) UISP	UISP (originally 92)	Tbd	Tbd	Project conditionally supported by PPC if all planning processes successfully completed and at the availability of sufficient bulk capacity
Leeu-Gamka	3 033: Leeu-Gamka (331 services & 251 units) IRDP & GAP (69 units) FLISP	IRDP	252	Current	Project supported by PPC, but the number of housing opportunities must be reduced to 252 and only enhanced services will be provided.
Prince Albert	3 289: Prince Albert GAP (69 services) IRDP & (69 units) FLISP	IRDP	69	2016/17	Project "3033.03" not supported by PPC. The project application must be re-submitted to allow for the relocation of the project to Prince Albert and that the earliest implementation date be shifted to 2016/17.
Prince Albert	3290: Prince Albert Klaarstroom Enhanced Services (30 services) IRDP	IRDP	30	2022/23	Project provisionally supported by PPC, but it was recommended that the project be views as an extreme long term priority for the municipality thus the earliest implementation date must be changed to 2022/23.

Housing Pipeline

Highlights: Housing

The following highlights in respect of the housing division are reflected below.

Highlights	Description
Approval of 252 top structures and the completing 30 houses	Top structure completion, handover of 10 every second week as from the beginning of the next financial year

The allocation of R 6 million for the bulk infrastructure for the Transnet houses

Funding has been transferred and projects to this regard is underway.

Housing Highlights

Challenges: Housing

The following challenges in respect of housing during the reporting year are:

Description	Actions to address
R 24 million still needed for the Transnet bulk infrastructure and upgrade of Transnet houses	Apply to province for more funding.
Compilation of Integrated Human Settlement P	Prioritised for the 2014/15 financial year, on completion of Leeu-Gamka housing project
Increasing waiting list	Apply to province for more funding.
Need for middle class housing is sharply increasing	Apply for CRU funding instead of GAP funding
Beneficiary administration	Due to challenges in respect of external beneficiary administration it was decided that beneficiary administration will be conducted internally in future

Housing Challenges

The table below reflects the number of households without access to basic housing.

Year end	Number of households with access to basic housing		
	*Total households (including formal and informal settlements)	Households in formal settlements	Percentage of HHS in formal settlements
2012/13	2058	2006	100
2013/14	2 058	2 006	100

*Number of household where the municipality is responsible for basic services (financial stats)

Households with access to basic housing

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 1505 housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2012/13	1 488	(3.3%)
2013/14	1505	1.15

Housing waiting list

A summary of houses built is indicated beneath. Funding not spent on 30 June 2014 were rolled over to the 2014/15 financial year.

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2012/13	0	143	16	0	0

2013/14	18 85	8 689	0	30	262
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Houses built in 2013/14

c) Service Delivery Indicators

The following table reflects the performance in respect of the housing function for the 2013/14 financial year. As indicated previously the Integrated Human Settlement Plan was not drafted due to capacity constraints and will enjoy priority once the Leeu-Gamka housing project have been completed. The Department of Human Settlements appointed the Central Karoo PRT to plan and manage this project. The PRT in consultation with our Consulting Engineers drafted an implementation programme, which was approved by DoHS and unlocked R 6 million. This is resulted in a concert of 16 projects to the value of R 29 684 969. Three of these projects have been completed and further technical reports were drafted for the unlocking of another R 8 million. The project is seen as a whole and will only conclude when completed. This project must therefore be managed as for 92 units, and cannot be broken down, for it involves bulk infrastructure which is very costly. As explained previously the increase of the Leeu-Gamka housing allocation from 51 units to 252 as well as the changes to the subsidy specifications held the project back significantly and only 30 houses could be completed before 30 June 2014.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL4	Research and compile a report with results and recommendations for the development of a Housing pipeline and submit to council by end June	Report submitted to council	All	New performance indicator for 2013/14, no comparatives available	1	1	G
TL11	Develop a Human Settlement Plan and submit to council by the end of June	Plan submitted to council	All	New performance indicator for 2013/14, no comparatives available	1	0	R
TL12	Install services for new housing sites	Number of sites serviced	1; 4	New performance indicator for 2013/14, no comparatives available	321	252	O
TL13	Built top structures for new housing sites	Number of top structures built	1; 4	New performance indicator for 2013/14, no comparatives available	50	30	R
TL28	Upgrade 28 Transnet settlement houses to national standards by the end of June 2014	Number of houses completed	1	New performance indicator for 2013/14, no comparatives available	28	0	R

Service delivery indicators: Housing

3.3.6 Free Basic Services and Indigent Support

a) Introduction

A debtor is considered indigent if the total monthly household income is equal to two times the amount of state funded social pensions or less (currently R2 540 per

month). All indigent households individually receive 6 kl water and 50Kwh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, rates and the availability charge in respect of water.

All indigents have to renew their applications annually in order to qualify for the benefits.

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R2 540 per month will receive the free basic services as prescribed by national policy.

The Municipality, under the championship of Executive Mayor, G Lottering, embarked on a door-to-door awareness campaign where possible participants of the indigent subsidy scheme was encouraged to apply and to pay outstanding debt.

The table below indicates that 38 % of the total number of households received free basic services in 2012/13 financial year whilst it increased to 38 % in the 2013/14 financial year.

These figures are based on the average for the financial year.

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2012/13	2 006	836	100	2 006	100	836	100	836	100
2013/14	2 063	790	0	2 063	0	790	0	790	0

Free basic services to indigent households

Financial year	Free Basic Electricity								
	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2012/13	620	50	115	1 679	0	0	216	50	194
2013/14	568	50	247	2288	0	0	222	50	158

Free basic electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2012/13	836	6 kl	261	1 170	6 kl	444
2013/14	790	6 kl	292	1 273	6 kl	451

Free basic Water services to indigent households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2012/13	836	71.50	642	2 101	0	0
2013/14	790	77.25	675	2 128	0	0

Free basic sanitation services to indigent households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2012/13	836	43.95	431	2 195	0	0
2013/14	790	47.45	435	2 201	0	0

Free basic Refuse Removal services to indigent households per type of service

a) Service delivery indicators

The following table shows the municipality's performance against the set targets in respect of indigent support for the 2013/14 financial year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL62	Provide 6kl free basic water per household per month in terms of the equitable share requirements	Number of HH receiving free basic water	All	2 023.09	1,937	2,063	G2
TL64	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	769.25	615	789	G2
TL65	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic electricity	All	769.25	615	790	G2
TL66	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	769.25	615	790	G2

TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	0	0	0	1989	1,989	2,150	G2	n/a
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Service Delivery Indicators: Free basic services

The table below indicates the cost to the Municipality to provide free basic services. The cost of these free services is covered by an Equitable Share Grant received from the national government.

Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2012/13	2013/14			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
R'000					
Water	705	750	750	743	(7)
Waste Water (Sanitation)	642	700	700	675	(25)
Electricity	309	300	300	405	105
Waste Management (Solid Waste)	431	450	450	434	(16)
Total	2 087	2 200	2 200	2 257	57

Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered

3.4 Component B: Road Transport

This component includes: roads; transport; and waste water (storm water drainage).

3.4.1 Roads & Storm water

a) Introduction to Roads

The primary road system in the Prince Albert municipal area consists of national and provincial roads. The N1 runs on a northeast-south-westerly axis and carries approximately 3012 vehicles per day. The N12 runs on a north-south axis through Klaarstroom and connects to Oudtshoorn, George, the Southern Cape region and the N2. The N12 carries approximately 780 vehicles per day. Although a national route, it is a provincial road maintained by Province.

All of the towns within the municipal boundary are accessible either by road or by railway. Leeu-Gamka and Welgemoed are primarily accessible by the national railway and the N1 (connecting to the R353) passing through their jurisdictions.

Prince Albert and Klaarstroom have no access to railway transportation. The main town of Prince Albert can only be accessed by main roads, e.g. the R328 (46 km from the N1) and R353 (40 km from the N1) and several secondary roads. The town of Klaarstroom can be reached by making use of the N12, R407 and other secondary roads. Secondary roads provide access to the other rural areas within the municipal area. These roads are mostly gravel roads.

Other provincial roads in our area include the:

- R407 that runs on an east-west axis from Willowmore, through Klaarstroom, on to Prince Albert and in a north-westerly direction to Prince Albert Road, where it connects to the N1. This road is paved all the way from Klaarstroom to Prince Albert Road.
- R328 from Oudtshoorn, a gravel road that runs over the Swartberg Pass, connecting with the R407 at Prince Albert.
- R353, a gravel road that runs from Prince Albert northwards to the N1, close to Leeu-Gamka.

The total roads in municipality amount to 1 741.2 kilometres of roads. The total amount of roads comprise of 257.6 (14%) kilometres of surfaced roads and 1 483.6 (85.2%) kilometres of gravel roads.

The Swartberg Pass connecting Prince Albert with Oudtshoorn is seen as a provincial heritage site. This Pass needs urgent maintenance and the Municipality is engaging with the Provincial Roads Department and Department of Cultural Affairs to see to the upgrade of said pass.

The maintenance of the roads within the municipal area remains a challenge with a limited operational budget. The neglect of several years has since culminated in a situation that requires more maintenance and capital expenditure than the limited budget of Prince Albert Municipality can afford. A survey of urgent maintenance work on roads commenced in the reporting financial year and the results of this survey will have to be addressed in the 2014/15 financial year.

b) Highlights: Roads

The following highlights in respect of the roads division are reflected for the 2013/14 financial year.

Highlights	Description
Training sessions with personnel to effectively prepare breakages of roads.	Potholes repairs and effective use of equipment.
Proposals for the resealing of main road submitted for outer years.	Request to the Department of Public Works and Transport to waive the 20% capital cost contribution for outer year resealing.

Pedestrian pathways in North- End and Leeu-Gamka	Walk and Bicycle pathways was constructed
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Roads Highlights

c) Challenges: Roads

The following challenges in respect of the roads division are provided in respect of the reporting financial year.

Description	Actions to address
Pothole repairs	Material and Equipment must be budgeted
Maintenance on gravel roads	Resources and capacity must be budgeted
Pavements in main road. Roots of trees lifting pavement making it dangerous	Pavements in main road to be upgraded.
No alternative drive through town than main road	Source funding to upgrade Mark street and/or De Beer Street. Long term solution.
Trees in De Beer Street, Prince Albert needs to be trimmed	Liaise with environmental expert on maintenance of De Beer Street trees

Roads Challenges

No gravel roads were upgraded to tar within the area during the reporting year, with 20.7 km's of tar road maintained during said period. The municipality recognises the challenges to maintain the road infrastructure and requested external funding to assist the Municipality in this respect.

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2012/13	20.7	0	0	0	20.7
2013/14	20.7	0	0	0	20.7

Tarred road infrastructure

d) Service Delivery Indicators

The need to develop an Integrated Infrastructure Maintenance Plan is recognised and referred to the 2014/15 financial year. It must be noted that the position of Manager: Infrastructure Services was vacant from December 2013 to the end of May 2014, creating a capacity vacuum within the Department. A new Manager: Infrastructure was appointed in June 2014.

The table below indicates the performance of the roads unit in respect of the 2013/14 financial year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL27	Develop a Vehicle Replacement Strategy by the end of October 2013	Strategy completed and adopted by Council	All	New performance indicator for 2013/14, thus no comparatives available	1	0	R
TL29	Develop an Integrated Infrastructure Maintenance Plan by the end of June 2014	Plan completed and adopted by Council	All	New performance indicator for 2013/14, thus no comparatives available	1	1	G
TL47	Paving of new access roads - Prince Albert	Square meters paved	1	New performance indicator for 2013/14, thus no comparatives available	3,750	0	R
TL48	Upgrade Storm water Network - Prince Albert Nooreinde by the end of November 2013	Project completed	3	New performance indicator for 2013/14, thus no comparatives available	1	1	G
TL49	Upgrade Storm water network - Leeu-Gamka (Bitterwater) by the end of December 2013	% completed	1	New performance indicator for 2013/14, thus no comparatives available	1	0	R

Service delivery indicators: Road transport

e) Employees: Roads

The table below reflects the staffing component of the Roads department of the 2013/14 financial year as compared to 2012/13. Again it must be noted that staff perform dual functions and are not allocated to the Roads division specifically. The significant decrease in the staffing numbers of 2013/14 against 2012/13 is due to the dual functionality of staff and not a result of terminations. Staff that previously reflected under the Roads division will now be reflected within other divisions due to the dual functionality of staff members.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	9	2	0	0
4 - 6	0	0	0	0	0
7 - 9	2	3	0	0	33
10 - 12	0	0	0	0	0
13 - 15	1	1	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	13	0	2	0	0

Employees: Roads

f) Capital: Roads

The following table reflects the capital expenditure of the roads division for 2013/14.

Capital Expenditure 2013/14: Roads					
R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Storm water	2 350 000	210 000	255 000	-821.57	255 000
Total	2 350 000	210 000	255 000	-821.57	255 000

Capital Expenditure 2013/14: Roads

3.5 Component C: Planning and Local Economic Development

3.5.1 Planning

a) Introduction to Planning

Spatial Planning and Land Use lacked capacity due to the fact that there is no Town Planner in the service of the Municipality and thus a lack of understanding of land use principles. This resulted in a situation where significant land use transgressions took place.

The Municipality embarked on an initiative to remedy illegal land use and building control by declaring an amnesty period during which illegal land use can be remedied.

The main challenge in reaching the key performance indicator of 120 days to provide a result on land use applications can be contributed to the fact that the reporting newspaper only appear once a month, while Council only convenes once every three months.

The new Spatial Planning and Land Use legislation and Land Use Planning legislation are providing unique challenges. These legislative developments will require the promulgation of a land use by-law as well as the appointment of a Land Use Tribunal. The legislative developments will increase the burden on existing staff and will bring with it an additional financial burden in respect of the Land Use Tribunal.

The Spatial Development Plan for Prince Albert municipal area was prepared by Aurecon and approved by Council in February 2014.

The Municipality will urgently have to compile a new zoning map and have engaged with Province to provide assistance in generating the maps once the administrative work has been completed by the municipal staff.

Building Control services was provided by someone on only two days of the week. Due to the lack of enforcement previously, the challenge was to get the community to co-operate and adhere to the SANS regulations and Building Control legislation. The municipality will be advertising the position of a full-time building inspector in the next financial year.

With regard to the Integrated Development Planning; the approved process plan was followed. In the 2013/14 financial year efforts to align the budget to the IDP will be intensified and be prioritized.

With regard to local economic development, the Department of Economic Affairs and Tourism assisted the Municipality in developing a PACA LED strategy which was included in the IDP as possible areas for development. This strategy was found to be basic and informed by the business community of Prince Albert. It provides a good basis to develop a full-fledged local economic development strategy. This will be investigated in the following financial years. Most of the LED efforts for the 2012/13 financial year were to establish a bakery in Leeu-Gamka. The bakery is now underway and further involvement of the Municipality will be limited to facilitation and advice.

The Municipality realises the need to identify catalyst projects to contribute to the establishment of an economic value chain and sustainable economic growth. The Municipality have thus resolved to investigate the feasibility of said projects. These include the full utilisation of the Economic Education Centre as an economic hub and training centre in partnership with the Departments of Environmental Affairs, Rural Development and Land Reform as well as Agriculture. The municipality also signed a service level agreement with a private entity to generate external funding for skills development within the community.

In addition to this the Municipality is investigating the feasibility of an Airport development and renewable energy. Key to the Municipality's local economic support is preference provided to local suppliers and labour intensive job creation through the Expanded Public Works Program as well as the Community Workers Program.

b) Highlights: Planning

The following highlights in respect of the planning division for the 2013/14 financial year are reported below.

Highlights	Description
SDF completed by February 2014	Dept. Rural Dev appointed service provider Aurecon.
Amnesty period in respect of land use and building control	Illegal land use and building transgressors provided opportunity to remedy transgressions
Strengthening the institutional knowledge on land use	New procedures and control measures were instituted to ensure compliance

Planning Highlights

c) Challenges: Planning

The table beneath reflect the challenges in respect of Planning for the 2013/14 financial year. It must be noted that while the new SPLUMA and LUPA legislation did not severely negatively impact on the reporting year, it will result in financial and capacity strain within the 2014/15 financial year.

Description	Actions to address
Zoning scheme outdated	Council resolutions verified since 1985. Results to be captured on map. DRDLA will assist with electronic mapping
Providing approval within 120 days	Delegations on land use planning should be reviewed to streamline the process
Poor legal compliance and enforcement by Municipality	Appoint full time building inspector. Engagements with builders and public on building control procedures
Aligning to the new planning legislation	Co-operation with DRDLA to ensure compliance and SPLUMA and LUPA readiness

Planning Challenges

d) Service Delivery Indicators

The table below reflects the planning division's performance in respect of the 2013/14 financial year. The challenges in approving planning applications within the 120-timeframe has been previously explained elsewhere in the report.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for Sep 2013 to Jun 2014		
					Target	Actual	R
TL1	Review the spatial development framework and submit to council by end June	SDF submitted to council	All	New performance indicator; no previous measurement available	1	1	G
TL3	Provide consideration (decisions) on land use applications within 120 days after receipt of all outstanding information (Actual applications approved/actual applications received)	% of applications evaluated within 120 days	All	41.93%	80%	59.17%	R

Service Delivery Indicators Planning & Development

e) Service Statistics: Land Use Development

The enforcement of land use saw a significant improvement in the latter part of 2013/14. As discussed above the processes of approval need to be revisited to improve the turn-around time on applications. This will be considered with the new planning legislation that will come into effect in 2014/15 financial year.

A new set of delegations will have to be drafted within the new financial year.

The following table indicates the land use applications processed during the reporting financial year.

Applications for Land Use Development				
Detail	Formalisation of Townships		Land use applications	
	2012/13	2013/14	2012/13	2013/14
Planning application received	0	0	34	40
Determination made in year of receipt	0	0	34	29
Determination made in following year	0	0	0	0
Applications withdrawn	0	0	0	1
Applications closed	0	0	0	1
Applications outstanding at year end	0	0	0	0
Awaiting DEA&DP decision	0	0	1	0

Service statistics: Land use development

The enforcement of building control was severely lacking in previous years. The enforcement of building control requirements has not shown significant improvement in the reporting financial year. Engagements with builders and community members in July 2014 addressed some of the issues in respect of building control. It is imperative that the capacity in this division be improved and a full-time building control officer needs to be prioritised. Control over minor works will be prioritised within the 2014/15 financial year.

The following table indicates the building applications processed during the reporting financial year.

Additional Performance: Town Planning and Building Control		
Type of service	2012/13	2013/14
Building plans application processed	47	66
Total surface (m ²)	5 053	4 398.86
Approximate value (Rand)	24 254 000	0
Residential extensions	21	0
Land use applications processed	34	0

Additional Performance Town Planning and Building Control

3.5.2 Local Economic Development

Unemployment and inequality are enormous challenges in South Africa and while the Municipality cannot ensure local economic development, they must strive to create an environment conducive for sustainable economic growth. It is realised that in striving to reach the National Development Goals contained in the National Development Plan integrated action on grass-roots level that focus on impact and is linked to the national policies and budget processes will be needed.

Due to the funding restrictions within the Prince Albert Municipal budget no provision for a specific local economic development project were provided for. This emphasised the necessity to structure operational actions and processes in such a way that it supports local economic development. The most notable of these actions are the labour intensive employment projects such as EPWP and CWP, the procurement process that provides support to local suppliers and ensuring that services are affordable, sustainable and of a good quality.

a) Highlights: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Support to Olive and community festivals	Financial and logistical support to organisers of events
Participatory Appraisal of Competitive Advantage (PACA) LED strategy	Facilitated by Department of Economic Development and Tourism and completed
"Kokkedoor" TV series	Cooking competition with high branding value for Prince Albert.
Renewable energy sustainability investigation launched	First phase on possible renewable energy plant investigation launched
Community gardens and subsistence farming on Treintjiesrivier and commonage	Small subsistence farming by several emerging businesses on commonage and Treintjiesrivier
Investigate possible airport development	First phase of investigation on possible airport development launched
EPWP workers employed	420 employment opportunities were established via the EPWP program, while Council facilitated an additional average of 86 local labour job opportunities per month on the ASLA housing project in Leeu-Gamka
Signing of service delivery agreement on funding for skills development	External service provider employed to secure funding for skills development in Prince Albert municipal area
Establishment of an Environmental Education Centre in Prince Albert	Building of an Environmental Education Centre in Prince Albert to act as training centre and economic hub

b) Challenges: LED

The following challenges with regard to the promotion of local economic development are:

Description	Actions to address challenges
Funding to compile a local economic development strategy	Business proposal submitted to DLARD in August 2014
Funding to facilitate projects	Compile business cases to submit for external funding
Improve management of Treintjiesrivier	Engagements with stakeholders and drafting of management plan; verification of contracts. Improve control and oversight on farm
No dedicated personnel	Source funding to appoint dedicated personnel.

Challenges LED

c) LED Strategy

The municipality is sourcing external funding to compile an integrated economic development strategy. Quality strategic planning and strategy delivery is increasing in importance as a process and set of tools that guide the development of a

municipality. In times when resources are tight, effective and efficient resource allocation is gaining even more importance. This proposal will therefore suggest a practical four-stage process to strategic economic planning at the municipal level, including the setting up of effective structures for managing the economic strategy process (1), preparing a good strategic analysis of the municipality (2), strategy formulation (3) and strategy implementation (4).

A key concept throughout this process is partnership: partnerships within the municipality, as well as with others outside the municipal building, with whom these four steps are undertaken together.

At present the Municipality is driving the visioning process within the community to procure communal buy-in on what type of towns we want in our areas. Once agreement can be reached on these matters, further initiatives can be built upon the results

Prince Albert's sector contribution to the growth domestic product rate (GDPR 2000-2011%) is indicated in the following table:

Sector	2012/13	2013/14
	% of Region's (GDPR)	
Agriculture, forestry and fishing	16.1	-1.8
Mining and quarrying	0	-
Manufacturing	9.9	3.9
Electricity & gas and water	0	-
Construction	13.2	13.3
Wholesale and Retail Trade, catering & accommodation	14	3.7
Transport, storage & communication	5.8	-3.0
Finance, insurance, real estate and business services	22.4	13.8
Community and social and personal services	5.9	1.2
General government	12.7	1.0
Average annual growth, 2000-2011		4.2

Municipal growth across sectors: 2000 - 2011

(The figures for 2013/14 are based on the Quantec Research data sourced from the MERO 2013)

Prince Albert regional gross value added figure (GVA-R) amounted to R167, 260 million and accounted for 14.8 per cent of total the regional economy of R1, 130 billion in 2009 making it the third largest economic contributor in the Central Karoo District.

Economic sectors contribution to Prince Albert's economy and employment by sector are summarized in the following table:

Economic Sector Contributions	2012/13		2013/14	
	% Sector contribution	% employment by sector	% Sector contribution	% employment by sector
Agriculture, forestry and fishing	47	16.1	No new figures available	No new figures available
Mining and quarrying	0	0	No new figures available	No new figures available
Manufacturing	0.2	9.9	No new figures available	No new figures available
Electricity & water	0.1	0.5	No new figures available	No new figures available
Construction	6.9	13.2	No new figures available	No new figures available
Trade	3.6	14	No new figures available	No new figures available
Transport	1.2	5.8	No new figures available	No new figures available
Finance	21.8	22.4	No new figures available	No new figures available
Community and social services	19.1	5.9	No new figures available	No new figures available
Total	100	87.8		

Economic Employment by Sector

Service Delivery Indicators

The performance for economic development in the reporting financial year is reflected below.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL6	Submit applications to obtain funding for projects for the implementation of the LED strategy	Number of applications submitted	All	2	2	2	G
TL25	The number of temporary work opportunities created in terms of the EPWP (FTE's)	Number of work opportunities created	All	181	46	163	B

Service Delivery Indicators LED

Job creation through EPWP projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012/13	3	181
2013/14	Land Fill Project: Pedestrian Leeu Gamka: Pedestrian Prince Albert: Public Works Leeu Gamka: Public Works Prince Albert: Social Sector Project:	163

Job creation through EPWP* projects

3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.6.1 Libraries

Libraries are a provincial function and the municipality is performing the function on an agency basis. The function is fully funded by province. The libraries are

functioning very well and enjoyed an annual circulation of 58 967, with outreaches within the community that included outreaches to the disabled, the aged, schools, etc. National library week was celebrated from 15 – 22 March 2014 and with the support of the Friends of the Library a morning tea event was held for all readers over 60 years. Membership of the libraries ended at 4 245 members on 30 June 2014.

A new Wheelie Wagon satellite library was established at the Thusong Centre in Prince Albert during October 2014 to be nearer to the community of North-End. With limited hours open this library satellite boast with a circulation of 2 646 for the financial year. The hours of this library will be increased in the new financial year.

The internet access within libraries provides valuable support to persons without these facilities and it is the learners of our local school that are the primary users of these facilities.

The following table provide an overview of the library' functions performance during the reporting years.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL7	Provide wheelie wagons for library services	Number of wheelie wagons provided	All	New performance indicator; no previous measurement available	1	1	G
TL8	Hold exhibitions on identified topics to enhance library awareness	Number of exhibitions held	All	9	12	18	B
TL54	Hold indigent awareness campaigns	Number of campaigns	All	1	1	1	G

Services Delivery Indicators Library Services

a) Highlights: Libraries

The following highlights in respect of the reporting year can be seen below.

Highlights	Description
Library Week 2014	Morning tea for users over 60 years
Library outreach.	Visit to crèches, Tea parties for readers, Visit to Old age care centre resulting in a cumulative 221 outreaches.
Computerized systems	Electronic management of books
Workstations for students to do research	All three libraries provide access to computers
Permanent appointment of library assistants.	Contracts upgraded
Wheelie Wagon at Thusong Centre in Prince Albert have high circulation	Circulation numbers at Wheelie Wagon in Thusong reaches nearly 400 and hours should be increased

Libraries Highlights

b) Challenges: Libraries

The following challenges in respect of libraries remained during the reporting year.

Description	Actions to address
Room for users to read books	Refer extension to future budgets
Library in Prince Albert is far from the previously disadvantaged community.	Wheelie wagon was established at Thusong but the hours need to be increased
Support staff needed in Klaarstroom	Member of public trained to provide support in Klaarstroom

Libraries Challenges

c) Service statistics for Libraries

The following statistics in respect of the libraries are reflected below

Type of service	2012/13	2013/14
Library members	2 821	3 341
Books circulated	98 988	8 118
Exhibitions held	12/year	18/year
Internet users	An average of 20 per day.	An average of 20 per day.
New library service points or Wheelie Wagons	0	1
Children programmes	0	2/month
Visits by school groups	Prince Albert College visits Prince Albert Library an average of 10 times per month.	Average 10 times per month
Book group meetings for adults	0	2/year
Primary and Secondary	0	6/year

Service statistics for Libraries

d) Employees: Libraries

The library employee establishment is indicated below in respect of the reporting year.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0
4 - 6	2	3	2	1	33
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0

19 - 20	0	0	0	0	0
Total	6	7	6	1	14

Employees: Libraries

3.6.3 Cemeteries

We have five cemeteries in the municipal area Prince Albert two (2), Leeu-Gamka two (2) and one (1) at Klarstroom. The current registers of existing graves and reservations are maintained by hand and no electronic system exists. The impression is that, with the exception of Klarstroom, the current cemeteries are sufficient, with enough space within them in the medium term and that the cemeteries are fairly well maintained by the Municipality. However the increase on the population as projected in the above demographics can impact on the capacity of cemeteries.

The community of Klarstroom requested that a new cemetery be identified by the Municipality as the current one is prone to flooding.

a) Highlights: Cemeteries

Highlights	Description
EPWP programme	Clean all cemeteries including privately owned and historical heritage sites.

Cemeteries Highlights

b) Challenges: Cemeteries

The following challenges in respect of cemeteries were identified.

Description	Actions to address
Cemetery required for Klarstroom	Available land to be identified and zoned accordingly
Prince Albert Road in need of Cemetery	Negotiate with Farmers for land

Cemeteries Challenges

c) Employees: Cemeteries

The table below indicate the staffing component for cemeteries during the reporting year. It must be noted that staff perform dual functions and the staffing numbers cannot be seen in isolation. It should also be noted that a Facility's Manager was only appointed in November 2013 and thus reports on cemeteries were only submitted since January 2014 and as such the cemetery key performance target was not met.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)

	No.	No.	No.	No.	%
0 - 3	1	1	3	3	0
4 - 6	0	0	3	1	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	1	6	4	0

Employees: Cemeteries

3.7 COMPONENT E: SECURITY AND SAFETY

This component includes: traffic; law enforcement as well as fire and disaster management.

3.7.1 Law Enforcement

Law enforcement was originally done by two permanent traffic officers who also operate the DTLC and they are supported by one Clerk of the Court. One contract law enforcement officer provided further support on speed infringements, but he resigned in March 2014. One of the Law Enforcement Officers was appointed as Management Representative of the DLTC. The officer resided in Leeu-Gamka and this hampered service delivery. The decision was thus taken to re-locate the official to Prince Albert and this has improved the oversight within the DLTC.

The following table indicates the law enforcement function in respect of the reporting year compared to the 20e12/13 financial year.

Details	2012/13	2013/14
Animals impounded	0	0
Number of by-law infringements attended	0	3
Number of officers in the field on an average day	1	2
Number of officers on duty on an average day	1	2

Law Enforcement Data

3.7.2 Traffic Services

Originally three law enforcement officials tended to Traffic Services, with one resigning in March 2014 and the one Clerk of the Court providing back-office assistance. Traffic infringements were outsourced to Ultimate Traffic Solutions and an income target of R2.6 million were set in respect of traffic fines. This target was not met due to challenges inherent in the initial establishment phase. Although the

income improved significantly in the last semester of the financial year, significant challenges remain and the performance of this function must be closely monitored.

a) Highlights: Traffic Services

The following highlight in respect of Traffic Services can be noted during the reporting year.

Highlights	Description
High visibility on N1 during road works	High visibility and speed control on N1 during road works

Traffic Services Highlights

b) Challenges: Traffic Services

The following challenges in respect of traffic services must be noted during the reporting year.

Challenges	Actions to overcome
Collect outstanding fines	Service provider to ensure that warrants of arrests are being followed up effectively. Service provider monitored
Unable to operate with the portable camera in the speed over distance zone.	Engage with possible service provider and Province to procure permission to do law enforcement with portable camera in ASOD area
We lack a facility for the purposes of perming driver's licenses tests.	The concept must be captured in the IDP
Administration support lacking	Administrative support should be provided through dual function performing
Proper facilitation of the speed over distance due to lack of second personnel member.	Appointment of another officer.
Not enough vehicles	Budget provision
Overspending on overtime	Control measures to be instituted to mitigate over-spending

Traffic Services Challenges

c) Performance Service statistics for Traffic Services

The following performance service statistics for traffic services are reflected below in respect of the reporting year.

Details	2012/13	2013/14
Motor vehicle licenses processed	103 (R106 5016.60)	5 350 (R1 152 176.20)
Learner driver licenses processed	432	427
Driver licenses processed	295	198
Driver licenses issued	227	293
Fines issued for traffic offenses	1 034	21 340
R-value of fines collected	65 150	R9 44046.25
Roadblocks held	4	14
Complaints attended to by Traffic Officers	3	0
Awareness initiatives on public safety	3	1

Number of road traffic accidents during the year		35		15
Number of officers in the field on an average day		3		2
Number of officers on duty on an average day		3		2

Additional performance Service Statistics for Traffic Services

d) Employees: Traffic Services

The table below indicates the traffic service staff establishment for the reporting year, in comparison with 2012/13.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	3	1	3	100
7 - 9	3	3	2	1	0
10 - 12	2	2	0	0	0
13 - 15	0	1	0	0	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	5	9	3	4	44

Employees: Traffic Services

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL9	Hold road blocks to decrease incidents affecting traffic safety	Number of road blocks held	All	5	10	11	G2

Services delivery indicators Public Safety

3.7.3 Fire Services and Disaster Management

In terms of Schedule 4 Part B of the Constitution, Fire Fighting Services is a municipal function. The Prince Albert Municipality does not have a formal, full-time Fire Services Unit. The Fire Fighting function is coordinated by the Fire Officer in the Municipality who is also responsible for occupational health and safety. Eight officials, at the level of labourers, previously received training in the basics of Fire Fighting and act as the Fire Services unit of the Municipality. They perform dual functions and are not specifically allocated to fire services. Protective clothing and sufficient equipment remains a challenge for these officials. Fire Services are delivered by means of a vehicle with 1 000 litre water tank.

The Municipality adopted a Disaster Management Plan in June 2014. This plan forms the first phase basis of a more integrated Disaster Management Plan to be drafted in 2014/15 after emergency and contingency plans from critical stakeholders have been obtained.

a) Highlights: Fire Services and Disaster Management

Highlights	Description
Staff exhibits a good working ethic.	Firefighters have a good sense of cooperation and team work.
Good Regional office report indicates that Prince Albert has the best response to fire.	Indication that Prince Albert is the only team responding to fire in the region.
Disaster Management Plan adopted in June 2014	Disaster Management Plan to be used for refining an integrated disaster response after consultation with critical stake-holders

Fire Services and Disaster Management Highlights

b) Challenges: Fire Services and Disaster Management

The challenges in respect of Fire and Disaster Management Services for the reporting financial year are reflected below.

Challenges	Actions to overcome
Lack of capacity	Staff need to be trained, while equipment need to be upgraded
Lack of protective gear	Protective gear must be procured

Fire Services and Disaster Management Challenges

c) Service statistics for Fire Services

The following service statistics for fire services are provided in the table below in respect of fire services.

Details	2012/13	2013/14
Operational call-outs	27	24
Reservists and volunteers trained	2	0
Awareness initiatives on fire safety	0	0
Total fires attended in the year	27	24
Total of other incidents attended in the year	0	0
Average turnout time - urban areas	9 min	Not measured
Average turnout time - rural areas	60 min	Not measured
Fire fighters in post at year end	0	1
Total fire appliances at year end	1	1
Average number of appliance off the road during the year	1	1

Fire Services and Disaster Management Data

d) Employees: Fire Services and Disaster Management

The following staff establishment in respect of fire and disaster management for the reporting financial year is reflected below.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	2	0	0	50
7 - 9	0	0	1	1	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	2	1	1	50

Employees: Fire services and Disaster Management

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL10	Review the Disaster Management Plan and submit to council for approval by end May	Plan submitted to council	All	1	1	1	G

Services delivery indicators Public Safety

3.8 COMPONENT F: SPORT AND RECREATION

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

3.8.1 Sport and Recreation

We have four (4) sports grounds consisting of 3 combined rugby and soccer fields, one (1) soccer field in Prince Albert and 3 netball fields. All sport forums are established. The department of Sport and Recreation conducted an audit of the sport facilities in the Municipality and the results of the audit should be evaluated and utilised for future planning and budgeting purposes. These results should be investigated and any follow-up actions need to be pursued.

Ref	KPI	Unit of Measurement	Ward	Previous year performance	Q1	Q2	Q3	Q4	Target	Actual		Performance
TL52	Upgrade of the netball and cricket fields by the end of June 2014	Number of sport fields upgraded	3	New performance indicator; no previous measurement available	0	0	0	2	2	0	R	R 200 000 was DORA and received from Dep. Sport and Recreation. Quotations was requested and prices in die order of R 459 275.52 was rendered. The project needed to be co-funded, by the MIG Sport funding, but due to other obligations the MIG funding was committed and could not be amended. A roll-over will be requested and the scope of works will be adapted.
TL53	Complete the business plan and technical report for the new swimming pool Prince Albert by the end of August 2013	Plan and report completed	All	New performance indicator; no previous measurement available	2%	0	0	0	2%	100%	B	n/a

a) Highlights: Sport and Recreation

Intensive consultation within the communities and Central Karoo District took place to create a platform for the development of a regional Sport Academy that will assist in motivating funding proposals for sport development and codes within the Karoo.

b) Challenges: Sport and Recreation

Challenges in respect of sport and recreation for the reporting year are reflected below:

Challenges	Actions to overcome
Insufficient equipment to maintain facilities	Equipment must be maintained via maintenance plan and control measures implemented

Funding for sporting codes and facilities needed	Funding proposals for external funding prepared
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c) Service statistics for Sport and Recreation

The following statistics in respect of Sport and Recreation for the reporting financial year are reflected below.

Type of Service	2012/13	2013/14
Community Parks		
Number of parks with play park equipment	3	3
Number of wards with community parks	2	3
Sport fields		
Number of wards with sport fields	4	3
Number of sport associations utilizing sport fields	2	3

Additional performance information for Sport and Recreation

d) Capital: Sport and Recreation Services

The capital expenditure in respect of sport and recreation for the reporting financial year can be seen below.

Capital Expenditure 2013/14: Sport and Recreation					
R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Sport Grounds	600 000	-	-	-	-
Swimming pool	250 000	120 000	188 000	-32.98	188 000
Total	850 000	120 000	188 000	-32.98	188 000

Capital Expenditure 2013/14: Sport and Recreation

3.9 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

3.9.1 Executive and Council

The Council of Prince Albert Municipality strives to ensure effective cooperation between Council, Administration and the broader Community.

The core business in terms of basic service delivery remains crucial and therefore public participation is encouraged. The municipality have an active ward committee system, a representative IDP Forum for consultation on the budget and IDP, and a housing committee in Leeu-Gamka. This public participation is supported by sectorial engagements with e.g. the Prince Albert Ratepayers, the Prince Albert Cultural Foundation, the Council of Stakeholders in Leeu-Gamka, sporting codes, etc. The municipality established youth committees within the respective towns to provide the youth with a voice in local government matters.

Policies, by-laws and planning matters are published and public comment invited and incorporated. The public are encouraged to attend ward and council meetings.

Councillors and officials know that all actions need to be in a disciplined manner. We are a transparent and accountable Municipality and have since inception established a good working relationship with Provincial and National Government.

a) Highlights: Executive and Council

The following highlights for the Executive and Council for the reporting financial year can be found below.

Highlights	Description
Good cooperation	Meeting per schedule - excellent attendance record
Transparency	Council meetings are open
Accountability	Reporting on time
Networking	Excellent working relationship with Province and National

Executive and Council Highlights

b) Challenges: Executive and Council

Description	Actions to address
Training required	Training provided as requested
Ensuring that agendas reach councillors timeously	Agendas send out per time schedule
Quality of feedback to ward committees to improve	Ward committee minutes to be responded to by senior management, co-ordinated by Manager: Corporate and Community Services

c) Service Delivery Indicators

The following performance in respect of the Executive and Council during the reporting year can be seen below.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for Sep 2013 to Jun 2014		
					Target	Actual	R
TL19	Facilitate the meeting of the Audit Committee	Number of meetings	All	New performance indicator; no comparison available	4	3	O
TL20	Train the Audit Committee and Performance Audit Committee	Number of training sessions	All	1	1	1	G

Service delivery indicators: Executive and Council

3.9.2 Financial Services

Municipalities aim to secure sound and sustainable management in their financial affairs. The Local Government: Municipal Finance Management Act, 2003 is the guiding legislation in this respect. Municipalities must institute the necessary control measures to ensure cost-effective and efficient service delivery in the interest of their communities. They must report on their financial performance for the respective financial years. These reporting can be done via several mechanisms including the monthly Section 71-reports, the mid-year Section 72 report, the Section 46 report, etc. Ultimately the municipality's financial performance is portrayed in their financial statements. The financial statements are then audited by the external auditors from the Office of the Auditor-General. All municipalities strive to obtain a clean, unqualified audit report from these auditors.

a) Highlights: Financial Services

The following highlights in respect of the reporting year for the financial department are reflected below:

Highlights	Description
Unqualified Audit Opinion – financial year 2012/13	Clean audit on financial statements
No section 32 investigations required	No unauthorised expenditure was incurred during the reporting year

Financial Services Highlights

b) Challenges: Financial Services

The following challenges in respect of the reporting year for the financial department are reflected below.

Description	Actions to address
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No Budget Office as prescribed by legislation	No funding to establish office. Functions performed by CFO, will be supported by Chartered Accountant to be appointed
Expand income base	Verify income sources to ensure all services are correctly levied
Low payment percentage in Klaarstroom and Leeu-Gamka	Continue with debtor payment awareness programs

Financial Services Challenges

c) Debt recovery statistics

The following table indicates the debt recovery statistics for the reporting year.

Details of the types of account raised and recovered	Debt Recovery								
	R'000								
	2012/13			2012/13			2013/14		
	Billed In Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected
Property Rates	1 524	1 699	111%	2 044	1 984	97%	2 683	2 603	97%
Electricity	6 025	6 001	99%	6 405	6 353	99%	9 341	9 136	98%
Water	2 322	1 751	75%	3 183	1 974	62%	2 924	3 077	105%
Sanitation	1 660	1 274	76%	2 459	1 379	57%	2 424	2 473	102%
Refuse	1 046	755	72%	1 535	786	51%	1 466	1 458	99%

Debt recovery

d) Service Delivery Indicators

The following table portrays the service delivery indicators for the financial function in respect of the reporting year.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL55	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	All	New performance indicator; no previous measurement available	18.50%	11.19%	B
TL56	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	All	New performance indicator; no previous measurement available	0.09	7.41	B

TL57	Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year)	Target achieved	All	New performance indicator; no previous measurement available	0.81	150	B
TL58	Review the required budget implementation policies	Number of policies	All	12	4	5	G2
TL59	Achieve a payment percentage of at least 85%	Payment %	All	100	85%	80%	O
TL60	Achieve an unqualified audit opinion for the 2012/13 financial year	Opinion achieved	All	1	1	1	G
TL61	Implement an initiative to improve debt collection	Number of initiatives	All	1	1	1	G
TL64	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	769.25	615	789	G2
TL65	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic electricity	All	769.25	615	790	G2
TL66	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	769.25	615	790	G2
TL67	Provide sanitation services to households in terms of the equitable share requirements	Number of Households receiving sanitation services	All	769.25	615	790	G2

Service delivery indicators: Financial Services

e) Employees: Financial Services

The financial service department's staff establishment for 2013/14, compared to the 2012/13 financial year is depicted on the next page. The municipality has one of the smallest finance departments in the country and do not have the prescribed Budget Office. The appointment of a chartered accountant in the 2014/15 financial year will alleviate the pressure on the financial department and strengthen its skills base.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	1	0	0
4 - 6	5	6	3	1	17
7 - 9	0	0	1	0	0
10 - 12	0	1	0	0	100

13 - 15	0	0	0	0	0
16 - 18	1	1	1	1	0
19 - 20	1	1	1	0	0
Total	7	9	7	2	22

Employees: Financial services

3.9.3 Human Resource Services

The Human Resource Department have only two dedicated staff members of which one is a contract worker funded by the EPWP-program. The Skills Development Facilitator performs dual functions within the corporate service division. The Municipality undertook a HR profiling audit to determine the challenges within the HR division. This report will be tabled to the Audit Committee on 25 August 2014.

a) Highlights: Human Resources

The following highlights in respect of the HR division for the reporting financial year is portrayed below:

Highlights	Description
Appointment of two critical positions	Manager Corporate & Community Services appointed on 23/01/14 and Manager Infrastructure appointed on 2/06/2014
Roadshow for performance management awareness	Undertaken by Municipal Manager
EPWP contracts concluded for 420 persons	Contract administration in respect of EPWP workers successfully undertaken

Human Resources Highlights

b) Challenges: Human Resources

The following challenges in respect of HR management as it pertains the reporting year are indicated below.

Description	Actions to address
Personnel policies are outdated.	Policies to be reviewed
Vacancy rate is 34%	Vacancy rate needs to be address within financial constraints
Individual performance agreements to be concluded	PMS agreements to be combined with verification of job descriptions for TASK –evaluation

Human Resources Challenges

d) Service Delivery Indicators

The table below reflects the performance of the HR department for the reporting year. Although an employment equity policy was approved by Council in December 2013, no Employment Equity Plan was drafted. This will be addressed before the legislative submission date in 2014.

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Overall Performance for 2013/2014		
					Target	Actual	R
TL15	Development skills of staff (Actual total training expenditure/total operational budget)	% of total operational budget spent on training	All	0.15%	0.30%	0.30%	G
TL16	Develop an employment equity policy and plan and submit to council for approval by end June	Draft policy and plan submitted to council	All	New performance indicator for 2013/14	1	0.5	R

Service delivery indicators: Human Resources

e) Employees: Human Resources

The table below indicates the staff establishment for the HR function in respect of the reporting year.

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	1	1	0	0

Employees: Human Resource services

3.10 COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2014/15

The main development and service delivery priorities for 2014/15 forms part of the Municipality's top layer SDBIP for 2014/15 and are indicated in the tables below:

3.10.1 Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL22	Provision of clean piped water to formal residential properties which are connected to the municipal water infrastructure network.	Number of formal residential properties that meet agreed service standards for piped water	All	2,232

Service Delivery Priorities for 2014/15 – Sustained Improvement of the status of the Municipal area and the eradication of the spatial legacy

3.10.2 To commit to the continues improvement of human skills and resources to delivery effective services

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL2	The % of the Municipality's training budget spent, measured as (Total Actual Training Expenditure/Approved Training Budget x 100)	% of training budget sent on scheduled training by end of June 2015	All	35
TL3	Review the required policies & municipal code and submit to council	Number of policies reviewed and approved by council by the end of June	All	4
TL4	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with the equity plan	Number of people employed (appointed)	All	2
TL18	Number of temporary jobs created through the municipality's local economic development EPWP projects, measured by the number of people temporary employed in the EPWP programs for the period.	Number of people temporary employed in the EPWP programs.	All	46

Services Delivery Priorities for 2014/15 – To commit to the continues improvement of human skills and resources to delivery effective services

3.10.3 To enhance participatory democracy

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL23	Excellent water quality measured by the quality of water as per SANS 242 criteria	% water quality level as per blue drop assessment	All	80%
TL28	Bi-quarterly engagement with community on progress on IDP & Budget Implementation	No of public participation engagements conducted in all municipal wards	All	4

Services Delivery Priorities for 2014/15 – To enhance participatory democracy

3.10.4 To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL11	Achieve a YTD debtors payment percentage of at least 90%	$(\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} + \text{Bad Debts Written Off}) / \text{Billed Revenue} \times 100$	All	90%
TL12	Attain an unqualified audit opinion	Unqualified External Audit Opinion Received	All	1
TL13	Implement mechanisms to improve debt collection by implementing strategies included in the revenue enhancement strategy	Number of initiatives implemented	All	4
TL14	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations $((\text{Total operating revenue-operating grants received}) / \text{debt service payments due within the year})$	$((\text{Total operating revenue-operating grants received}) / \text{debt service payments due within the year})$	All	1.2
TL15	Financial viability measured in terms of the outstanding service debtors $(\text{Total outstanding service debtors} / \text{revenue received for services}) \times 100$	$(\text{Total outstanding service debtors} / \text{revenue received for services}) \times 100$	All	14.3
TL16	Financial viability measured in terms of the available cash to cover fixed operating expenditure $((\text{Available cash} + \text{investments}) / \text{Monthly fixed operating expenditure})$	$((\text{Available cash} + \text{investments}) / \text{Monthly fixed operating expenditure})$	All	0.92
TL21	Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	Number of households for which refuse is removed at least once a week	All	2,288
TL26	Limit water losses to not more than 16% $\{(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100\}$	$(\text{Number of Kilolitres Water Purchased or Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purchased or Purified} \times 100$	All	20%
TL27	Limit electricity losses to not more than 15% $\{(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100\}$	$(\text{Number of Electricity Units Purchased and/or Generated} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased and/or Generated} \times 100$	All	20%

TL29	Develop Risk based audit plan for 2015/16 and submit to audit committee by end June	RBP submitted by end June 2015	All	1
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Services Delivery Priorities for 2014/15 - To maintain financial viability & sustainability through prudent expenditure, and sound financial systems

3.10.5 To provide quality, affordable and sustainable services on an equitable basis

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Implement council approved awareness campaigns	Number of awareness programmes	All	8
TL6	Provide 6kl free basic water per household per month in terms of the equitable share requirements	No of HH receiving free basic water	All	2,232
TL7	Provision of sanitation services to residential properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	No of residential properties which are billed for sewerage in accordance to the financial system.	All	2,127
TL8	Provision of free basic sanitation services to registered indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	No of indigent account holders receiving free basic sanitation in terms of Equitable share requirements.	All	870
TL9	Provide 50kwh free basic electricity to registered indigent account holders connected to the municipal electrical infrastructure network	No of indigent account holders receiving free basic electricity which are connected to the municipal electrical infrastructure network	All	870
TL10	Provision of free basic refuse removal, refuse dumps and solid waste disposal to registered indigent account holders	No of indigent account holders receiving free basic refuse removal monthly	All	870
TL17	Review Sector Plans as per councils approved sector plan schedule	Number of sector plans approved by council end June 2015	All	4
TL19	The % of the Municipality's capital budget actually spent on capital projects identified in the IDP - (Total Actual Capital Expenditure/Approved Capital Budget) x 100	The percentage of a municipality's capital budget spent on capital projects identified in the IDP for the 2014/15 financial year	All	87%
TL20	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	1,682
TL24	Quality of effluent (measured by quality of microbiological standards) in terms of SANS irrigation standards	% quality of effluent achieved as per Green Drop assessment	All	78%
TL25	% of the maintenance budget for Roads spent [(Actual expenditure divided by the total approved budget)x100]	(Actual expenditure divided by the total approved budget)x100	All	100%

Service Delivery Priorities for 2014/15 - To provide quality, affordable and sustainable services on an equitable basis

3.10.6 To stimulate, strengthen and improve the economy for sustainable growth

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL5	Implement LED Strategies (as included in the IDP)	Number of LED interventions/ activities / programmes implemented by June 2015	All	4

Service Delivery Priorities for 2014/15 - To stimulate, strengthen and improve the economy for sustainable growth.

Chapter 4

4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development

National Key Performance Indicators are used by all municipalities to benchmark municipal performance and identify trends so that improvements to the local government system can be made. It is linked to the South African Constitution, 1996 as well as other key guiding legislation governing local government.

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 as well as section 43 of the local Government: Municipal Systems Act, 2000. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development. The Municipality do not have an employment equity plan as yet. Such will enjoy priority before the next legislative submission date in 2014.

The table below reflects permanent staff. It must be noted that staff employed on contract include three (3) persons from the employment equity target groups on the three highest levels of management, comprising of five staff members.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2012/13	2013/14
The number of people from employment equity target groups permanently employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	6	4
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.15%	0.30%

National KPIs– Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Prince Albert Municipality currently employs 44 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of Human Resource (HR) management is to render an innovative HR service that addresses both skills development and sound administration of in-house personnel.

4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) confirms affirmative action as measures designed to ensure that suitable qualified people from designated groups enjoys equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. As indicated above the Municipality do not yet have an Employment Equity (EE) Plan, but

did submit an Employment Equity Policy to Council in December 2014. The drafting of an EE-plan will enjoy priority in the 2014/15 financial year.

Although the Employment Equity progress was not included in the Top Layer SDBIP for the 2013/14 financial year, the employment profile for the reporting year ending 30 June 2014 ended with two Coloured Males, one White woman and one White man, with one vacancy at the Top Level of management. One White man and one Coloured male left the service during the reporting year.

The municipality have no senior management, with Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents reflecting seven Coloured Males, two White Males, two Coloured Women and two White women.

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	2	0	0	0	0	0	0	2
Clerks	0	4	0	0	0	9	0	2	15
Service and sales workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	6	0	1	0	0	0	0	7
Elementary occupations	0	14	0	1	0	5	0	0	20
Total permanent	0	26	0	2	0	14	0	2	44
Non-permanent	0	11	0	3	0	7	0	1	22
Grand total	0	37	0	5	0	21	0	3	66

Occupational Categories

The table below categorizes the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	2	0	1	0	0	0	1	4
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	2	0	1	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	7	0	2	0	2	0	2	13

Semi-skilled and discretionary decision making	0	10	0	0	0	14	0	0	24
Unskilled and defined decision making	0	16	0	1	0	5	0	0	22
Total permanent	0	26	0	2	0	14	0	2	44
Non- permanent employees	0	11	0	3	0	7	0	1	22
Grand total	0								66

Occupational Levels

The following table categorizes the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	0	0	0	0	0	0	0	0	0
Strategic Services	0	8	0	0	0	10	0	2	20
Technical and Electrical Services	0	18	0	2	0	1	0	0	21
Financial Services	0	1	0	0	0	3	0	0	4
Total permanent	0	26	0	2	0	14	0	2	44
Non- permanent	0	11	0	3	0	7	0	1	22
Grand total	0	37	0	5	0	21	0	3	66

Department - Race

4.2.2 Vacancy Rate

The approved organogram for the municipality reflected 97 posts for the 2013/14 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 38 Posts were vacant at the end of 2013/14, resulting in a vacancy rate of 39%. 7 of the critical positions are filled with contract positions.

Below is a table that indicates the vacancies within the municipality:

Per Task Level		
Task level	Filled	Vacant
MM & MSA section 57 & 56	4	1
Middle management (T14-T19)	0	1
Admin Officers (T4-T13)	31	21
General Workers (T3)	24	15
Grant remuneration outside TASK level	7	0
Total	66	38
Per Functional Level		
Functional area	Filled	Vacant

Office of the Municipal Manager	4	0
Corporate & Community Services	27	12
Technical and Electrical Services	22	24
Financial Services	6	2
Appointments from Grants	7	0
Total	66	38

Vacancy rate per post and functional level

The table below indicates the number of critical staff per level and corresponding vacancies.

Salary Level	Number of current critical vacancies	Total posts as per organogram	Vacancy job title	% Critical Vacancies (as a proportion of total posts per category)
Municipal Manager	0	1	n/a	0
Chief Financial Officer	0	1	n/a	0
Other Section 56 Managers	0	3	Manager: Development and Strategic Support	0
Senior management (T14-T19)	1	1	Accountant	100
Highly skilled supervision (T4-T13)	5	55	1 x Senior Electrician 1 x Electrician 1 x Building Inspector 1 x Waste Water Process Controller 1 x Superintendent: Leeu-Gamka	9
Total			-	-

Vacancy rate per salary level

4.2.3 Turnover rate

Small, rural municipalities find it difficult to attract and retain skilled staff as they cannot compete with bigger municipalities in terms of salary, skills transfer and opportunities. This results in a high turn-over of staff. A high turnover rate for staff member's impacts negatively on a municipality as it may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows an increase from 11.3% in 2012/13 to 14.52% in 2013/14.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
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2012/13	62	4	7	11.3%
2013/14	67	12	9	14.52

Turnover Rate

4.3 Managing the Municipal Workforce

4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease. Occupational injury will influence the loss of man hours and therefore financial and productivity performance. The Municipality appointed Workplace Safety Representatives within the municipality for the respective departments as required by legislation. These employees are:

- Attieen Arendse
- Arrelene Waterboer
- Henry Lekay
- Bernard May
- Danvor Sarelse
- Jaftha de Wee
- Adam Sass
- Jan Arries

SALGA was requested to provide training to the officials in respect of workplace safety. This training will take place in the 2014/15 financial year. The injury rate remained low during the reporting year.

The table below indicates the total number of injuries within the different departments

Directorates	2012/13	2013/14
Office of the Municipal Manager	0	0
Strategic Services	1	1
Technical and Electrical Services	2	4
Financial Services	0	0
Total	3	5

Injuries

4.3.2 Sick Leave

Sick leave has a direct impact on the productivity of a municipality and therefore it must be closely monitored to ensure that no abuse takes place. Sick leave records are maintained by the Human Resource department and management closely monitors this.

The total number of employees that have taken sick leave during the 2013/14 financial year shows a slight increase when comparing it with the 2012/13 financial year, however it is still at an acceptable level.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2012/13	2013/14
Office of the Municipal Manager	28	0
Strategic Services	59	102
Technical and Electrical Services	111	110
Financial Services	31	18
Total	229	230

Sick Leave

4.3.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and an equitable, fair and open approach to the managing of staff.

The table below reflects the HR policies and plans that are in operation within the Municipality and that must be annually reviewed.

Approved policies	
Name of policy	Date approved/ revised
Employment Policy	2003
Internal Conditions of Service	2003
Sexual harassment	2007
Subsistence and Travelling	2007
Training & Development	2007
Language	2007
Support Staff	2007
Cell Phone	2007
Induction Training and Staff Orientation	2007
Internal control: Salaries and grants	2007
Study	2007
IT	2007
HIV/AIDS	2007
Induction programme	2008
Recruitment and Selection	2012

Employment Equity	2013
Incapacity / Ill-Health	2012
Substance Abuse	2012
Smoking Policy	2012
Overtime	2012
Retirement Planning	2012
Unauthorized Absence	2012
Uniform Protective Clothing	2012
Employment on 5/8 basis	2012
Policy on imprisoned employees	2012
Scarce skills policy	2012

HR policies and plans

As indicated above most of the HR policies are outdated and must be reviewed within the next financial year to ensure that they are relevant and address the needs of management and the staff component.

4.4 Capacitating the Municipal Workforce

Section 68(1) of the Local Government: Municipal Systems Act, 2000 (MSA) states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable manner. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.4.1 Skills Matrix

Funding for skills development in Prince Albert Municipality is extremely limited. The Municipality contracted a service provider to source external funding to enhance skills development opportunities, not only within the municipality, but for the community as well. The Environmental Education Centre in Prince Albert will be partly utilised as a training facility in this respect.

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2013/14)	Number of Employees that received training (2013/14)
MM and S57	Female	0	0
	Male	3	3

Management level	Gender	Number of employees identified for training at start of the year (2013/14)	Number of Employees that received training (2013/14)
Legislators, senior officials and managers	Female	4	4
	Male	5	5
Associate professionals and Technicians	Female	0	0
	Male	3	3
Professionals	Female	1	1
	Male	1	1
Clerks	Female	9	5
	Male	7	3
Service and sales workers	Female	0	0
	Male	0	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	5	3
Elementary occupations	Female	1	1
	Male	7	2
Sub total	Female	15	11
	Male	31	20
Total		46	31

Skills Matrix

4.4.2 Skills Development – Training provided

The Skills Development Act (1998) and the Local Government: Municipal Systems Act, (2000), requires employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1(f) states that as the head of administration the Municipal Manager is responsible for the management, utilization and training of staff. The table below reflects the training opportunities provided within the municipality during the reporting year, inclusive of learnerships, skills programmes and other short courses.

Occupational categories	Gender	Training provided within the reporting period(2013/14)						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
MM and S57	Female	0	0	0	0	0	0	0

Legislators, senior officials and managers	Male	3	3	0	0	3	3	0
	Female	0	0	3	3	3	3	0
Professionals	Male	0	0	4	7	4	7	(57)
	Female	1	1	0	0	1	1	0
Technicians and associate professionals	Male	1	1	0	0	1	1	0
	Female	0	0	0	0	0	0	0
Clerks	Male	0	0	7	0	0	0	100
	Female	3	4	4	14	10	18	47.2
Service and sales workers	Male	3	7	0	9	7	16	(31.25)
	Female	0	0	2	0	0	0	100
Craft and related trade workers	Male	0	0	0	4	2	4	33.33
	Female	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0	0	0
	Female	0	0	3	5	3	5	60
Elementary occupations	Male	0	0	1	2	1	2	50
	Female	0	0	4	7	4	7	57
Sub total	Male	3	11	11	8	15	24	25.19
	Female	6	5	17	17	24	43	72.30
Total		9	16	28	25	39	67	

4.4.3 Skills Development - Budget allocation

Each Municipality is required to budget for skills development to at least 1% of its operational budget. The table below indicates that a total amount of R91 529.18 was allocated to the workplace skills plan and that 80.79 % of the total amount was spent in the 2013/14 financial year. This indicated an expenditure of 0.175% of the budget spent on skills development.

Total personnel budget	Total Allocated	Total Spend	% Spent
R13 329 400.00	R76 658.80	R61 940.00	80.79 %

Budget allocated and spent for skills development

4.4.4 MFMA Competencies

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

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	2	2	2	2
Any other financial officials	5	2 Busy with Minimum Competency	0	0
Supply Chain Management Officials				
Heads of supply chain management units	0	0	0	0
Supply chain management senior managers	2	2 Busy with Minimum Competency	0	0
TOTAL	11	8	4	4

Budget allocated and spent for skills development

4.5 Managing the Municipal Workforce Expenditure

Section 66 of the Local Government: Municipal Systems Act, 2000 states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.5.1 Personnel Expenditure

The percentage personnel expenditure in relation to the total operational expenditure of a municipality is essential in the budgeting process as it reflects affordability. The

table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years as a percentage of the total operating expenditure. Prince Albert Municipality is well within the national norm of between 35 to 40% as reflected below.

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2012/13	11 027	37 745	29.21
2013/14	10887	54568	19.95%

Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2012/13		2013/14	
	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
Councillors (Political Office Bearers plus Other)				
Basic Salary & Wages	1 501 762	1 582 500	1 582 500	1 577 400
Pension & Medical Aid Contributions	93 025	103 100	103 100	102 726
Motor vehicle allowance	484 551	504 700	504 700	514 677
Cell phone allowances	104 472	115 000	115 000	115 026
Housing allowances	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total	2 183 810	2 305 300	2 305 300	2 309 829
% increase/ (decrease)	0	5.56%	0.00%	0.20%
Senior Managers of the Municipality				
Basic Salary & Wages	1 978 697	1 800 000	1 800 000	1 796 167
Pension and Medical Aid Contributions				
Motor vehicle allowance	268 080	239 000	239 000	160 776
Cell phone allowance		41 200	41 200	24 500
Housing allowance				
Performance Bonus	88 816	140 000	140 000	133 572
Other benefits or allowances	221 182			
Sub Total	2 556 775	2 220 200	2 220 200	2 115 015
% increase/ (decrease)	0	-13.16%	0.00%	-4.74%
Other Municipal Staff				
Basic Salary & Wages	5 003 088	5 287 100	5 547 100	5 518 992
Pension and Medical Aid Contributions	1 097 068	2 110 789	1 659 349	1 120 785

Financial year	2012/13	2013/14		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
Motor vehicle allowance	604 618	126 000	126 000	98 642
Cell phone allowance	53 000	34 600	34 600	12 729
Housing allowance	26 924	43 500	25 500	11 311
Overtime	1 069 471	565 000	570 000	704 514
Performance Bonus	427 181	481 990	475 990	403 640
Other benefits or allowances	189 604	1 337 730	857 240	901 658
Sub Total	8 470 954	9 986 709	9 295 779	8 772 271
% increase	0	17.89%	-6.92%	-5.63%
Total Municipality	11 027 729	12 206 909	11 515 979	10 887 286
% increase/ (decrease)	0	10.69%	-5.66%	-5.46%

Personnel Expenditure

CHAPTER 5: FINANCIAL PERFORMANCE

This chapter provides details regarding the financial performance of the municipality for the 2013/14 financial year.

Component A: Statements of Financial Performance

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	1 959	2 218	2 218	2 129	-4.18	-4.20
Service charges	13 156	14 706	13 952	13 876	-5.95	-0.55
Investment revenue	366	340	340	542	37.26	37.26
Transfers recognised - operational	15 924	24 433	24 496	22 581	-8.20	-8.48
Other own revenue	2 508	6 066	4 873	15 032	58.54	66.72
Total Revenue (excluding capital transfers and contributions)	33 913	47 763	45 879	54 160	11.17	14.67
Employee costs	13 468	12 248	11 498	13 599	-12.50	-5.61
Remuneration of councillors	2 184	2 305	2 305	2 309	0.18	0.19
Depreciation & asset impairment	4 579	1 398	1 588	13 167	35.99	27.29
Finance charges	343	-	-	425	100.00	100.00
Materials and bulk purchases	8 095	8 400	7 725	7 630	-10.09	-1.25
Transfers and grants	-	-	-	-	100.00	100.00
Other expenditure	10 567	24 207	22 759	17 994	1.23	7.14
Total Expenditure	39 236	48 558	45 875	61 209	16.17	20.80
Surplus/(Deficit)	(5 350)	(796)	4	(7 049)	80.85	100.10
Transfers recognised - capital	7 741	17 918	24 019	19 363	11.49	-18.64
Contributions recognised - capital & contributed assets		-	-		#DIV/0!	#DIV/0!
Surplus/(Deficit) after capital transfers & contributions	2 391	17 122	24 023	12 314	-6.41	-49.30
Capital expenditure & funds sources						
Capital expenditure						

Description	2012/13	2013/14			2013/14 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Transfers recognised - capital	7 741	17 918	24 019	20 245	0.11	-0.19
Public contributions & donations					#DIV/0!	#DIV/0!
Borrowing	616				#DIV/0!	#DIV/0!
Internally generated funds				160	#DIV/0!	#DIV/0!
Total sources of capital funds	8 356	17 918	24 019	20 405	0.11	-0.19
Financial position						
Total current assets	6 327			14 318	1.00	1.00
Total non-current assets	75 494			89 710	1.00	1.00
Total current liabilities	9 159			19 211	1.00	1.00
Total non-current liabilities	4 733			4 573	1.00	1.00
Community wealth/Equity	67 929			80 244	1.00	1.00
Cash flows						
Net cash from (used) operating	7 762			27 671	1.00	1.00
Net cash from (used) investing	(8 773)			(20 356)	1.00	1.00
Net cash from (used) financing	8			(54)	1.00	1.00
Cash/cash equivalents at the year end	2 493	-	-	9 755	1.00	1.00
Cash backing/surplus reconciliation						
Cash and investments available	2 493			9 755	1.00	1.00
Application of cash and investments	3 321			9 905	#DIV/0!	#DIV/0!
Balance - surplus (shortfall)	(828)	-	-	(150)	1.00	1.00
Asset management						
Asset register summary (WDV)	75 494			89 710	1.00	1.00
Depreciation & amortisation	1 691	1 398	1 588	2 218	0.36	0.27
Renewal of Existing Assets	-				#DIV/0!	#DIV/0!
Repairs and Maintenance	700	1 294	1 024	830	-0.60	-0.27
Free services						
Cost of Free Basic Services provided	2 013	2 666	2 666	2 259	0.09	0.09
Revenue cost of free services provided	2 013	2 666	2 666	2 259	0.09	0.09
Households below minimum service level						
Water:	-	-	-	-	#DIV/0!	#DIV/0!
Sanitation/sewerage:	-	-	-	-	#DIV/0!	#DIV/0!
Energy:	-	-	-	-	#DIV/0!	#DIV/0!
Refuse:	-	-	-	-	#DIV/0!	#DIV/0!

Financial Performance 2013/14

The table below shows a summary of performance against budgets:

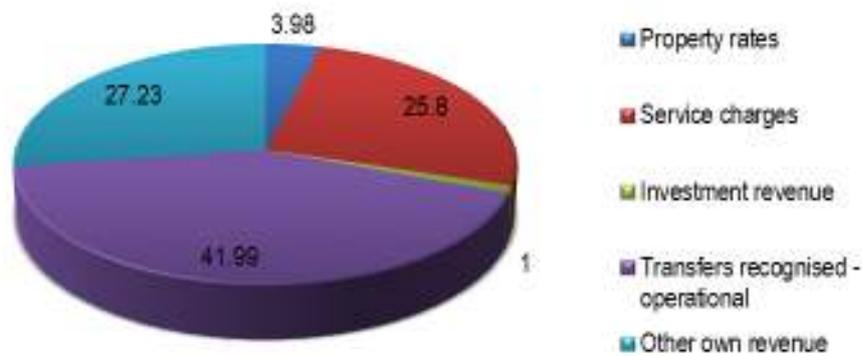
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2011/12	47 881	44 178	(3 703)	-8	41 085	35 895	(5 190)	-12.63%
2012/13	48 848	41 653	(7 337)	-15	39 320	39 263	57	0%

2013/14	69 897	73 523	3 626	5%	45 875	61 209	(15 334)	-33.43%
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Performance against budgets

The following graph indicates the various types of revenue items in the municipal budget for 2013/14

Revenue per percentage



Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2013/14

5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Vote1 - Budget and Treasury Office	19 193	35 520	40 480	35 058	-1%	-15%
Vote2 - Public Safety	1 212	3 913	3 913	13	70%	70%

Vote Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
				087		
Vote2 - Health	0	0	0	0	#DIV/0!	#DIV/0!
Vote2 - Community and Social Services	1 726	1 206	1 206	1 203	0%	0%
Vote2 - Sports and Recreation	282	285	285	283	-1%	-1%
Vote2 – Housing	0	0	0	0	#DIV/0!	#DIV/0!
Vote3 - Waste Management	1 419	1 905	1 992	1 998	5%	0%
Vote3 - Road Transport	806	954	954	824	-16%	-16%
Vote3 - Waste Water Management	2 258	3 087	3 063	3 138	2%	2%
Vote3 - Water	3 449	3 508	3 474	3 634	3%	4%
Vote3 - Electricity	9 624	12 341	11 566	11 256	-10%	-3%
Vote3 - Other	0	0	0	0	#DIV/0!	#DIV/0!
Vote4 - Corporate Services	992	935	935	1 018	8%	8%
Vote5 - Planning and Development	200	200	200	200	0%	0%
Vote6 - Executive and Council	1 968	1 828	1 828	1 825	0%	0%
Total Revenue by Vote	43 129	65 681	69 897	73 523	#DIV/0!	#DIV/0!
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

Revenue by Vote

5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	

Description	2012/13	2013/14		2013/14 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Property rates	1 967	2 683	2 683	2 128	-26%	-26%
Property rates - penalties & collection charges					#DIV/0!	#DIV/0!
Service Charges - electricity revenue	8 907	10 116	9 341	9 129	-11%	-2%
Service Charges - water revenue	2 836	2 958	2 924	3 077	4%	5%
Service Charges - sanitation revenue	2 127	2 447	2 424	2 473	1%	2%
Service Charges - refuse revenue	1 327	1 380	1 466	1 458	5%	-1%
Less: Subsidy to Indigent Households	-2 012	-2 666	-2 666	-2 258	-18%	-18%
Service Charges - other					#DIV/0!	#DIV/0!
Rentals of facilities and equipment	201	295	295	280	-5%	-5%
Interest earned - external investments	366	340	340	542	37%	37%
Interest earned - outstanding debtors	564	500	500	563	11%	11%
Dividends received					#DIV/0!	#DIV/0!
Fines	564	2 601	2 681	12 580	79%	79%
Licences and permits	219	187	187	282	34%	34%
Agency services					#DIV/0!	#DIV/0!
Transfers recognised - operational	15 924	24 433	24 496	22 436	-9%	-9%
Other revenue	923	2 489	1 206	1 052	-137%	-15%
Gains on disposal of PPE					#DIV/0!	#DIV/0!
Actuarial Gains				418	100%	100%
Total Revenue (excluding capital transfers and contributions)	33 913	47 763	45 879	54 160	10.65	14.18

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

Revenue by Source

5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2013/14 financial year:

Operational Services Performance

Description	2011/12	2012/13			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Water	2 673	2 131	1 966	1 775	-20.06	-10.76
Waste Water (Sanitation)	2 155	2 135	2 520	2 230	4.26	-13.00
Electricity	10 187	10 554	8 618	11 004	4.09	21.68
Waste Management	1 683	1 462	1 384	1 713	14.65	19.21
Housing					#DIV/0!	#DIV/0!
Component A: sub-total	16 698	16 282	14 488	16 722	2.63	13.36
Waste Water (Storm water Drainage)					#DIV/0!	#DIV/0!
Roads	2 799	2 678	2 726	2 532	-5.77	-7.66
Transport					#DIV/0!	#DIV/0!
Component B: sub-total	2 799	2 678	2 726	2 532	-5.77	-7.66
Planning	299	429	419	432	0.69	3.01
Local Economic Development	143	-	-		#DIV/0!	#DIV/0!
Component B: sub-total	442	429	419	432	0.69	3.01
Planning (Strategic &Regulatory)					#DIV/0!	#DIV/0!
Local Economic Development					#DIV/0!	#DIV/0!
Component C: sub-total	-	-	-	-	#DIV/0!	#DIV/0!
Community & Social Services	1 623	940	901	957	1.78	5.85
Executive and Council	4 389	4 763	4 523	4 615	-3.21	1.99
Finance and Administration	5 262	3 637	4 227	6 000	39.38	29.55
Security and Safety	1 194	2 223	2 213	13 008	82.91	82.99
Sport and Recreation	261	357	291	378	5.56	23.02
Corporate Policy Offices and Other	3 511	3 020	2 682	2 297	-31.48	-16.76
Other Grants	3 156	1 599	1 206	975	-64.00	-23.69
Component D: sub-total			12 199			
Total Expenditure	19 396	16 539	28 242	28 230	41.41	-0.04

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Operational Services Performance

5.2 Financial Performance per Municipal Function

5.2.1 Water Services

Description	2012/13	2013/14			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
	R'000				%
Total Operational Revenue	3 449	3 508	3 474	3 634	3.47
Expenditure:					
Employees	460	507	446	387	-31.07
Repairs and Maintenance	195	260	230	176	-47.37
Other	2 019	1 364	1 169	1 212	-12.50
Total Operational Expenditure	2 674	2 131	1 845	1 775	-20.01
Net Operational (Service)	775	1 377	1 629	1 858	25.90
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Water services

5.2.2 Waste Water (Sanitation)

Description	2012/13	2013/14			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
	R'000				%
Total Operational Revenue	2 258	3 087	3 063	3 138	1.62
Expenditure:					
Employees	772	971	896	959	-1.26
Repairs and Maintenance	94	187	187	150	-24.67
Other	1 288	977	1 137	1 121	12.87
Total Operational Expenditure	2 154	2 135	2 220	2 230	4.28
Net Operational (Service) Expenditure	104	952	843	908	-4.92
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Waste Water (Sanitation) services

5.2.3 Electricity

Description	2012/13	2013/14
-------------	---------	---------

	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	9 624	12 341	11 566	11 256	-9.64
Expenditure:					
Employees	36	167	52	–	#DIV/0!
Repairs and Maintenance	117	115	115	90	-28.25
Other	10 035	10 272	8 891	10 914	5.88
Total Operational Expenditure	10 188	10 554	9 058	11 004	4.08
Net Operational (Service) Expenditure	(564)	1 787	2 508	252	-608.80
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Electricity

5.2.4 Waste Management

Description	2012/13	2013/14			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
	R'000				%
Total Operational Revenue	1 419	1 905	1 992	1 998	4.64
Expenditure:					
Employees	662	671	671	629	-6.53
Repairs and Maintenance	69	150	150	151	0.66
Other	952	641	563	933	31.26
Total Operational Expenditure	1 683	1 462	1 384	1 713	14.68
Net Operational (Service)	(264)	443	608	285	-55.81
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Waste Management

5.2.5 Roads and storm water

Description	2012/13	2013/14			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
	R'000				%
Total Operational Revenue	806	954	954	824	-15.78
Expenditure:					

Employees	1 720	1 999	1 999	1 686	-18.58
Repairs and Maintenance	167	192	142	90	-113.28
Other	912	487	565	757	35.64
Total Operational Expenditure	2 799	2 678	2 706	2 532	-5.74
Net Operational (Service)	(1 993)	(1 724)	(1 752)	(1 708)	-0.90
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Roads and storm water

5.2.6 Security and Safety

Description	2012/13		2013/14		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1 034	3 913	3 913	13 087	70.10
Expenditure:					
Employees	978	1 045	1 084	1 042	-0.29
Repairs and Maintenance	18	209	79	34	-514.71
Other	198	969	1 050	11 932	91.88
Total Operational Expenditure	1 194	2 223	2 213	13 008	82.91
Net Operational (Service)	(160)	1 690	1 700	79	-2039.02
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Security and Safety

5.2.7 Sport and Recreation

Description	2012/13		2013/14		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	283	285	285	283	-0.78
Expenditure:					
Employees	279	281	239	279	-0.82
Repairs and Maintenance	89	38	38	89	57.22
Other	10	38	14	10	-280.00

Description	2012/13		2013/14		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Expenditure	378	357	291	378	5.44
Net Operational (Service)	(95)	(72)	(6)	(95)	24.00
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Sport and Recreation

5.2.8 Executive and council

Description	2012/13		2013/14		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	3 768	1 828	1 828	1 825	-0.15
Expenditure:					
Employees	1 071	1 224	1 224	1 143	-7.07
Repairs and Maintenance	–	–	–		#DIV/0!
Other	3 461	3 539	3 539	3 472	-1.94
Total Operational Expenditure	4 532	4 763	4 763	4 615	-3.21
Net Operational (Service)	(764)	(2 935)	(2 935)	(2 790)	-5.22
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Executive and council

5.2.9 Financial Services

Description	2012/13		2013/14		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	4 974	5 770	4 263	5 297	-8.92
Expenditure:					
Employees	1 686	1 713	1 713	1 739	1.50
Repairs and Maintenance	6	20	20	–	#DIV/0!
Other	3 569	1 904	2 254	4 261	55.32

Total Operational Expenditure	5 261	3 637	3 987	6 000	39.38
Net Operational (Service)	(287)	2 133	276	(703)	403.35
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Financial Services

5.2.10 Planning & Development (IDP)

Description	2012/13		2013/14		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
	R'000				
Total Operational Revenue	200	200	200	200	0.00
Expenditure:					
Employees	185	310	310	360	13.89
Repairs and Maintenance	2	4	4	–	#DIV/0!
Other	112	115	105	72	-59.72
Total Operational Expenditure	299	429	419	432	0.69
Net Operational (Service)	(99)	(229)	(219)	(232)	1.29
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: IDP

5.2.11 ICT

Description	2012/13		2013/14		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
	R'000				
Total Operational Revenue	992	604	604	687	12.10
Expenditure:					
Employees	1 112	1 592	1 357	1 121	-42.02
Repairs and Maintenance	25	27	27	22	-22.73
Other	2 374	1 401	1 298	1 154	-21.40
Total Operational Expenditure	3 511	3 020	2 682	2 297	-31.48
Net Operational (Service)	(2 519)	(2 417)	(2 078)	(1 610)	-50.06
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: ICT

5.2.12 Property Management

Description	2012/13	2013/14			Variance to Budget %
	Actual	Original Budget	Adjustment Budget	Actual	
R'000					%
Total Operational Revenue	1 726	481	481	505	4.75
Expenditure:					
Employees	1 216	651	651	782	16.75
Repairs and Maintenance	-	-	-		#DIV/0!
Other	407	289	250	175	-65.14
Total Operational Expenditure	1 623	940	901	957	1.78
Net Operational (Service)	103	(459)	(420)	(452)	-1.55
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Property Management

5.2.13 Other admin

Review and check for consistency with the HR table above

Description	2012/13	2013/14			Variance to Budget %
	Actual	Original Budget	Adjustment Budget	Actual	
R'000					%
Total Operational Revenue	11 538	1 056	1 056	1 028	-2.72
Expenditure:					
Employees		1 070	1 070	831	-28.76
Repairs and Maintenance		78	78	6	-1200.00
Other	3 715	451	451	138	-226.81
Total Operational Expenditure	3 715	1 599	1 599	980	-63.16
Net Operational (Service)	7 823	(543)	(543)	48	1231.25
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Financial Performance: Other admin

5.3 Grants

5.3.1 Grant Performance

Description	2012/13	2013/14			2013/14 Variance		
	Actual	Balance 1 July 2013	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
R'000						%	
Operating Transfers and Grants							
National Government:	14 033	-	23 126	23 126	23 124	-0.01	-0.01
Equitable share	10 586		11 661	11 661	11 659	-0.01	-0.01
Municipal Systems Improvement	800		890	890	890	0.00	0.00
Department of Water Affairs						#DIV/0!	#DIV/0!
EPWP	1 000		1 000	1 000	1 000	0.00	0.00
MIG	433		8 125	8 125	8 125	0.00	0.00
Finance Management Grant	1 214		1 450	1 450	1 450	0.00	0.00
Provincial Government:	1 210	3 321	19 225	25 693	25 198	23.71	-1.96
Public Transport Infrastructure	117		105	105	-	#DIV/0!	#DIV/0!
Housing	143	727	18 085	18 085	22 828	20.78	20.78
CDW's	108		-	68	77	100.00	11.88
Provincial Treasury SDBIP/Internal Audit			-	300	300	100.00	0.00
Thusong Service Centre	18	411				#DIV/0!	#DIV/0!
Department Culture and Sport	724		835	835	836	0.09	0.09
Sport and Recreation			200	200	200	0.00	0.00
Public Works			-	2 400	-	#DIV/0!	#DIV/0!
Dept. Water Affairs				1 700	-		#DIV/0!
Provincial Government: Madiba Funeral					146		
Public Works - Pedestrian Path Way		1 883		2 000	-		#DIV/0!
Financial Management Support Grant	100	300			813	100.00	100.00
District Municipality:	681	-	-	-	593	100.00	100.00
EPWP	681				593	100.00	100.00
Other grant providers:	-	-	-	-	-	#DIV/0!	#DIV/0!
<i>Seta</i>						#DIV/0!	#DIV/0!
Total Operating Transfers and Grants	15 924	3 321	42 351	48 819	48 916	13.42	0.20

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Grant Performance for 2013/14

5.3.2 Conditional Grants (Excluding MIG)

Details	Balance	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor
					Budget	Adjustments Budget	
					R'000		
Department of Human Settlements	727	22 828	22 828	15 200	-50.32	-50.32	
Public Transport Infrastructure	1 883	1 883	1 883	1 883	0.00	0.00	
Sport and Recreation	-	200	200	-	#DIV/0!	#DIV/0!	
Provincial Treasury - SDBIP	-	150	150	-	#DIV/0!	#DIV/0!	
Provincial Treasury - Internal Audit	-	150	150	132	-14.00	-14.00	
Provincial Treasury - Financial Support	-	141	141	141	0.00	0.00	
Finance Management Grant					#DIV/0!	#DIV/0!	
Financial Support - Systems	250	250	250	250			
Financial Support - Internal Audit	50	50	50	50			
Thusong Service Centre	411	411	411	408	-0.74	-0.74	
Department of Sport and Recreation					#DIV/0!	#DIV/0!	
Total	3 321	26 063	26 063	18 049	-44.40	-44.40	

* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in par 5.9.2. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

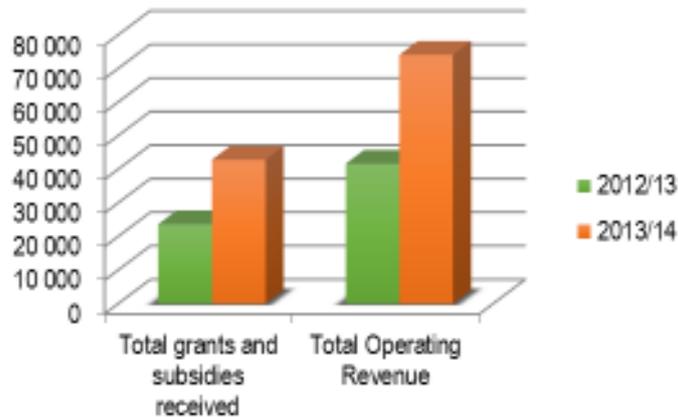
Conditional Grant (excl. MIG)

5.3.3 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2012/13	23 664	41 653	56.81
2013/14	42 828	74 015	57.86

Reliance on grants

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years



5.4 Asset Management

The objectives of the Asset Management within the Prince Albert Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the municipality's assets through:

- proper recording of assets from authorisation to acquisition and to subsequent disposal;
- providing for safeguarding procedures,
- setting proper guidelines as to authorised utilisation; and
- prescribing for proper maintenance.

The key elements of the Asset Management Policy represent:

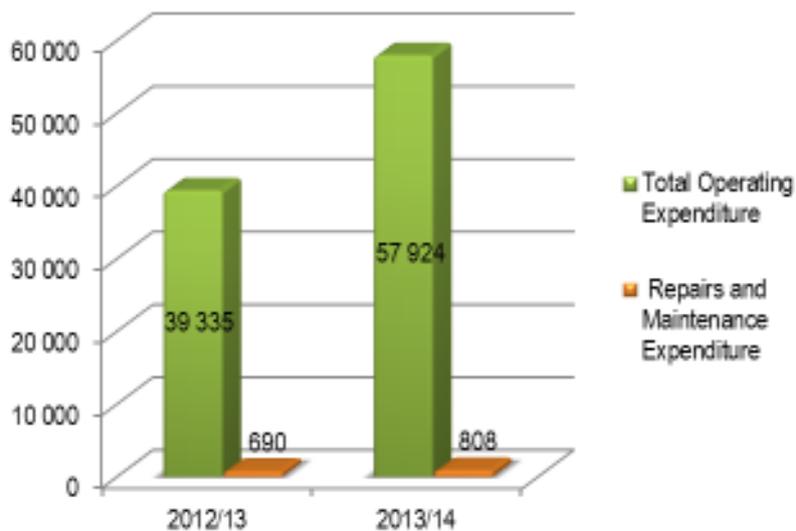
- Statutory and Regulatory Framework / Responsibilities and Accountabilities
- Financial Management / Internal Controls / Management of Control Items
- Management and Operation Of Assets / Classification & Components
- Accounting for Assets / Financial Disclosure
- Regular Asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding Asset Register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user departments in accordance with the procedures in place.

5.4.1 Repairs and Maintenance

Description	Actual 2012/13	2013/14			Budget variance %
		Original Budget	Adjustment Budget	Actual	
R' 000					
Total Operating Expenditure	39 335	48 558	45 785	57 924	16.17
Repairs and Maintenance Expenditure	700	1 294	1 024	829	-21.09
% of total OPEX	1.75	2.66	2.24	1.39	

Repairs & maintenance as % of total Operating Expenditure

The following graph indicates the percentage of the budget that was spent on Repairs & Maintenance in relation to the operational expenditure



Repairs & Maintenance v/s Operational Expenditure

5.5 Financial Ratios Based on Key Performance Indicators

5.5.1 Liquidity Ratio

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Pre-audit outcome
Current Ratio	Current assets/current liabilities	0.69	0.83
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.19	0.72
Liquidity Ratio	Monetary Assets/Current Liabilities	0.27	0.37

Liquidity Financial Ratio

5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Pre-audit outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.91	2.07
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.54	0.57
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.35	1.29

Financial Viability National KPAs

5.5.3 Employee costs

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.51%	20.24%

Employee Costs

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2012/13 financial year:

Details	2012/13			2013/14		
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Capital Expenditure: Funding Sources						

Description	R'000				%	
External loans	616				#DIV/0!	#DIV/0!
Public contributions and donations					#DIV/0!	#DIV/0!
Grants and subsidies	7 741	26 910	26 910	20 245	0.00	-24.77
Own funding				160	#DIV/0!	#DIV/0!
Other					#DIV/0!	#DIV/0!
Total	8 783	26 910	26 910	20 405	0.00	-24.17
Percentage of finance						
External loans					#DIV/0!	#DIV/0!
Public contributions and donations					#DIV/0!	#DIV/0!
Grants and subsidies	94.89%	100.00%	100.00%	100.00%	0.00	0.00
Other	5.11%				#DIV/0!	#DIV/0!
Capital expenditure						
Description	R'000				%	
Water and sanitation	1 734	18 817	18 817	16 254	0.00	-13.62
Electricity	–			–	#DIV/0!	#DIV/0!
Housing	143	6 000	6 000	–	0.00	-100.00
Roads and storm water	3 645	210	210	3 615	0.00	1621.43
Other	3 261	1 883	1 883	536	0.00	-71.53
Total	8 783	26 910	26 910	20 405	0.00	-24.17
Percentage of expenditure						
Water and sanitation	19.74%	69.93%	69.93%	79.66%	0.00	13.92
Electricity	0.00%			0.00%	#DIV/0!	#DIV/0!
Housing	1.64%	22.30%	22.30%	0.00%	0.00	-100.00
Roads and storm water	41.50%	0.78%	0.78%	17.72%	0.00	2170.21
Other	37.12%	7.00%	7.00%	2.63%	0.00	-62.46

Capital Expenditure by funding source

5.7 Capital Spending on 5 Largest Projects

Projects with the highest capital expenditure in 2013/14

Name of Project	2013/14				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
P/A Reservoir	2 042	3 564	3 775	0	0
L/G New Bulk Sanitation	-	2 734	2 959	#DIV/0!	0
P/A Swimming pool	250	120	188	(0)	0
P/A Storm water	800	210	213	(0)	0

Capital Expenditure on the 5 Largest Projects

Name of Project	Prince Albert: Reservoir
Objective of Project	Sustainable provision of water
Delays	None
Future Challenges	Improving storage capacity
Anticipated citizen benefits	Increasing storage capacity

Name of Project	Leeu Gamka: New Bulk Sanitation
Objective of Project	Improving environmental health
Delays	None
Future Challenges	Maintenance of network
Anticipated citizen benefits	Ensuring a healthy and safe environment and legal compliance

Name of Project	Prince Albert Swimming pool
Objective of Project	Providing recreation facilities
Delays	Procuring services within budget
Future Challenges	Maintenance of swimming pool
Anticipated citizen benefits	Provision of recreation facilities

Name of Project	P/A Storm water
Objective of Project	Channelling storm water
Delays	None
Future Challenges	Maintenance
Anticipated citizen benefits	Improving safety of streets and property

5.8 Basic Service and Infrastructure Backlogs – Overview

5.8.1 Service Backlogs

Description	Households (HHs)			
	Service level above minimum standard		Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	2 244	100	0	0
Sanitation	2 116	100	0	0
Electricity	2 292	100	0	0
Waste management	2 198	100	0	0

Service Backlogs

5.8.2 Municipal Infrastructure Grant (MIG)

This grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
	R'000			%	%
Infrastructure - Road transport	2 350 000	210 000	255 000	-821.57	17.65
Roads, Pavements & Bridges				#DIV/0!	#DIV/0!
Storm water	2 350 000	210 000	255 000	-821.57	17.65
Infrastructure - Electricity	-	-	-	#DIV/0!	#DIV/0!
Generation		-	-	#DIV/0!	#DIV/0!
Transmission & Reticulation		-	-	#DIV/0!	#DIV/0!
Street Lighting		-	-	#DIV/0!	#DIV/0!
Infrastructure - Water	2 292 000	4 214 000	3 929 000	41.66	-7.25
Dams & Reservoirs	2 042 000	3 564 000	3 775 000	45.91	5.59
Water purification		-	-	#DIV/0!	#DIV/0!
Reticulation	250 000	650 000	154 000	-62.34	-322.08
Infrastructure - Sanitation	2 226 000	3 174 000	3 001 000	25.82	-5.76
Reticulation				#DIV/0!	#DIV/0!
Sewerage purification	2 226 000	3 174 000	3 001 000	25.82	-5.76
Infrastructure - Other	-	-	-	#DIV/0!	#DIV/0!

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
				%	%
R'000			%	%	
Waste Management				#DIV/0!	#DIV/0!
Transportation				#DIV/0!	#DIV/0!
Gas				#DIV/0!	#DIV/0!
Other Specify:	850 000	120 000	188 000	-352.13	36.17
Sports grounds	600 000	-		#DIV/0!	#DIV/0!
Swimming pool	250 000	120 000	188 000	-32.98	36.17
				#DIV/0!	#DIV/0!
Total	7 718 000	7 718 000	7 373 000	-4.68	-4.68

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Municipal Infrastructure Grant (MIG)

Component C: Cash Flow Management and Investments

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.9 Cash Flow

Description	2012/13	2013/14		Actual
	Audited Outcome	Original Budget	Adjusted Budget	
R'000				
Cash flow from operating activities				
Receipts				
Ratepayers and other	42 783			33 262
Government - operating	15 924			22 581
Government - capital	7 741			19 363
Interest	930			1 104
Dividends				
Payments				
Suppliers and employees	(59 273)			(48 214)

Finance charges	(343)			(425)
Transfers and Grants				
Net cash from/(used) operating activities	7 762	-	-	27 671
Cash flows from investing activities				
Purchase of PPE	(8 356)			(20 405)
Purchase of Intangible Assets	(2)			
Additions to Capital Restoration Cost	(415)			(3)
Proceeds of Disposal of Fixed Assets				53
Disposal of Biological Assets				
Capital assets				
Net cash from/(used) investing activities	(8 773)	-	-	(20 356)
Cash flows from financing activities				
Loans Repaid	(60)			(75)
New Loans Raised	52			
Increase in Consumer Deposits	16			22
Net cash from/(used) financing activities	8	-	-	(53)
Net increase/ (decrease) in cash held	(1 002)			7 262
Cash/cash equivalents at the year begin:	3 495			2 493
Cash/cash equivalents at the year-end:	2 493			9 755

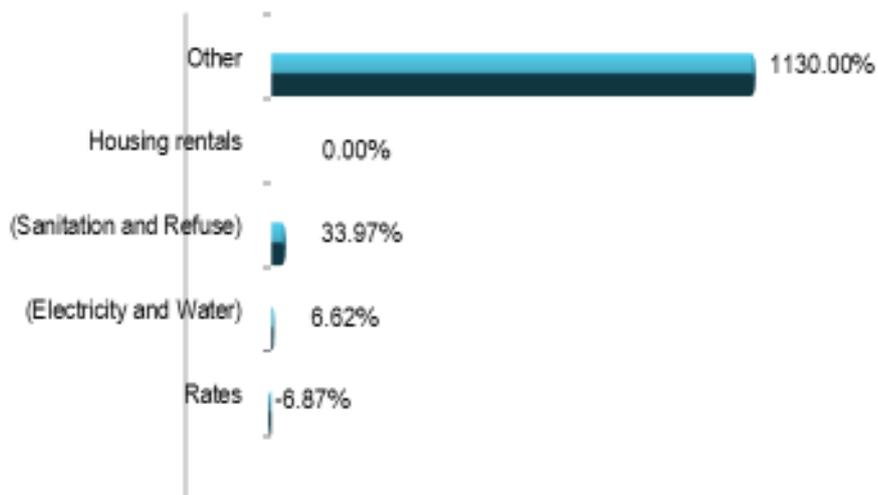
Source: MBRR SA7

5.10 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
(R'000)						
2012/13	626	3 867	2 769	-	10	7 272
2013/14	583	4 123	3 710		123	8 539
Difference	(43)	256	941	-	113	1 267
% growth year on year	-6.87%	6.62%	33.97%	#DIV/0!	1130.00%	17.42%

Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2013/14



Debt per type of service

5.11 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	(R'000)				
2012/13	1 316	495	425	5 036	7 272
2013/14	1 098	452	414	6 575	8 539
Difference	(218)	(43)	(11)	1 539	1 267
% growth year on year	-16.57%	-8.69%	-2.59%	30.56%	17.42%

Note: Figures exclude provision for bad debt

Service debtor age analysis

5.12 Borrowing and Investments

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

5.12.1 Actual Borrowings

Instrument	2012/13	2013/14
	R'000	
Long-Term Loans (annuity/reducing balance)	-	-
Long-Term Loans (non-annuity)	-	-
Local registered stock	-	-
Instalment Credit	-	-
Financial Leases	148	87
PPP liabilities	-	-
Finance Granted By Cap Equipment Supplier	-	-
Marketable Bonds	-	-
Non-Marketable Bonds	-	-
Bankers Acceptances	-	-
Financial derivatives	-	-
Other Securities	-	-
Total	148	87

5.12.2 Municipal Investments

Investment type	2012/13	2013/14
	Actual	Actual
	R'000	R'000
Securities - National Government		
Listed Corporate Bonds		
Deposits - Bank	2 386	9 339
Deposits - Public Investment Commissioners		
Deposits - Corporation for Public Deposits		
Bankers Acceptance Certificates		
Negotiable Certificates of Deposit - Banks		
Guaranteed Endowment Policies (sinking)		
Repurchase Agreements - Banks		
Municipal Bonds		
Other		
Total	2 386	9 339

Municipal Investments

Component D: Other Financial Matters

5.13 GRAP Compliance

The municipality is 100% GRAP compliant since 2008/09.



Prince Albert Municipality

2014/15 IDP & Budget Time-Schedule of Events for the Approval of the 2015/16 IDP and Budget Review

The purpose of the time schedule is to indicate the various planned activities and strategies on which the municipality will embark to compose its integrated development plan for the review of the Integrated Development Plan (IDP) for implementation 2015/16 and Annual Budget for the 2015/16 financial year and the two outer years. The time schedule enhances integration and alignment between the IDP and Budget, thereby ensuring the development of an IDP based budget. It fulfils the role of a business plan or an operational framework for the IDP process outlining the manner in which the IDP process will be undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The IDP and Budget processes are two distinct but integrally linked processes which must be coordinated to ensure that the IDP and budget related policies and the final budget are mutually consistent and credible. Credibility refers to the municipality's ability and capacity to spend and deliver services in accordance with its approved budget. The process creates its own dynamics since it encompasses the involvement of external role-players and vested interest groups therefore it requires accurate logistical planning and arrangements of engagement sessions to ensure that the process is implemented in accordance with the approved schedule. However, experience has taught us that deviation from the approved time schedule may occur due to unforeseen events and circumstances which are beyond the control of the politicians and the administration. This would require adjustment to the timeframes to ensure that the execution of the process remains practical and that all legislative requirements are adhered to.

Preparation Phase

IDP & Budget Activity	PMS Activity	Timeframe	Responsible
IDP Managers Forum: Draft Framework & Process Plan			District IDP Managers
Prepare & Finalize Draft 2014/15 IDP and Budget schedule outlining the steps for compilation of the 2015/16 IDP Review and 2015/16 and two outer year's Budget		04 Augustus 2014	IDP Manager
IDP & Budget Steering Committee Meeting: Establish Internal Partnerships & Institutional Arrangements		08 August 2014	Municipal Manager
Table Draft 2015/16 IDP/Budget Time Schedule to Management for quality check to ensure inclusiveness.	Prepare and finalise Employee Performance Development Plans for 2014/15 Evaluation Cycle	09 August 2014	IDP Manager Manager: Corporate & Community Services
Tabling of Draft 2015/16 IDP/Budget Process Plan to Council for approval with time schedules for IDP Public participation meetings.		29 August 2014	IDP Manager/ MM & HOD'S
Advertising IDP & Budget Process Plan		29 August 2014	IDP Manager/PPO

1. Analysis Phase

No.	IDP & Budget Activity	PMS Activity	Timeframe	Responsible
1.1	Consider MEC comments and recommendations on assessment of 2014/15 Reviewed IDP Document and IDP processes followed.		30 August 2014, depends on receipt of MEC Letter	Municipal Manager Managers & IDP Manager
1.2	Attend District IDP Managers Forum Meeting-Discuss outcomes of IDP Assessments, Challenges and District Interventions i.t.o IDP planning for the review process.		3 Sept 2014	District IDP Manager`s
1.3	Convene Internal IDP Meeting. (Dry Run) Final Discussion of Public Participation Meeting Processes.	<ul style="list-style-type: none"> Submit Quarterly Project Implementation Report Quarterly Audit Committee Meeting 	11 September 2014/ 9 September 2014	Office of the Speaker/ Ward Committee Chairpersons/

No.	IDP & Budget Activity	PMS Activity	Timeframe	Responsible
		<ul style="list-style-type: none"> <li data-bbox="1173 138 1496 229">• Audit & Performance Audit Committee meeting 		CDW`s/ PPO/
1.4	Convene Ward Committee Meetings to review the prioritisation of service delivery and development needs in 2015/16 Reviewed IDP and discuss the process for Reviewing Ward Based Plans. Communicate final approved 14/15 Budget, Tariffs and IDP to Ward Committees.		15 - 18 September 2014 15 September: Ward 1 16 September: Ward 2 17 September: Ward 3 18 September: Ward 4	Office of the Speaker/ Ward Committee`s & Councilors IDP Manager
1.5	Ward Committee Meetings: Priorities Ward Delivery Needs for 2015/16 IDP and Budget Cycle.		25 September 2014	Office of the Speaker IDP Manager
1.6	Review municipal Spatial Development Framework		13 - 31 October 2014	Manager: Corporate & Services
1.7	Two Day Ward Based Plan Development Session with Wards 1 and compile a Ward Based Plan accordingly.		21 – 22 August 2014	IDP Manager Public Participation Officer CDW`s Ward Committee

2. Strategies Phase

No.	IDP & Budget Activity	PMS Activity	Timeframe	Responsible
2.1	Municipality & Council undertakes internal & external strategic consultation process to deliberate on high level strategic issues to redefine Council's short-term Strategic Agenda. Review of Municipal Strategic Plan Workshop with Council: Review Municipal KPA and Strategic Objectives	<ul style="list-style-type: none"> • Appointment of Internal Auditor • Appointment of the Audit Committee • Section 57 Managers Quarterly Assessments 	11 - 12 September 2014	Council & Management
2.2	Ward Committee Meetings: Discuss, scrutinize and priorities community needs		17 - 20 November 2014 17 November : Ward 1 18 November : Ward 2 19 November : Ward 3 20 November : Ward 4	Ward Committee Councilors
2.3	Updating and review of strategic elements of IDP in light of the new focus of Council. Municipal Strategies, objectives, KPA's, KPI's and targets. - Identification of priority IDP KPI's incorporate in IDP and link to budget and IMAP		15 - 19 September 2014	IDP Manager
2.4	Convene IDP Representative Forum: Presenting Service Delivery needs and Priorities per ward, Municipal Financial Position and Short-term Strategic Agenda.		21 November 2014	IDP Representative Forum

3. Project Phase

No.	IDP & Budget Activity	PMS Activity	Timeframe	Responsible
3.1	Attend District IDP Managers Forum Meeting-Discuss outcomes of IDP Assessments, Challenges and District Interventions i.t.o IDP planning for the review process.		TBC	District IDP Manager's
3.2	Managers finalise and prioritise Directorates capital projects for 2014/15 Budget year and the next two outer years		02 - 13 February 2015	Municipal Manager Managers CFO 2015
3.3	Operational Budget: Income / Expenditure inputs and statistics to be returned to Budget Office		03 - 15 November 2014	Managers
3.4	Capital Budget: Directorates to submit proposed 3 year Capital Budget per Directorate to Budget Office to consolidate inputs and compile a Draft Capital Budget.		17 - 29 November 2014	
3.5	Convene IDP Representative Forum: Presenting Service Delivery needs and Priorities per ward, Municipal Financial Position and Strategic Objectives.		18 December 2014	IDP Manager PPO
3.6	Finalise Salary Budget for 2015/2016		12 December 2014	CFO
3.7	Finalise preliminary projections on operating budget for 2015/2016	<ul style="list-style-type: none"> Quarterly Project Implementation Report Quarterly Performance Audit Committee meeting 	12 December 2014	CFO
3.8	Finalise expenditure on operational budget for the budget year and two outer years.	<ul style="list-style-type: none"> Mayor tables annual Report Advertise Annual Report and invite community inputs Section 57 Managers Quarterly Assessments 	31 December 2014	CFO Manager: Corporate & Community Services
3.9	Departments to conclude Sector Plans and identify projects linked to sector plan implementation for submission to IDP unit for 2015/16 IDP Review.		31 December 2014	HOD's IDP Manager

No.	IDP & Budget Activity	PMS Activity	Timeframe	Responsible
3.10	Alignment of Sector Department projects & Programs		29 – 30 January 2015	IDP Representative Forum

4. Integration Phase

No.	IDP & Budget Activity	PMS Activity	Timeframe	Responsible
4.1	Final review of Municipal Strategic Objectives, KPA's, KPI's and Targets		28 - 30 January 2015	Manager: Corporate & Community Services IDP Manager
4.2	Review all budget related policies			CFO & Gys
4.3	Adjustment Budget: Finalise Capital and Operational budget projections for 2014/2015			CFO
4.4	IDP Representative Forum to conclude stakeholder investment i.t.o community development programmes and projects funded for inclusion in IDP and Budget.		19 February 2015	IDP Manager
4.5	Ward Committee Meetings: Discuss and brief Ward Committees about Council's revised strategic plan, Strategic Objectives and envisaged deliverables.	<ul style="list-style-type: none"> Council to Consider and adopt an oversight report Set performance objectives for revenue for each vote 	TBC	IDP Manager PPO Office of the Speaker
4.6	Review final tariffs and charges and determines tariffs to balance the budget and finalise income budget.		13 February 2015	CFO
4.7	Attend District IDP Managers Forum Meeting to discuss the alignment of IDP Strategic Development Goals		27 February 2015	District IDP Managers
4.8	Attend Provincial IDP INDABA 2. Incorporate Sector Departments Projects in Draft IDP.		TBC	IDP Manager
4.9	Tabling of 2014/15 Adjustment Budget Rollovers; possible changes on SDBIP and KPI'S as per Adjustment Budget.	Amend IDP, SDBIP, KPI's and performance agreements i.t.o adjustment budget	22 - 23 January 2015	Mayor/ CFO
4.10	Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget,	<ul style="list-style-type: none"> Quarterly Project Implementation report 	28 February 2015	

No.	IDP & Budget Activity	PMS Activity	Timeframe	Responsible
	e.g. Grant Allocations	<ul style="list-style-type: none"> Quarterly Audit Committee Meeting Submit Annual Report to Auditor General, Prov. Treasury and DLG 		CFO Municipal Manager
4.11	Submit first draft IDP to CKDM for Horizontal Project alignment between the CKDM and Prince Albert		24 February 2015	IDP Manager
4.12	Forward Adjustment Budget to National and Provincial Treasury after approval			Executive Mayor & MM
4.13	Publication of approved Adjustment Budget after approval	<ul style="list-style-type: none"> Council to Consider and adopt an oversight report Set performance objectives for revenue for each vote 	30 January 2015	Executive Mayor & MM

5. Approval Phase

No.	IDP & Budget Activity	PMS Activity	TIMEFRAME	RESPONSIBLE
5.1	Submit Draft IDP to Manager Corporate & Community Services with proposed schedule of Ward Committee Meetings for post IDP & Budget Feedback & Consultation Process		27 February 2015	IDP Manager
5.2	Workshop draft IDP & Budget and proposed tariffs with Council.	Audit of performance Measures Set municipal strategies, objectives, KPA's, KPI's and targets	06 March 2015	Municipal Manager CFO IDP Manager
5.3	Municipal Manager presents final draft IDP, Budget and Budget related policies to the Mayor for perusal and tabling to Council		20 March 2015	Municipal Manager
5.4	Submit draft IDP, Budget, Related policies and proposed schedule of Ward Committee Meetings for IDP & Budget Feedback/Consultation Process to Council (Principal Approval)		25 – 27 March 2015	Municipal Manager CFO IDP Manager
5.5	Forward Copy of preliminary approved Budget, IDP, SDBIP & related documents to National & Provincial Treasury and Department of Local Government– 90 days before start of new financial year.	Refinement of municipal strategies, objectives, KPA's, KPI's & targets for inclusion into IDP; Section 57 Appointees' Quarterly Performance assessments	31 March 2015	Mayor & MM
5.6	Attend District IDP Managers Forum- Present Draft IDP for input.		TBC	District IDP

No.	IDP & Budget Activity	PMS Activity	TIMEFRAME	RESPONSIBLE
5.7	Advertise & Inviting public comments on Draft Budget and IDP Place copies of Draft Budget and IDP at all municipal buildings.		1 – 24 April 2015	Managers CFO IDP Manager
5.8	Ward Committee Meetings: Feedback / Consultation on preliminary approved IDP & Budget		TBC	Office of the Speaker IDP Manager PP Officer
5.9	CFO and IDP Manager analyse public and Ward Committee comments and inputs on Draft IDP and Budget and prepare recommendations for Council's perusal		27 – 01 April 2015	CFO & IDP Manager
5.10	Council considers public and Government Departments comments and inputs and revised IDP & Budget if necessary.		18 – 22 May 2015	Mayor & MM
5.11	Table final IDP, budget & related documents to Council for approval.	<ul style="list-style-type: none"> Quarterly Project Implementation Report Quarterly Audit Committee Meeting Annual review of organisational KPI's Review annual organisational performance targets 	28 - 29 May 2015	Mayor Municipal Manager CFO
5.12	Inform local community about approved IDP and Budget Detail: Place Newspaper Article and Copies at Libraries		1 - 5 June 2015	CFO Municipal Manager PP Officer IDP Manager
5.13	Send copy of approved Budget, IDP & related documents to National and Provincial Governments and other stakeholders			
5.14	Publication of Approved Budget and IDP within 10 workings days on Municipal Website		12 June 2015	CFO (Budget Office) Municipal Manager and Directors/ Managers.
5.15	Submit draft SDBIP (Top Level) to Mayor within 14 days after approval of budget		18 June 2015	Municipal Manager
5.16	Mayor approves the municipality's SDBIP (Top Level) within 28 days after the approval of the budget		26 June 2015	Mayor
5.17	Place IDP and related documents on CD for all Councilors		26 June 2015	IDP Manager

PROPOSED DATES FOR IDP PUBLIC ENGAGEMENTS: 2015/16 IDP REVIEW AND BUDGET CYCLE

Dates/ 2014/15	Day	Time	Ward	Venue	Ward Councillor	Facilitator	Admin Support	Management
09 Feb 2015	Monday	18H00	1	Community Hall	NS Abrahams C Stols (PR)	P Oliphant H Esterhuizen	H Vorster	H Mettler
10 Feb 2015	Tuesday	18H00	2	NG Church Hall	MD Jaffha D.Rennie (PR)	P Oliphant H Esterhuizen	B Kok	A Vorster
11 Feb 2015	Wednesday	18H00	3	Sydwell Williams Centre	G Lottering	P Oliphant H Esterhuizen	G Griebelaar	J Lesch
12 Feb 2015	Thursdays	18H00	4	PPK Hall Community Hall Klaarstroom	I Windvogel S Botes (PR)	P Oliphant H Esterhuizen	R Wanie	J Neethling

PRINCE ALBERT

MUNICIPALITY



AUDITED

FINANCIAL STATEMENTS

30 JUNE 2014

PRINCE ALBERT LOCAL MUNICIPALITY

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PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF MUNICIPALITY'S OPERATIONS AND PRINCIPAL ACTIVITIES

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

DOMICILE AND LEGAL FORM

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

JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert
Klaarstroom
Leeu Gamka*

MUNICIPAL MANAGER

Mr. H Mettler

CHIEF FINANCIAL OFFICER

Mr. J Neethling

REGISTERED OFFICE

*Private Bag X53
PRINCE ALBERT
6730*

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Prince Albert

RELEVANT LEGISLATION

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

AUDIT COMMITTEE MEMBERS

A.B.J. Dippenaar
P.J. Theron
J.C. van Wyk

PRINCE ALBERT LOCAL MUNICIPALITY

MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

COUNCILLORS

Ward	G. Lottering
Ward	N.D. Jaftha
Ward	N.S. Abrahams
Ward	I.J. Windvogel
Proportional	D.S. Rennie
Proportional	A.L. Rabie
Proportional	C. Stols

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2014, which are set out on pages 1 to 78 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

Mr. H Mettler
Municipal Manager

Date

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R	Restated 2013 R
NET ASSETS AND LIABILITIES			
Net Assets		80 242 741	67 928 594
Accumulated Surplus/(Deficit)		80 242 741	67 928 594
Non-Current Liabilities		4 573 129	4 733 359
Long-term Liabilities	2	47 015	120 014
Employee benefits	3	3 884 059	4 001 404
Non-Current Provisions	5	642 055	611 941
Current Liabilities		19 211 926	9 159 071
Consumer Deposits	6	374 402	352 011
Employee benefits	7	1 528 289	1 369 305
Provisions	8	1 461 012	1 392 488
Trade and other payables	9	5 888 742	2 137 880
Unspent Conditional Government Grants and Receipts	10	9 904 570	3 321 219
Taxes	11	-	-
Bank Overdraft	20	-	528 316
Current Portion of Long-term Liabilities	2	54 911	57 852
Total Net Assets and Liabilities		104 027 796	81 821 024
ASSETS			
Non-Current Assets		89 710 135	75 494 231
Property, Plant and Equipment	12	75 626 400	59 794 437
Investment Property	14	13 858 444	15 156 911
Intangible Assets	15	68 470	91 017
Capitalised Restoration Costs	13	156 821	451 866
Current Assets		14 317 661	6 326 793
Inventory	16	623 089	544 839
Trade Receivables from exchange transactions	17	1 924 932	2 134 034
Receivables from non-exchange transactions	18	91 365	130 864
Unpaid Conditional Government Grants and Receipts	10	-	-
Lease Asset	20	64 376	56 158
Taxes	11	1 859 339	439 524
Cash and Cash Equivalents	20	9 754 560	3 021 374
Total Assets		104 027 796	81 821 024

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 (Actual) R	2013 (Restated) R	Correction of error R	2013 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		57 071 686	26 366 134	(7 085)	26 373 219
Taxation Revenue		2 128 647	1 959 466	(7 085)	1 966 551
Property taxes	21	2 128 647	1 959 466	(7 085)	1 966 551
Transfer Revenue		41 945 262	23 664 394	-	23 664 394
Government Grants and Subsidies - Capital	22	19 362 912	7 740 609	-	7 740 609
Government Grants and Subsidies - Operating	22	22 581 250	15 923 786	-	15 923 786
Public Contributions and Donations		1 100	-	-	-
Other Revenue		12 997 777	742 274	-	742 274
Actuarial Gains	4	418 226	-	-	-
Third Party Payments		-	-	-	-
Fines		12 579 551	742 274	-	742 274
Revenue from Exchange Transactions		16 451 457	15 287 654	(28 816)	15 316 471
Service Charges	23	13 876 276	13 156 106	(28 556)	13 184 663
Debt Impairment		-	-	-	-
Rental of Facilities and Equipment		279 907	201 208	-	201 208
Interest Earned - external investments		541 928	366 377	-	366 377
Interest Earned - outstanding debtors		562 568	563 758	(260)	564 018
Licences and Permits		256 394	219 070	-	219 070
Other Income	24	934 383	781 136	-	781 136
Total Revenue		73 523 143	41 653 789	(35 901)	41 689 690
EXPENDITURE					
Employee related costs	25	13 599 262	13 467 718	2 439 989	11 027 729
Remuneration of Councillors	26	2 309 463	2 183 812	-	2 183 812
Debt Impairment	27	13 166 869	2 882 353	-	2 882 353
Depreciation and Amortisation	28	2 218 432	1 696 140	5 540	1 690 600
Impairments	29	3 864 891	1 319	-	1 319
Repairs and Maintenance		829 573	700 632	-	700 632
Actuarial losses	3	-	300 630	-	300 630
Finance Charges	30	425 284	343 021	-	343 021
Bulk Purchases	31	7 630 228	8 094 812	-	8 094 812
Contracted services		6 656 069	1 367 757	1 367 757	-
Operating Grant Expenditure		-	(0)	(4 499 489)	4 499 489
General Expenses	32	10 452 429	8 224 775	432 046	7 792 729
Profit/Loss on disposal of Property, Plant and Equipment		56 499	-	-	-
Total Expenditure		61 208 998	39 262 969	(254 157)	39 517 125
NET (DEFICIT)SURPLUS FOR THE YEAR		12 314 144	2 390 820	218 256	2 172 565

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Housing Development Fund	Accumulated Surplus	Total
	R	R	R
Balance at 1 JULY 2012	805 823	64 853 743	65 659 566
Correction of error - note 35.1		(121 794)	(121 794)
Restated Balance at 1 JULY 2012	805 823	64 731 949	65 537 773
Transfer to Accumulated Surplus	(805 823)	805 823	-
Net Surplus for the year		2 390 820	2 390 820
Restated Balance at 30 JUNE 2013	-	67 928 593	67 928 593
Net Surplus for the year	-	12 314 144	12 314 144
Balance at 30 JUNE 2014	-	80 242 738	80 242 737

PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30 JUNE 2014 R	30 JUNE 2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		33 262 381	42 783 379
Government - operating		22 581 250	15 923 786
Government - capital		19 362 912	7 740 609
Interest		1 104 496	930 134
Dividends		-	-
Payments			
Suppliers and employees		(48 214 980)	(59 272 798)
Finance charges	30	(425 284)	(343 021)
Transfers and Grants		-	-
Cash generated by operations	35	27 670 775	7 762 088
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(20 405 266)	(8 356 478)
Disposal of Biological Assets		-	-
Proceeds on Disposal of Fixed Assets		52 634	-
Purchase of Intangible Assets		-	(1 601)
Additions to Capitalised Restoration Cost		(3 092)	(414 963)
Increase in Long-term Receivables		-	-
Net Cash from Investing Activities		(20 355 724)	(8 773 042)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(75 939)	(60 284)
New loans raised		-	52 248
Increase in Consumer Deposits		22 391	16 293
Net Cash from Financing Activities		(53 548)	8 257
NET INCREASE IN CASH AND CASH EQUIVALENTS		7 261 503	(1 002 697)
Cash and Cash Equivalents at the beginning of the year		2 493 058	3 495 755
Cash and Cash Equivalents at the end of the year	36	9 754 560	2 493 058
NET INCREASE IN CASH AND CASH EQUIVALENTS		7 261 502	(1 002 697)

**PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	415 575	848 627	(433 052)	
Call investment deposits	9 338 985	2 380 777	6 958 208	
Consumer debtors	2 016 297	2 746 657	(730 360)	
Other Receivables	1 923 715	525 423	1 398 292	
Current portion of long-term receivables	-	-	-	
Inventory	623 089	577 529	45 560	
Total current assets	14 317 661	7 079 013	7 238 648	
Non current assets				
Long-term receivables	156 821	-	156 821	
Investments	-	-	-	
Investment property	13 858 444	15 156 911	(1 298 467)	
Property, plant and equipment	75 626 400	82 544 283	(6 917 883)	
Biological Assets	-	-	-	
Intangible Assets	68 470	-	68 470	
Heritage Assets	-	-	-	
Total non current assets	89 710 135	97 701 194	(7 991 059)	
TOTAL ASSETS	104 027 796	104 780 207	(752 411)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	54 911	75 939	(21 028)	
Consumer deposits	374 402	352 011	22 391	
Trade and other payables	5 888 742	5 271 099	617 643	
Provisions and Employee Benefits	2 989 301	2 761 793	227 508	
Total current liabilities	9 307 356	8 460 842	846 514	
Non current liabilities				
Borrowing	47 015	25 988	21 027	
Provisions and Employee Benefits	4 526 114	4 530 146	(4 032)	
Total non current liabilities	4 573 129	4 556 134	16 995	
TOTAL LIABILITIES	13 880 485	13 016 976	863 509	
NET ASSETS	90 147 311	91 763 232	(1 615 920)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	80 242 741	91 854 253	(11 611 512)	
TOTAL COMMUNITY WEALTH/EQUITY	80 242 741	91 854 253	(11 611 512)	

**PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	-	848 627	848 627	
Call investment deposits	3 500 000	(1 119 223)	2 380 777	
Consumer debtors	1 258 000	1 488 657	2 746 657	
Other Receivables	-	525 423	525 423	
Current portion of long-term receivables	-	-	-	
Inventory	-	577 529	577 529	
Total current assets	4 758 000	2 321 013	7 079 013	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	15 159 000	(2 089)	15 156 911	
Property, plant and equipment	61 252 393	21 291 890	82 544 283	
Biological Assets	-	-	-	
Intangible Assets	-	-	-	
Heritage Assets	-	-	-	
Total non current assets	76 411 393	21 289 801	97 701 194	
TOTAL ASSETS	81 169 393	23 610 814	104 780 207	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	75 939	75 939	
Consumer deposits	-	352 011	352 011	
Trade and other payables	1 812 000	3 459 099	5 271 099	
Provisions and Employee Benefits	-	2 761 793	2 761 793	
Total current liabilities	1 812 000	6 648 842	8 460 842	
Non current liabilities				
Borrowing	40 000	(14 012)	25 988	
Provisions and Employee Benefits	6 300 000	(1 769 854)	4 530 146	
Total non current liabilities	6 340 000	(1 783 866)	4 556 134	
TOTAL LIABILITIES	8 152 000	4 864 976	13 016 976	
NET ASSETS	73 017 393	18 745 839	91 763 232	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	73 017 393	18 836 860	91 854 253	
TOTAL COMMUNITY WEALTH/EQUITY	73 017 393	18 836 860	91 854 253	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	2 128 647	2 217 534	(88 887)	New General Valuation Roll was applied from 1 July 2013.
Service charges	13 876 276	13 953 000	(76 724)	Internal revenue removed. Electricity income not realising as expected.
Rental of facilities and equipment	279 907	294 500	(14 593)	Operating Lease income from Thousong Centre being smoothed.
Interest earned - external investments	541 928	340 000	201 928	Under performance on MIG Grant spending.
Interest earned - outstanding debtors	562 568	500 000	62 568	Higher debtors' book resulted in higher interest received.
Fines	12 579 551	2 681 000	9 898 551	Variance is due to the implimentation of IGRAP 1
Licences and permits	256 394	908 000	(651 606)	Only the net income is shown under the actual column.
Government Grants and Subsidies - Operating	22 581 250	24 495 500	(1 914 250)	Grants allocated not received due to cash flow problems.
Other revenue	1 353 709	489 300	864 409	Increase was mainly due to the Actuarial Gain on Employee Benefits.
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	54 160 231	45 878 834	8 281 397	
EXPENDITURE BY TYPE				
Employee related costs	13 599 262	11 498 489	2 100 773	Savings on vacant positions
Remuneration of councillors	2 309 463	2 305 300	4 163	
Debt impairment	13 166 869	1 600 000	11 566 869	Variance is due to the implimentation of IGRAP 1
Depreciation & asset impairment	6 083 323	1 587 657	4 495 666	
Finance charges	425 284	358 400	66 884	The amount was under-budgeted.
Bulk purchases	7 630 228	7 725 000	(94 772)	
Grants and subsidies paid	-	-	-	Grant expenditure was budgeted for under general expenses.
Other expenditure	11 282 002	20 799 870	(9 517 868)	Grant expenditure was included under grants and susidies paid..
Loss on disposal of PPE	56 499	-	56 499	
Total Operating Expenditure	54 552 929	45 874 716	8 678 213	
Operating Surplus/(Deficit) for the year	(392 699)	4 118	(396 817)	
Government Grants and Subsidies - Capital	19 362 912	24 018 000	(4 655 088)	Housing grant capital income was included under the operating budget.
Net Surplus for the year	18 970 213	24 022 118	(5 051 905)	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	2 217 534	-	2 217 534	
Service charges	14 706 200	(753 200)	13 953 000	Provision was made for a lower electricity income.
Rental of facilities and equipment	294 500	-	294 500	
Interest earned - external investments	340 000	-	340 000	
Interest earned - outstanding debtors	500 000	-	500 000	
Fines	2 681 000	-	2 681 000	
Licences and permits	978 000	(70 000)	908 000	
Government Grants and Subsidies - Operating	24 433 000	62 500	24 495 500	Additional grant allocations received were corrected in the budget.
Other revenue	1 613 000	(1 123 700)	489 300	Administration costs removed from budget.
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	47 763 234	(1 884 400)	45 878 834	
EXPENDITURE BY TYPE				
Employee related costs	12 247 869	(749 380)	11 498 489	Budgeted positions which were not filled were removed from the budget.
Remuneration of councillors	2 305 300	-	2 305 300	
Debt impairment	1 600 000	-	1 600 000	
Depreciation & asset impairment	1 397 657	190 000	1 587 657	Depreciation was anticipated to be higher than originally budgeted for.
Finance charges	208 400	150 000	358 400	Finance charges increased on Landfill sites.
Bulk purchases	8 400 000	(675 000)	7 725 000	Electricity purchases was expected to be lower.
Contracted services	300 000	(300 000)	-	The amounts paid to Jan Nel was corrected in the adjustment budget.
Other expenditure	22 100 215	(1 300 345)	20 799 870	Administration costs removed from budget.
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	48 559 441	-2 684 725	45 874 716	
Operating Surplus/(Deficit) for the year	(796 207)	800 325	4 118	
Government Grants and Subsidies - Capital	17 918 000	6 100 000	24 018 000	Additional Grants allocated.
Net Surplus for the year	17 121 793	6 900 325	24 022 118	

**PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	33 262 381	18 467 735	14 794 646	
Government - operating	22 581 250	24 495 500	(1 914 250)	
Government - capital	19 362 912	24 018 000	(4 655 088)	
Interest	1 104 496	840 000	264 496	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(48 214 980)	(42 632 549)	(5 582 431)	
Finance charges	(425 284)	(358 400)	(66 884)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	27 670 775	24 830 286	2 840 489	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	52 634	-	52 634	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(20 405 266)	(24 018 000)	3 612 734	
NET CASH FROM/(USED) INVESTING ACTIVITIES	-20 352 632	(24 018 000)	3 665 368	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	22 391	-	22 391	
Payments				
Repayment of borrowing	(75 939)	(75 939)	(0)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(53 548)	(75 939)	22 391	
NET INCREASE/(DECREASE) IN CASH HELD	7 264 595	736 347	6 528 248	
Cash and Cash Equivalents at the beginning of the year	2 493 058	2 493 058	0	
Cash and Cash Equivalents at the end of the year	9 754 560	3 229 405	6 525 155	

**PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	22 690 234	(4 222 499)	18 467 735	
Government - operating	34 026 000	(9 530 500)	24 495 500	
Government - capital	8 125 000	15 893 000	24 018 000	
Interest	840 000	-	840 000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(45 444 884)	2 812 335	(42 632 549)	
Finance charges	(208 400)	(150 000)	(358 400)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	20 027 950	4 802 336	24 830 286	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(17 918 000)	(6 100 000)	(24 018 000)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(17 918 000)	(6 100 000)	(24 018 000)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	-	(75 939)	(75 939)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(75 939)	(75 939)	
NET INCREASE/(DECREASE) IN CASH HELD	2 109 950	(1 373 603)	736 347	
Cash and Cash Equivalents at the beginning of the year	3 882 000	(1 388 942)	2 493 058	
Cash and Cash Equivalents at the end of the year	5 991 950	(2 762 545)	3 229 405	

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)	1 April 2014

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

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

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

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

1.2. PRESENTATION CURRENCY

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

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure.

1.6. AMENDED DISCLOSURE POLICY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.8. 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:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

<p>GRAP 20 (Original – June 2011)</p>	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<p align="center">Unknown</p>
<p>GRAP 32 (Original – Aug 2013)</p>	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<p align="center">Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p align="center">1 April 2015</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p align="center">1 April 2015</p>
<p>GRAP 107 (Original – Nov 2010)</p>	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p>	<p align="center">1 April 2015</p>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

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

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

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

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1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

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

1.10.2 Municipality as Lessor

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

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

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

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

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a 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 possible.

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

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

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

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

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

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

(a) Post Retirement Medical Obligations

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

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore

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not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) Provision for Staff Leave

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

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

Accumulated leave is vesting.

(c) Staff Bonuses Accrued

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

(d) Provision for Performance Bonuses

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

(e) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

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(f) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. BORROWING COSTS

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

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1 Initial Recognition

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

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

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

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

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spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.16.2 Subsequent Measurement – Cost Model

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

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

1.16.3 Depreciation and Impairment

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

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	60	Buildings	100
Pedestrian Malls	60	Specialist vehicles	7 - 15
Electricity	15 - 54	Motor vehicles	7 - 20
Water	60	Office equipment	5 - 30
Sewerage	60	Furniture and fittings	7 - 20
Transfer Station	7	Plant and Equipment	7 - 21
		Landfill sites	15
<u>Community</u>		Loose Equipment	7 - 11
Buildings	100-104	Emergency equipment	5 - 13
Recreational Facilities	100	Computer equipment	5 - 13
Museum	100		
Halls	100		
Libraries	100		
Parks and gardens	15 - 20		
Other assets	7 - 20		
<u>Finance lease assets</u>			
Office equipment	2 - 7		

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been

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recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.16.4 De-recognition

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

1.16.5 Property, Plant and Equipment – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

1.17. INTANGIBLE ASSETS

1.17.1 Initial Recognition

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

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

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

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

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

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

Intangible assets are initially recognised at cost.

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

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1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Amortisation and Impairment

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

<u>Intangible Assets</u>	Years
Computer Software	5 - 11

1.17.4 De-recognition

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

1.18. INVESTMENT PROPERTY

1.18.1 Initial Recognition

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

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

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

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

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

1.18.2 Subsequent Measurement – Cost Model

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

1.18.3 Depreciation and Impairment – Cost Model

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

<u>Investment Property</u>	<u>Years</u>
Buildings	5 - 100

1.18.4 De-recognition

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

1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

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1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

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

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

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

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

1.19.2 Non-cash-generating assets

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

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

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

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

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- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

1.20. NON CURRENT INVESTMENTS

Financial instruments, which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

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

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

1.21. INVENTORIES

1.21.1 Initial Recognition

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

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

1.21.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

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

Cost of land held for sale is assigned by using specific identification of their individual costs.

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.22.2 Subsequent Measurement

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

1.22.2.1 Receivables

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

1.22.2.2 Payables and Annuity Loans

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

1.22.2.3 Cash and Cash Equivalents

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

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

1.22.3 **De-recognition of Financial Instruments**

1.22.3.1 Financial Assets

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

1.22.3.2 Financial Liabilities

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

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

1.22.4 *Offsetting of Financial Instruments*

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

1.23. REVENUE

1.23.1 *Revenue from Non-Exchange Transactions*

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

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

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

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

1.23.2 Revenue from Exchange Transactions

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

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

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

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

Service charges from sewerage are based on a basic charge as per Council resolution.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Interest revenue is recognised using the effective interest rate method.

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

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

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

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

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

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

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

1.24. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

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

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

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

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

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

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

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.28. CONTINGENT LIABILITIES

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

Management judgement is required when recognising and measuring contingent liabilities.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Post retirement medical obligations

The cost of post retirement medical obligations is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

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

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

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

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

Intangible Assets

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

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

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

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Investment Property

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

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

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

Provisions and Contingent Liabilities

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

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

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

Provision for Performance bonuses

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

Pre-paid electricity estimation

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

Componentisation of Infrastructure assets

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

1.30. TAXES – VALUE ADDED TAX

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

1.31. CAPITAL COMMITMENTS

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

1.32. EVENTS AFTER REPORTING DATE

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

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

PRINCE ALBERT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

	2014 R	2013 R
2 LONG-TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	101 926	177 866
Current Portion transferred to Current Liabilities	54 911	57 852
Capitalised Lease Liability - At amortised cost	54 911	57 852
Total Long-term Liabilities - At amortised cost using the effective interest rate method	47 015	120 014

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	58 509	75 939
Payable within two to five years	48 073	114 256
	106 582	190 195
Less: Future finance obligations	(4 656)	(12 329)
Present value of lease obligations	101 927	177 866

Leases are secured by property, plant and equipment - Note 12

3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.1	3 884 059	4 001 404
Total Non-current Employee Benefit Liabilities	3 884 059	4 001 404

Post Retirement Benefits

Balance 1 July	4 192 984	3 676 424
Contribution for the year	139 395	117 342
Interest Cost	324 397	271 573
Expenditure for the year	(174 707)	(172 985)
Actuarial Loss/(Gain)	(418 226)	300 630
Total post retirement benefits 30 June	4 063 843	4 192 984
Less: Transfer of Current Portion - Note 7	(179 784)	(191 580)
Balance 30 June	3 884 059	4 001 404

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	4 192 984	3 676 424
Contribution for the year	139 395	117 342
Interest cost	324 397	271 573
Expenditure for the year	(174 707)	(172 985)
Actuarial Loss/(Gain)	(418 226)	300 630
Total employee benefits 30 June	4 063 843	4 192 984
Less: Transfer of Current Portion - Note 7	(179 784)	(191 580)
Balance 30 June	3 884 059	4 001 404

4	EMPLOYEE BENEFITS (CONTINUE)	2014	2013
		R	R
4.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	15	15
	In-service (employee) non-members	25	27
	Continuation members (e.g. Retirees, widows, orphans)	6	7
	Total Members	46	49
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	2 058 733	1 864 350
	Continuation members	2 005 110	2 328 634
	Total Liability	4 063 843	4 192 984
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2014	2013
		R	R
	In-service members	2 058 733	1 864 350
	Continuation members	2 005 110	2 328 634
	Total Liability	4 063 843	4 192 984
		2012	2011
		R	R
	In-service members	1 513 866	1 302 842
	Continuation members	2 162 558	1 950 415
	Total Liability	3 676 424	3 253 257
	Experience adjustments were calculated as follows:		
		2014	2013
		R	R
	Liabilities: (Gain) / loss	-	(32 000)
	Assets: Gain / (loss)	401 353	-
	The municipality performed their first actuarial valuation on 30 June 2010. Thus there are experience adjustment figures available since 30 June 2010 to fully comply with GRAP 25		
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas; LA Health Samwumed; and Keyhealth.		
	Key actuarial assumptions used:	2014	2013
		%	%
	i) Rate of interest		
	Discount rate	9.00%	7.91%
	Health Care Cost Inflation Rate	8.22%	7.67%
	Net Effective Discount Rate	0.72%	0.22%
	The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"		
	ii) Mortality rates		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
	iii) Normal retirement age		
	It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.		
	The amounts recognised in the Statement of Financial Position are as follows:	2014	2013
		R	R
	Present value of fund obligations	3 884 059	4 001 404
	Net liability/(asset)	3 884 059	4 001 404

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

	2014 R	2013 R
Present value of fund obligation at the beginning of the year	4 192 984	3 676 424
Total expenses	289 085	215 930
Current service cost	139 395	117 342
Interest Cost	324 397	271 573
Benefits Paid	(174 707)	(172 985)
Actuarial (gains)/losses	(418 226)	300 630
Present value of fund obligation at the end of the year	4 063 843	4 192 984
Less: Transfer of Current Portion - Note 7	(179 784)	(191 580)
Balance 30 June	3 884 059	4 001 404

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	2 059	2 005	4 064	12%

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	2569	2 196	4 765	17%
Health care inflation	-1%	1663	1 836	3 499	-14%
Post-retirement mortality	-1 year	2133	2 093	4 226	4%
Average retirement age	-1 year	2240	2 005	4 245	4%
Withdrawal Rate	-50%	2107	2 329	4 436	9%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		139400	324400	463 800	
Health care inflation	1%	178500	380500	559 000	21%
Health care inflation	-1%	109900	279200	389 100	-16%
Post-retirement mortality	-1 year	144600	338400	483 000	4%
Average retirement age	-1 year	152400	337100	489 500	6%
Withdrawal Rate	-50%	166700	343600	510 300	10%

4.2 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 23.06% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99.8% (30 June 2012 - 105.3%).

666 516 636 050

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 7.5% by members and 19.5% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105.1.% (30 June 2012 - 108.0%).

DEFINED CONTRIBUTION PLANS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

5	NON-CURRENT PROVISIONS	2014 R	2013 R
	Provision for Rehabilitation of Landfill-sites	642 055	611 941
	Total Non-current Provisions	642 055	611 941
	<u>Landfill Sites</u>		
	Balance 1 July	2 004 429	1 377 637
	Contribution for the year	98 638	626 792
	Total provision 30 June	2 103 067	2 004 429
	Current Portion - Refer to note 8	(1 461 012)	(1 392 488)
	Balance 30 June	642 055	611 941

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:
This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

	Prince Albert	Leeu Gamka	Klaarstroom
Area (m ²)	5285m ²	1610m ²	6680m ²
Rehabilitation volume (m ³)	14600m ³	5470m ³	1840m ³
Fence (m)	50m	50m	100m
Cost of fence (Rand)	-	-	-
Site Clearance (R40/m ²)	141 350	141 350	141 350
Excavation cost (R40/m ²)	62 846	37 708	37 708
Filling (R20/m ²)	229 857	56 018	107 165
Preliminary and general (Rand)	60 976	20 485	28 975
Fees and expenses (Rand)	387 805	322 617	326 857

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

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation 2014</u>	<u>Cost of rehabilitation 2013</u>
Prince Albert	2015	882 834	841 428
Leeu Gamka	2014	578 178	551 060
Klaarstroom	2039	642 054	611 941
		2 103 066	2 004 429

6	CONSUMER DEPOSITS	2014 R	2013 R
	Electricity	263 146	263 286
	Huur	7 488	7 488
	Water	103 768	81 237
	Total Consumer Deposits	374 402	352 011
	Guarantees held in lieu of Electricity and Water Deposits	-	-

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

7	CURRENT EMPLOYEE BENEFITS	2014	2013
		R	R
	Current Portion of Post Retirement Benefits - Note 3	179 784	191 580
	Staff Leave	946 257	899 925
	Bonuses	402 248	277 799
	Total Current Employee Benefits	1 528 289	1 369 304

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	899 925	747 644
Contribution to current portion	135 009	342 936
Expenditure incurred	(88 678)	(190 655)
Balance at end of year	946 256	899 925

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Bonuses

Balance at beginning of year	277 799	246 860
Contribution to current portion	124 449	84 282
Expenditure incurred	-	(53 343)
Balance at end of year	402 248	277 799

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

8	PROVISIONS	2014	2013
		R	R
	Current Portion of Rehabilitation of Landfill-sites - Note 5	1 461 012	1 392 488
	Total Provisions	1 461 012	1 392 488

9	TRADE AND OTHER PAYABLES	R	R
	Trade Payables	4 778 118	1 272 681
	Balance previously reported		1 272 681
	Correction of error note 34		-
	Deposits received in advance	-	-
	Debtors with credit balances	460 607	422 815
	Retentions	648 522	440 889
	Sundry Deposits	1 495	1 495
	Total Trade Payables	5 888 742	2 137 880

Payables are being recognised net of any discounts.

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

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

Sundry deposits include hall, builders and housing Deposits.

	2014 R	2013 R
10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	9 904 570	3 321 219
National Government Grants	672 292	2 183 294
Provincial Government Grants	371 527	411 117
Other Grant Providers	8 860 751	726 808
Less: Unpaid Grants	-	-
National Government Grants	-	-
Correction of Error	-	-
Other Grant Providers	-	-
Total Conditional Grants and Receipts	9 904 570	3 321 219
11 TAXES	2014 R	2013 R
11.1 VAT PAYABLE		
VAT output in suspense	285 769	101 309
Total Vat payable	285 769	101 309
11.2 VAT RECEIVABLE		
VAT input in suspense	2 145 108	540 832
Total VAT receivable	2 145 108	540 832
11.3 NET VAT RECEIVABLE/(PAYABLE)	1 859 339	439 524

VAT is receivable/payable on the cash basis.

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value

	Cost					Closing Balance R	Accumulated Impairments			Opening Balance R	Transfers R	Accumulated Depreciation			Closing Balance R	Carrying Value R
	Opening Balance R	Transfers R	Correction of Error R	Additions R	Disposals R		Opening Balance R	Additions R	Closing Balance R			Correction of Errors R	Additions R	Disposals R		
Land and Buildings	7 417 116	75 700	-	-	-	7 492 816	-	2 484 877	2 484 877	146 293	-	-	37 866	-	184 160	4 823 779
Land	3 630 479	75 700	-	-	-	3 706 179	-	1 544 885	1 544 885	-	-	-	-	-	-	2 161 294
Buildings	3 786 637	-	-	-	-	3 786 637	-	939 992	939 992	146 293	-	-	37 866	-	184 160	2 662 485
Infrastructure	43 699 649	-	-	20 056 733	-	63 756 381	-	-	-	7 765 064	-	-	1 041 283	-	8 806 347	54 950 034
Main: Roads	13 520 108	137 063	-	213 602	-	13 870 774	-	-	-	2 888 337	-	-	362 373	-	3 250 709	10 620 065
Main: Waste Management	13 865 624	-	-	547 945	-	14 413 569	-	-	-	1 240 015	-	-	330 585	-	1 570 600	12 842 968
Main: Electricity	2 751 771	-	-	-	-	2 751 771	-	-	-	1 142 339	-	-	61 054	-	1 203 393	1 548 378
Main: Water	12 338 102	-	-	2 250 285	-	14 588 387	-	-	-	2 494 373	-	-	287 271	-	2 781 645	11 806 743
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airfield	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	1 224 044	(137 063)	-	17 044 900	-	18 131 881	-	-	-	-	-	-	-	-	-	18 131 881
Reservoirs/Tanks and Pumps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	13 849 498	-	-	188 473	-	14 037 971	-	-	-	275 322	-	-	124 260	-	399 582	13 638 389
Recreation Grounds	5 444 883	-	-	-	-	5 444 883	-	-	-	9 321	-	-	2 283	-	11 603	5 433 280
Civic Buildings	961 600	4 705 343	-	-	-	5 666 943	-	-	-	39 265	-	-	56 204	-	95 469	5 571 475
Transfer Station	292 901	-	-	-	-	292 901	-	-	-	129 016	-	-	41 843	-	170 859	122 042
Libraries	1 177 450	-	-	-	-	1 177 450	-	-	-	48 080	-	-	11 775	-	59 854	1 117 596
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals	78 670	-	-	-	-	78 670	-	-	-	3 213	-	-	787	-	3 999	74 671
Work in Progress	4 705 343	(4 705 343)	-	188 473	-	188 473	-	-	-	-	-	-	-	-	-	188 473
Cemetery	51 650	-	-	-	-	51 650	-	-	-	-	-	-	-	-	-	51 650
Museum	1 137 000	-	-	-	-	1 137 000	-	-	-	46 428	-	-	11 370	-	57 798	1 079 202
Lease Assets	291 919	-	-	-	-	291 919	-	-	-	95 717	-	-	58 076	-	153 793	138 126
Office Equipment	291 919	-	-	-	-	291 919	-	-	-	95 717	-	-	58 076	-	153 793	138 126
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	4 771 153	-	-	160 060	(128 418)	4 802 795	-	225 111	225 111	1 952 501	-	-	635 911	(86 799)	2 501 612	2 076 071
Motor Vehicles	1 162 356	-	-	(90 033)	-	1 072 323	-	225 111	225 111	296 623	-	-	157 329	(59 038)	394 913	452 298
Plant and Equipment	407 757	-	-	37 627	(3 024)	442 361	-	-	-	194 691	-	-	40 217	(1 715)	233 194	209 167
Office Equipment	394 338	-	-	(7 850)	-	386 488	-	-	-	231 820	-	-	43 538	(6 206)	269 152	117 336
Furniture and Equipment	636 711	-	-	88 561	(5 605)	719 667	-	-	-	301 980	-	-	93 363	(4 065)	391 277	328 390
Loose Equipment	220 273	-	-	-	-	220 273	-	-	-	38 222	-	-	22 752	-	60 975	159 298
Computer Equipment	830 826	-	-	18 621	(21 905)	827 542	-	-	-	486 489	-	-	121 261	(15 775)	591 975	235 567
Specialised Vehicles	1 116 900	-	-	15 250	-	1 132 150	-	-	-	401 319	-	-	157 269	-	558 588	573 562
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipment	1 991	-	-	-	-	1 991	-	-	-	1 358	-	-	181	-	1 538	453
	70 029 334	75 700	-	20 405 266	(128 418)	90 381 882	-	2 709 988	2 709 988	10 234 897	-	-	1 897 397	(86 799)	12 045 494	75 626 400

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2013

Reconciliation of Carrying Value

	Cost					Closing Balance R	Accumulated Impairments			Opening Balance R	Transfers R	Accumulated Depreciation			Closing Balance R	Carrying Value R
	Opening Balance R	Transfers R	Correction of Error R	Additions R	Disposals R		Opening Balance R	Additions R	Closing Balance R			Correction of Errors R	Additions R	Disposals R		
Land and Buildings	7 417 116	-	-	-	-	7 417 116	-	-	-	108 427	-	-	37 866	-	146 293	7 270 822
Land	3 630 479	-	-	-	-	3 630 479	-	-	-	-	-	-	-	-	-	3 630 479
Balance Previously Reported	3 791 979	-	-	-	-	3 791 979	-	-	-	-	-	-	-	-	-	3 791 979
Correction of Error	(161 500)	-	-	-	-	(161 500)	-	-	-	-	-	-	-	-	-	(161 500)
Buildings	3 786 637	-	-	-	-	3 786 637	-	-	-	108 427	-	-	37 866	-	146 293	3 640 343
Infrastructure	38 606 183	-	-	5 093 466	-	43 699 649	-	-	-	6 833 795	-	-	931 269	-	7 765 064	35 934 585
Main: Roads	9 875 294	951 380	-	2 693 434	-	13 520 108	-	-	-	2 620 395	-	-	267 942	-	2 888 337	10 631 771
Balance Previously Reported	9 875 294	951 380	-	2 693 434	-	13 520 108	-	-	-	2 620 395	-	-	267 934	-	2 888 329	10 631 780
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	8	-	8	(8)
Main: Waste Management	13 865 624	-	-	-	-	13 865 624	-	-	-	917 639	-	-	322 376	-	1 240 015	12 625 609
Main: Electricity	2 751 771	-	-	-	-	2 751 771	-	-	-	1 078 977	-	-	63 362	-	1 142 339	1 609 432
Main: Water	10 876 194	-	-	1 461 908	-	12 338 102	-	-	-	2 216 784	-	-	277 589	-	2 494 373	9 843 728
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airfield	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	1 237 300	(951 380)	-	938 124	-	1 224 044	-	-	-	-	-	-	-	-	-	1 224 044
Balance Previously Reported	1 237 300	(951 380)	-	678 428	-	964 348	-	-	-	-	-	-	-	-	-	964 348
Correction of Error	-	-	-	259 697	-	259 697	-	-	-	-	-	-	-	-	-	259 697
Reservoirs/Tanks and Pumps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	10 991 499	-	-	2 857 999	-	13 849 498	-	-	-	197 649	-	-	77 673	-	275 322	13 574 176
Recreation Grounds	281 784	2 305 100	-	2 857 999	-	5 444 883	-	-	-	7 038	-	-	2 283	-	9 321	5 435 563
Civic Buildings	961 600	-	-	-	-	961 600	-	-	-	29 649	-	-	9 616	-	39 265	922 335
Transfer Station	292 901	-	-	-	-	292 901	-	-	-	87 173	-	-	41 843	-	129 016	163 885
Libraries	1 177 450	-	-	-	-	1 177 450	-	-	-	36 305	-	-	11 775	-	48 080	1 129 371
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals	78 670	-	-	-	-	78 670	-	-	-	2 426	-	-	787	-	3 213	75 457
Work in Progress	7 010 443	(2 305 100)	-	-	-	4 705 343	(2 305 100)	-	-	-	-	-	-	-	-	4 705 343
Cemetery	51 650	-	-	-	-	51 650	-	-	-	-	-	-	-	-	-	51 650
Museum	1 137 000	-	-	-	-	1 137 000	-	-	-	35 058	-	-	11 370	-	46 428	1 090 572
Lease Assets	239 671	-	-	52 248	-	291 919	-	-	-	37 328	-	-	58 389	-	95 717	196 202
Office Equipment	239 671	-	-	52 248	-	291 919	-	-	-	37 328	-	-	58 389	-	95 717	196 202
Balance Previously Reported	239 671	-	-	52 248	-	291 919	-	-	-	37 328	-	-	56 029	-	93 357	198 562
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	2 360	-	2 360	(2 360)
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2013

Reconciliation of Carrying Value

	Cost					Accumulated Impairments			Opening Balance	Transfers	Accumulated Depreciation			Balance	Carrying Value	
	Balance	Transfers	of Error	Additions	Disposals	Balance	Balance	Additions			Balance	Errors	Additions			Disposals
	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Other Assets	4 158 960	-	-	612 192	-	4 771 153	-	-	-	1 434 329	-	-	518 172	-	1 952 501	2 818 652
Motor Vehicles	713 466	-	-	448 890	-	1 162 356	-	-	-	220 063	-	-	76 560	-	296 623	865 733
Balance Previously Reported	713 466	-	-	448 890	-	1 162 356	-	-	-	220 063	-	-	76 367	-	296 430	865 926
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	192	-	192	(192)
Plant and Equipment	407 757	-	-	-	-	407 757	-	-	-	154 529	-	-	40 162	-	194 691	213 066
Balance Previously Reported	380 582	-	-	-	-	380 582	-	-	-	154 529	-	-	38 402	-	192 931	187 651
Correction of Error	27 175	-	-	-	-	27 175	-	-	-	-	-	-	1 760	-	1 760	25 415
Office Equipment	369 027	-	-	25 311	-	394 338	-	-	-	176 233	-	-	55 587	-	231 820	162 518
Balance Previously Reported	369 027	-	-	25 311	-	394 338	-	-	-	176 233	-	-	55 537	-	231 770	162 567
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	49	-	49	(49)
Furniture and Equipment	606 885	-	-	29 826	-	636 711	-	-	-	214 595	-	-	87 385	-	301 980	334 731
Balance Previously Reported	594 528	-	-	29 826	-	624 355	-	-	-	214 595	-	-	85 829	-	300 424	323 931
Correction of Error	12 356	-	-	-	-	12 356	-	-	-	-	-	-	1 556	-	1 556	10 800
Loose Equipment	144 869	-	-	75 404	-	220 273	-	-	-	19 711	-	-	18 511	-	38 222	182 050
Balance Previously Reported	144 869	-	-	75 404	-	220 273	-	-	-	19 711	-	-	18 492	-	38 203	182 070
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	20	-	20	(20)
Computer Equipment	798 065	-	-	32 761	-	830 826	-	-	-	333 153	-	-	153 336	-	486 489	344 337
Balance Previously Reported	798 065	-	-	32 761	-	830 826	-	-	-	333 153	-	-	153 767	-	486 920	343 906
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	(431)	-	(431)	431
Specialised Vehicles	1 116 900	-	-	-	-	1 116 900	-	-	-	315 057	-	-	86 262	-	401 319	715 581
Balance Previously Reported	1 116 900	-	-	-	-	1 116 900	-	-	-	315 057	-	-	86 262	-	401 319	715 581
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipment	1 991	-	-	-	-	1 991	-	-	-	988	-	-	370	-	1 358	634
Balance Previously Reported	1 821	-	-	-	-	1 821	-	-	-	988	-	-	348	-	1 336	485
Correction of Error	170	-	-	-	-	170	-	-	-	-	-	-	21	-	21	149
Total	61 413 429	-	-	8 615 905	-	70 029 334	-	-	-	8 611 528	-	-	1 623 369	-	10 234 897	59 794 437

	2014 R	2013 R
13 CAPITALISED RESTORATION COST		
Net Carrying amount at 1 July	451 866	69 375
Cost	870 719	455 756
Accumulated Depreciation	(406 718)	(375 565)
Accumulated Impairments	(12 135)	(10 816)
Acquisitions	3 092	414 963
Depreciation for the year	(297 679)	(31 153)
Impairment	(458)	(1 319)
Net Carrying amount at 30 June	156 821	451 866
Cost	873 811	870 719
Accumulated Depreciation	(704 397)	(406 718)
Accumulated Impairment	(12 593)	(12 135)
14 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	15 081 211	15 164 355
Cost	15 164 355	15 164 355
Class Transfer to Property, Plant and Equipment	(75 700)	-
Accumulated Depreciation	(7 444)	(5 621)
Balance previously reported	-	-
Accumulated Depreciation: Correction of Error - note 34	-	-
Depreciation for the year	(1 822)	(1 823)
Impairment for the year	(1 154 445)	-
Balance previously reported	-	-
Correction of Depreciation for 2010/2011 - note 34	-	-
Disposal	(66 500)	-
Net Carrying amount at 30 June	13 858 444	15 156 911
Cost	15 022 155	15 164 355
Accumulated Depreciation	(9 266)	(7 444)
Accumulated Impairment	(1 154 445)	-
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
Revenue derived from the rental of investment property	279 907	201 208
15 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	91 017	129 211
Cost	239 059	237 458
Accumulated Amortisation	(148 042)	(108 247)
Additions	-	1 601
Disposal	(1 012)	-
Cost	(5 679)	-
Accumulated Amortisation	4 667	-
Amortisation	(21 535)	(39 795)
Balance previously reported	-	(39 791)
Correction of Depreciation for 2011/2012 - note 34	-	(4)
Net Carrying amount at 30 June	68 470	91 017
Cost	233 380	239 059
Accumulated Amortisation	(164 910)	(148 042)

Description	Remaining Amortisation Period	Carrying Value	
		2014 R	2013 R
Microsoft Office and Windows software	4	68 470	91 017

No intangible asset were asessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

16 INVENTORY

Consumable Stores	253 798	232 747
Electricity	137 007	74 966
Unsold Properties	219 420	219 420
Water – at cost	12 864	17 706
Total Inventory	623 089	544 839

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

-	-
-	-
-	-

17 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	1 082 129	1 447 068
Balance Previously Reported		1 453 180
Correction of Error - note 34		(6 112)
Water	3 041 182	2 391 453
Balance Previously Reported		2 413 857
Correction of Error - note 34		(22 403)
Refuse	1 605 309	1 187 508
Balance Previously Reported		-
Correction of Error - note 34		-
Sewerage	2 105 152	1 581 792
Balance Previously Reported	-	1 581 822
Correction of Error - note 34		(30)
Fire Services	8 614	10 441
Balance Previously Reported		10 452
Correction of Error - note 34		(10)
Rent	114 475	52 760
Balance Previously Reported		-
Correction of Error - note 34		-
Debtors with credit balances	460 607	422 815
Total Receivables from Exchange Transactions	8 417 467	7 093 838
Less: Allowance for Doubtful Debts	(6 492 535)	(4 959 803)
Total Net Receivables from Exchange Transactions	1 924 932	2 134 035

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:	2014 R	2013 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	415 247	392 848
31 - 60 Days	97 790	104 436
61 - 90 Days	56 316	78 210
+ 90 Days	512 776	877 686
Total	1 082 129	1 453 180
<u>(Water): Ageing</u>		
Current (0 - 30 days)	210 104	346 924
31 - 60 Days	136 914	172 234
61 - 90 Days	168 681	178 722
+ 90 Days	2 525 483	1 715 977
Total	3 041 182	2 413 857
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	116 404	183 456
31 - 60 Days	72 305	67 925
61 - 90 Days	66 872	56 026
+ 90 Days	1 349 728	880 101
Total	1 605 309	1 187 508
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	186 549	278 109
31 - 60 Days	104 999	107 640
61 - 90 Days	97 145	84 027
+ 90 Days	1 716 459	1 112 045
Total	2 105 152	1 581 822
<u>(Other): Ageing</u>		
Current (0 - 30 days)	30 866	4 495
31 - 60 Days	5 378	5 857
61 - 90 Days	4 179	100
+ 90 Days	82 666	-
Total	123 089	10 452
<u>(Total): Ageing</u>		
Current (0 - 30 days)	959 170	1 205 832
31 - 60 Days	417 386	458 092
61 - 90 Days	393 193	397 085
+ 90 Days	6 187 111	4 585 809
Total	7 956 860	6 646 819
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	4 959 803	3 741 596
Contribution to provision/(Reversal of provision)	1 610 165	2 828 429
Written off during the year	(77 433)	(1 610 222)
Balance at end of year	6 492 535	4 959 803

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2014 R	2013 R
Rates	583 337	618 625
Balance Previously Reported	-	625 970
Correction of Error - note 34	-	(7 345)
Other Receivables	11 725 092	172 599
Other Debtors	11 679 934	172 599
Balance Previously Reported		-
Correction of Error - note 34		-
Suspense Debtors	45 158	-
Total Receivables from Non-Exchange Transactions	12 308 429	791 224
Less: Allowance for Doubtful Debts	(12 217 064)	(660 360)
Total Net Receivables from Non-Exchange Transactions	91 365	130 864

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	139 341	110 216
31 - 60 Days	35 141	37 117
61 - 90 Days	20 716	28 264
+ 90 Days	388 139	443 028
Total	583 337	618 625

Reconciliation of Provision for Bad Debts

Balance at beginning of year	660 360	473 196
Contribution to provision/(Reversal of provision)	11 556 704	187 164
Balance at end of year	12 217 064	660 360

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19 OPERATING LEASE ARRANGEMENTS

	R	R
The Municipality as Lessor (Asset)		
Balance on 1 July	56 158	40 801
Movement during the year	8 218	15 357
Balance on 30 June	64 376	56 158

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	194 528	194 617
1 to 5 Years	299 746	457 511
More than 5 Years	-	-
Total Operating Lease Arrangements	494 274	652 128

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for previous ranging until 2018.

20

CASH AND CASH EQUIVALENTS

	2014 R	2013 R
Assets		
Call Investments Deposits	9 338 985	2 380 777
Primary Bank Account	359 654	-
Traffic Bank Account	54 221	638 897
Cash Floats	1 700	1 700
Total Cash and Cash Equivalents - Assets	9 754 560	3 021 374
Liabilities		
Primary Bank Account	-	(528 316)
Total Cash and Cash Equivalents - Liabilities	-	(528 316)

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

A Bank Guarantee is retained for ESKOM by ABSA Bank

9 960	9 960
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The municipality has the following bank accounts:

Current Accounts

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	359 654	(528 316)
Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):	54 221	638 897
Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):	-	2 380 777
Prince Albert ABSA Bank - Account Number 9287334653 (Call Account):	9 338 985	-
	9 752 860	2 491 358

Traffic account is cleared daily to Primary Bank Account.

	2014 R	2013 R
Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):		
Cash book balance at beginning of year	(528 316)	(77 780)
Cash book balance at end of year	359 654	(528 316)
Bank statement balance at beginning of year	51 400	3 107 476
Bank statement balance at end of year	1 683 142	51 400
Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):		
Cash book balance at beginning of year	638 897	5 466
Cash book balance at end of year	54 221	638 897
Bank statement balance at beginning of year	638 897	5 466
Bank statement balance at end of year	54 221	638 897
Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):		
Cash book balance at beginning of year	2 380 777	3 566 368
Cash book balance at end of year	-	2 380 777
Bank statement balance at beginning of year	2 367 579	3 566 368
Bank statement balance at end of year	-	2 367 579
Prince Albert ABSA Bank - Account Number 9287334653 (Call Account):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	9 338 985	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	9 295 049	-

21	PROPERTY RATES	2014 R	2013 R
	<u>Actual</u>		
	Rateable Land and Buildings	2 603 020	2 438 519
	Residential, Commercial Property, State Correction of Error - note 34	2 603 020	2 438 519
		-	-
	Less: Rebates	(474 372)	(471 968)
	Total Assessment Rates	2 128 647	1 966 551
	<u>Valuations - 1 JULY 2013</u>		
	Rateable Land and Buildings		
	Leeu-Gamka: Land and Buildings	17 072 800	15 673 220
	Klaarstroom: Land and Buildings	9 762 600	8 418 960
	Prince Albert: Land and Buildings	582 957 850	542 628 418
	Rural: Land and Buildings	673 896 100	651 913 303
	Welgemoed: Land and Buildings	8 809 500	8 721 515
	Total Rateable Valuation	1 292 498 850	1 227 355 416

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013.

Rates:	2014 c/R	2013 c/R
Prince Albert Urban Area	0.340	0.340
Leeu Gamka Scheme Houses	0.340	0.340
Leeu Gamka Private	0.340	0.340
Welgemoed Area	0.306	0.306
Klaarstroom Scheme Houses	0.340	0.340
Klaarstroom East	0.340	0.340
Rural Area	0.0855	0.0855

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

22	GOVERNMENT GRANTS AND SUBSIDIES	2014 R	2013 R
	Unconditional Grants	11 661 000	10 586 000
	Equitable Share	11 661 000	10 586 000
	Conditional Grants	30 283 161	13 078 394
	Grants and donations	30 283 161	13 078 394
	Total Government Grants and Subsidies	41 944 161	23 664 394
	Government Grants and Subsidies - Capital	19 362 912	7 740 609
	Government Grants and Subsidies - Operating	22 581 250	15 923 786
		41 944 161	23 664 394

The municipality does not expect any significant changes to the level of grants.

22.1	Equitable share	2014 R	2013 R
	Grants received	11 661 000	10 586 000
	Conditions met - Operating	(11 661 000)	(10 586 000)
	Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

22.2 Local Government Financial Management Grant (FMG)	2014 R	2013 R
Opening balance	-	(36 000)
Grants received	1 450 000	1 250 000
Repaid to National Revenue Fund	-	-
VAT on conditional grants	-	-
Conditions met - Operating	(1 450 000)	(1 214 000)
Conditions still to be met	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

22.3 Municipal Systems Improvement Grant		
Opening balance	-	(78)
Grants received	890 000	800 000
Repaid to National Revenue Fund	-	-
VAT on conditional grants	-	-
Conditions met - Operating	(890 000)	(799 922)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

22.4 Municipal Infrastructure Grant (MIG)	2014 R	2013 R
Opening balance	-	174 482
Grants received	8 125 000	8 558 000
VAT on conditional grants	(347 940)	(559 041)
Conditions met - Operating	(404 012)	(432 832)
Conditions met - Capital	(7 373 048)	(7 740 609)
Grant expenditure to be recovered	<u>(0)</u>	<u>-</u>

The grant was used to upgrade infrastructure in previously disadvantaged areas.

22.5 Housing Grants		
Opening balance	726 808	870 000
Grants received	22 828 033	-
VAT on conditional grants	(390 388)	-
Conditions met - Operating	(4 197 333)	(143 192)
Conditions met - Capital	(10 106 369)	-
Grant expenditure to be recovered	<u>8 860 751</u>	<u>726 808</u>

Housing grants was utilised for the development of erven and the erection of top structures.

22.6 Integrated National Electrification Grant		
Opening balance	-	-
Grants received	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

22.7 Other Grants		
Opening balance	2 594 411	430 384
Grants received	3 963 867	4 911 867
VAT on conditional grants	-	-
Conditions met - Operating	(3 630 964)	(2 747 840)
Conditions met - Capital	(1 883 495)	-
Conditions still to be met	<u>1 043 819</u>	<u>2 594 411</u>

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

	2014 R	2013 R
22.8 Total Grants		
Opening balance	3 321 219	1 438 788
Grants received	48 917 900	26 105 867
VAT on conditional grants	(738 328)	(559 041)
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(22 233 309)	(15 923 786)
Conditions met - Capital	(19 362 912)	(7 740 609)
	9 904 570	3 321 219
Conditions still to be met/(Grant expenditure to be recovered)		
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	9 904 570	3 321 219
Unpaid Conditional Government Grants and Receipts	-	-
	9 904 570	3 321 219
23 SERVICE CHARGES		
Electricity	9 127 217	8 907 571
Water	3 076 805	2 835 569
Refuse removal	1 457 858	1 327 166
Sewerage and Sanitation Charges	2 473 218	2 127 040
	16 135 098	15 197 346
Correction of Error - Note 34.2		(28 556)
Less: Rebates	(2 258 822)	(2 012 684)
Total Service Charges	13 876 276	13 156 106
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
24 OTHER INCOME		
Sundry income	32 965	34 000
Graveyard	11 423	8 641
Building plans	68 324	49 582
Photostats and Faxes	2 441	1 435
VAT on Grants	738 328	559 041
Business Licences	-	511
Tender Documents	12 632	5 307
Training LGSETA	27 192	57 322
Refuse Bags	222	400
Town Planning Fees	26 937	18 092
Library Lost Books And Fines	5 375	2 572
Subsidy	-	34 877
Postage Province	-	2 992
Valuation Certificates	8 545	6 364
	934 383	781 136
Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)		
25 EMPLOYEE RELATED COSTS		
Bonus	537 212	427 181
Contributions for UIF, pensions and medical aids	1 120 785	1 097 068
Housing Subsidy	11 311	26 924
Leave Reserve Fund	135 009	342 936
Long service awards	56 576	8 042
Increase in Provision for Bonuses	124 449	84 282
Contribution to provision - Post Retirement Medical - Note 6	139 395	117 342
Overtime	704 513	740 725
Salaries and Wages	10 030 968	9 849 960
Travel, motor car, telephone, assistance and other allowances	739 043	773 258
	13 599 262	13 467 718

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

	2014	2013
	R	R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	845 503	865 872
Leave	-	35 443
Car Allowance	104 640	104 640
Other Allowances	18 000	17 500
Subsistence Allowance	143 540	153 417
Total	1 111 683	1 176 872
<i>Remuneration of the Director Financial Services</i>		
Annual Remuneration	655 212	469 700
Bonus	30 000	-
Car Allowance	96 000	64 000
Other Allowances	12 000	10 800
Subsistence Allowance	47 004	47 124
Total	840 216	591 624
<i>Remuneration of the Director Strategic Services</i>		
Annual Remuneration	-	643 125
Other Allowances	-	12 000
Car Allowance	-	99 400
Subsistence Allowance	-	33 714
Total	-	788 239
26	REMUNERATION OF COUNCILLORS	
Mayor	489 936	482 435
Deputy Mayor	214 590	216 574
Speaker	418 800	403 472
Councillors	591 316	596 780
Councillors' Allowances	594 821	484 551
Total Councillors' Remuneration	2 309 463	2 183 812
<i>In-kind Benefits</i>		
The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.		
27	DEBT IMPAIRMENT	
Trade Receivables from exchange transactions - Note 17	1 610 165	2 641 154
Trade Receivables from non-exchange transactions - Note 18	11 556 703	241 199
Total Contribution to/(Reversal of) Impairment Provision	13 166 869	2 882 353
28	DEPRECIATION AND AMORTISATION	
Property Plant and Equipment	1 897 397	1 623 369
Balance Previously Reported		1 617 833
Correction of Error - note 34		5 536
Investment Property	1 822	1 823
Balance Previously Reported		-
Correction of Error - note 34		-
Intangible Assets	21 535	39 795
Balance Previously Reported		39 791
Correction of Error - note 34		4
Landfill Sites	297 679	31 153
	2 218 432	1 696 140
29	IMPAIRMENTS	
Capitalised Restoration Costs	458	1 319
Investment Property	1 154 445	
PPE	2 709 988	-
	3 864 891	1 319

	2014 R	2013 R
30 FINANCE CHARGES		
Landfill Sites	94 373	62 352
Finance leases	6 514	9 096
Post Employment Health	324 397	271 573
Total finance charges	425 284	343 021
31 BULK PURCHASES		
Electricity	7 630 228	8 094 812
Total Bulk Purchases	7 630 228	8 094 812
32 GENERAL EXPENSES		
Advertisements	247 720	48 253
Audit Fees	2 056 120	1 745 828
Bank Charges	176 641	173 090
Computer Expenses	550 160	533 477
Cleaning Materials	26 802	24 687
Community Development Holiday Program	36 892	40 994
Commission Pre-Paid Electricity	154 984	122 221
Camera Fines	140 063	178 146
Deed of Transfer	12 885	7 513
Discretionary Fund: Donations	230 691	115 037
Electricity	32 980	163 627
Electricity Cost of Sales	1 894 178	-
Entertainment Cost	31 697	44 980
Fuel and Oil	629 482	536 344
Insurance General	125 684	106 506
LED	42 615	142 633
Legal Fees	41 378	37 539
Licences	38 914	34 163
Machine Rent	18 667	44 792
Material	477 398	416 832
Membership Fees and Levies	550 000	300 000
Office Rental CW's	6 000	36 000
Office Necessaries	61 829	152 229
Olive Festival	45 387	30 000
Postage	146 180	29 462
Printing and Stationery	131 197	162 908
Refuse Bags	52 658	62 080
Remuneration Ward Committees	169 815	156 854
Rehabilitation Refuse Sites Expensed	1 173	149 476
Rent: Post Box	1 089	903
Street Lights	61 996	75 120
Valuation Costs	189 002	253 244
Telephone and Postage	387 890	493 612
Training Charges SDL	85 928	67 982
Travel and Subsistence	1 266 078	1 558 108
Relocation Costs	54 395	-
Water	-	2 874
Water Cost of Sales	109 586	
Water Purification: Chlorine	57 880	84 829
Water Research: Levy	22 924	-
Workman's Compensation	70 226	71 557
Training	15 204	19 975
Wreath and Bouquet	39	899
General Expenses	10 452 429	8 224 775

33	DISCLOSURE IN TERMS OF MFMA 123 (1) (c)	2014 R	2013 R
	Operating grant expenditure per vote		
	Executive & Council	585 819	100 201
	Budget & Treasury	2 340 000	2 013 922
	Community & Social Services	2 132 791	1 720 789
	Housing	4 197 333	143 192
	Road Transport	751 953	549 337
	Total Operating grant expenditure	10 007 895	4 527 441
<hr/>			
34	CORRECTION OF ERRORS IN TERMS OF GRAP 3	2013 R	2012 R
34.1	Accumulated Surplus		
	Balance previously reported	67 832 127	64 853 743
	Service charges incorrectly accrued Refer note 34.3	(28 556)	-
	Assessment Rates incorrectly accrued Refer note 34.4	(7 085)	-
	Interest Earned - outstanding debtors	(260)	-
	Recognition of Capital Expenditure WIP Prior Year Note	259 697	-
	Disposal of Asset Erf 825 Prior Years Note	(161 500)	(161 500)
	Accumulated Amortisation Intangible Assets Prior Years - Note 34.9	4	4
	Accumulated Depreciation Infrastructure Assets Prior Years - note 34.9	(8)	-
	Accumulated Depreciation Lease Assets Prior Years - Note 34.9	(2 360)	-
	Accumulated Depreciation Other Assets opening balance - Note 34.9	(3 168)	-
	First time recognition PPE Prior Years - Note 34.7	39 702	39 702
	Total	67 928 593	64 731 949
<hr/>			
34.2	Statement of Financial Performance		
	Balance previously reported	2 172 565	
	Service Charges correction of error - Note 34.3	(28 556)	
	Property Taxes correction of error - Note 34.4	(7 085)	
	Interest Earned - outstanding debtors	(260)	
	Recognition of Capital Expenditure WIP Prior Year Note 34.7	259 697	
	Operating grant expenditure incorrectly classified	4 239 792	
	Employee related cost incorrectly classified as operating grant expenditure	(2 439 988)	
	Computer expenses incorrectly classified as operating grant expenditure	(250 150)	
	Travel expenses incorrectly classified as operating grant expenditure	(134 953)	
	Discretionary funds incorrectly classified as operating grant expenditure	(29 950)	
	Contracted services incorrectly classified as operating grant expenditure	(1 367 757)	
	Material incorrectly classified as operating grant expenditure	(16 994)	
	Accumulated Depreciation Infrastructure Assets Prior Years - Note 34.9	(8)	
	Accumulated Depreciation Lease Assets Prior Years - Note 34.9	(2 364)	
	Accumulated Depreciation Other Assets opening balance - Note 34.9	(3 168)	
	Total	2 390 821	
<hr/>			
34.3	Trade Receivables from Exchange Transactions		
	Balance previously reported	7 122 393	
	Service charges incorrectly levied during 2010/2011 - Note 34.1	(28 556)	
	Restated Balance	7 093 837	
<hr/>			

	2012
	R
34.4 Other Receivables from Non-Exchange Transactions	
Balance previously reported	625 970
Property Rates incorrectly levied during 2010/2011 - Note 34.1	(7 345)
Restated Balance	<u>618 625</u>
34.5 Trade Payables from Exchange Transactions	
Balance previously reported	2 024 807
Correction of Workman's Compensation - Note 34.1	13 822
Restated Balance	<u>2 038 629</u>
34.6 Property, Plant and Equipment - Cost	
Balance previously reported	61 535 227
Disposal of Asset Erf 825 Prior Years Note	(161 500)
First-time recognition of assets found during asset count - Note 34.1	39 702
Restated Balance	<u>61 413 429</u>
34.7 Property, Plant and Equipment - Additions	
Balance previously reported	8 356 208
Recognition of Capital Expenditure WIP Prior Year Note	259 697
	<u>8 615 905</u>
34.8 Property, Plant and Equipment - Accumulated Depreciation	
Balance previously reported	1 617 833
First-time recognition of assets found during asset count Opening Balance - Note 34.1	5 536
Restated Balance	<u>1 623 369</u>
34.9 Long-term Liabilities	
Balance previously reported	177 866
Restated Balance	<u>177 866</u>
34.10 Intangible Assets - Accumulated Depreciation	
Balance previously reported	39 791
Correction of Accumulated Depreciation 2011/2012 - Note 34.1	4
Restated Balance	<u>39 795</u>
34.11 Investment Property - Accumulated Depreciation	
Balance previously reported	7 444
Restated Balance	<u>7 444</u>

	2014 R	2013 R
35 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
(Deficit) / Surplus for the year	12 314 144	2 172 565
Adjustments for:		
Depreciation	2 196 897	1 650 805
Amortisation of Intangible Assets	21 535	39 795
Loss on disposal of PPE	56 499	-
Grants received	48 917 900	26 105 867
Grants recognised as revenue	(42 334 549)	(24 223 436)
Debt Impairment	13 166 869	3 015 593
Bad Debts Written off	(77 433)	(1 610 222)
Contribution to provision	98 638	626 792
Contribution to staff leave	135 009	342 936
Staff leave expenditure incurred	(88 678)	(190 655)
Contribution to staff bonus	124 449	84 282
Staff bonus expenditure incurred	-	(53 343)
Contribution from/to employee benefits	289 085	215 930
Actuarial (Gains)/Loss	(418 226)	300 630
Impairment written off	3 864 891	1 319
Operating lease income accrued	(8 218)	(15 357)
Operating (Deficit)/Surplus before changes in working capital	38 258 813	8 463 503
Changes in working capital	(10 588 037)	(701 415)
(Decrease)/Increase in Trade and Other Payables	3 750 862	(432 882)
(Decrease) in Unspent Conditional Government Grants and Receipts	-	-
Increase/(Decrease) in Taxes	(1 419 815)	(251 651)
(Increase) in Inventory	(78 250)	113 215
(Increase) in Trade and other receivables	(12 840 834)	(130 098)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	-
Cash (absorbed)/generated by operations	27 670 775	7 762 088
36 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 20	9 338 985	2 380 777
Cash Floats - Note 20	1 700	1 700
Bank - Note 20	54 221	638 897
Bank overdraft - Note 20	-	(528 316)
Total cash and cash equivalents	9 394 906	2 493 058
37 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 36	9 394 906	2 493 058
Less:	9 394 906	2 493 058
Unspent Committed Conditional Grants - Note 10	9 904 570	3 321 219
VAT - Note 11	-	-
Resources available for working capital requirements	(509 664)	(828 161)
38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2014 R	2013 R
Long-term Liabilities - Note 2	101 926	177 866
Used to finance property, plant and equipment - at cost	(101 926)	(177 866)
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

	2014 R	2013 R
39.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	24 230 236	17 990 623
Unauthorised expenditure current year - capital	6 090 033	484 423
Unauthorised expenditure current year - operating	17 362 969	4 927 028
Unauthorised expenditure current year - Unspent grants utilised to fund operating expenditure	509 664	828 162
Written off by council	-	-
Unauthorised expenditure awaiting authorisation	<u>48 192 901</u>	<u>24 230 236</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget	None

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
Unauthorised expenditure current year - operating				
Vote 1 - EXECUTIVE AND COUNCIL	4 445 464	4 523 470	(78 006)	-2%
Vote 2 - DIRECTOR FINANCE	14 812 633	16 425 452	(1 612 819)	-10%
Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	4 870 448	5 208 309	(337 861)	-6%
Vote 4 - DIRECTOR TECHNICAL SERVICES	37 080 454	19 717 485	17 362 969	88%
	<u>61 208 998</u>	<u>45 874 716</u>	<u>15 334 282</u>	<u>33%</u>
	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
Unauthorised expenditure current year - capital				
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	0%
Vote 2 - DIRECTOR FINANCE	-	-	-	0%
Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	297 233	10 000 000	(9 702 767)	-97%
Vote 4 - DIRECTOR TECHNICAL SERVICES	20 108 033	14 018 000	6 090 033	43%
	<u>20 405 266</u>	<u>24 018 000</u>	<u>(3 612 734)</u>	<u>-15%</u>

	2014	2013
	R	R
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
39.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	-	350 718
Fruitless and wasteful expenditure current year	137 240	450 245
Written off by council	(137 240)	(800 963)
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	-	-
	137 240	450 245
	2014	2013
	R	R
39.3 Irregular expenditure		
Opening balance	7 016 090	7 016 090
Irregular expenditure current year	-	-
Written off by council	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	7 016 090	7 016 090
	2014	2013
	R	R
Incident	Disciplinary steps/criminal proceedings	
<i>Appointment of six personal assistants by the previous Council</i>	<i>None</i>	
	144 000	144 000
<i>Irregular Expenditure: Expenditure has been incurred with regards to Sherpa but is not in compliance with the Supply Chain Management Policy.</i>	<i>This contract renewal was signed by the previous MM without following SCM policy. This incident was reported to council and is still under investigation</i>	
	1 378 504	1 378 504
<i>Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to P D Naidoo</i>	<i>It was initially taken to council but has since been approved by the bid committee.</i>	
	132 855	132 855
<i>Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to Svtell</i>	<i>It was initially taken to council but has since been approved by the bid committee.</i>	
	63 194	63 194
<i>Irregular Expenditure relating to Acting Non compliance with SCM prior to 30 June 2011</i>	<i>None</i>	
	-	-
<i>Irregular Expenditure relating to Acting Director Community Services</i>	<i>None</i>	
	5 171 537	5 171 537
	126 000	126 000
	7 016 090	7 016 090
	2014	2013
39.4 Material Losses		
Water distribution losses		
- Kilo litres disinfected/purified/purchased	525 678	470 656
- Kilo litres lost during distribution	43 392	15 799
- Percentage lost during distribution	8.25%	3.36%
- Value of distribution losses	R 198 735	R 103 641
Electricity distribution losses		
- Units purchased (Kwh)	10 570 777	10 211 333
- Units lost during distribution (Kwh)	1 859 766	1 274 328
- Percentage lost during distribution	17.59%	12.48%
- Value of distribution losses	R 1 670 256	R 981 233

	2014 R	2013 R
40	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	
40.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>	
Opening balance	100 000	-
Council subscriptions	450 000	300 000
Amount paid - current year	(300 000)	(200 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	250 000	100 000
	2014 R	2013 R
40.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>	
Opening balance	-	-
Current year audit fee	2 056 120	1 745 828
External Audit - Auditor-General	2 056 120	1 745 828
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(2 056 120)	(1 745 828)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
40.3	<u>VAT - [MFMA 125 (1)(b)]</u>	
Opening balance	458 903	497 613
VAT inputs	1 938 625	3 175 587
VAT outputs	(326 382)	(1 838 016)
Paid	247 096	15 217
Received	(458 903)	(1 391 498)
Closing balance - Receivable	1 859 339	458 903
Vat in suspense due to cash basis of accounting		
Input VAT	2 145 108	540 832
Output VAT	(285 769)	(101 309)
Receivable	1 859 339	439 524
	2014 R	2013 R
40.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>	
Opening balance	-	48 564
Current year payroll deductions and Council Contributions	2 023 300	1 997 694
Amount paid - current year	-	(2 046 258)
Balance unpaid (included in creditors)	2 023 300	-
40.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>	
Opening balance	-	-
Current year payroll deductions and Council Contributions	1 916 874	1 473 220
Amount paid - current year	-	(1 473 220)
Balance unpaid (included in creditors)	1 916 874	-
40.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>	
The following Councillors had arrear accounts for more than 90 days as at 30 June 2014:		
	2014 R Outstanding	2013 R Outstanding
	-	-
	-	-
Total Councillor Arrear Consumer Accounts	-	-

40.7 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Various Suppliers	12 906	428 250	-	-
	<u>12 906</u>	<u>428 250</u>	<u>-</u>	<u>-</u>

The SCM deviations were condoned by Council at its monthly meetings held.

The council on two occasions submitted the section 71 reports late namely: December 2011 and April 2012.

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CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

2014 R	2013 R
10 006 496	1 783 072

Total commitments consist out of the following:

Thusong Centre
Infrastructure and Sports Fields
Leeu Gamka Housing
Finance Leases

3 105	-
1 040 713	878 398
8 860 751	726 808
101 926	177 866
<u>10 006 496</u>	<u>1 783 072</u>

This expenditure will be financed from:

Government Grants
Operating Budget

9 904 570	1 605 206
101 926	177 866
<u>10 006 496</u>	<u>1 783 072</u>

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FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2012 - 0.5%) Increase in interest rates	96 509	51 382
0.5% (2012 - 0.5%) Decrease in interest rates	(48 255)	(25 691)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 17 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Debtors</u>				
Rates	0.00%	139 341	0.00%	110 216
<u>Exchange Debtors</u>				
Electricity	6.40%	415 247	8.46%	392 848
Water	3.24%	210 104	7.47%	346 924
Refuse	1.79%	116 404	3.95%	183 456
Sewerage	2.87%	186 549	5.99%	278 109
Other	0.48%	30 866	0.10%	4 495
	14.77%	959 170	25.96%	1 205 832

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2014 %	2014 R	2013 %	2013 R
Rates	5.86%	716 211	100.00%	660 360
Traffic Fines	94.14%	11 500 853		
	100.00%	12 217 063	100.00%	660 360
<u>Exchange Debtors</u>				
Electricity	9.30%	603 697	21.79%	1 011 800
Water	39.04%	2 534 507	36.19%	1 680 878
Refuse	21.15%	1 372 889	17.80%	826 799
Sewerage	26.63%	1 729 055	23.72%	1 101 572
Other	3.89%	252 387	0.50%	23 249
	100.00%	6 492 536	100%	4 644 298

The provision for bad debts could be allocated between the different categories of debtors as follows:

Government	0.00%	-	0.00%	-
Industrial	2.48%	123 003	2.48%	80 471
Municipal	0.00%	-	0.00%	-
Residential	96.48%	4 785 219	96.48%	3 130 596
Other	1.04%	51 582	1.03%	33 747
	100.00%	4 959 804	100%	3 741 596

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Trade receivables and other receivables	2 016 297	2 264 898
Cash and Cash Equivalents	9 754 560	3 021 374
Unpaid conditional grants and subsidies	-	-
	<u>11 770 857</u>	<u>5 286 272</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2014				
Non-Current Provisions	1 461 012	-	-	642 055
Capital repayments	1 559 650	-	-	642 055
Interest	98 638	-	-	-
Long Term liabilities	57 451	44 475	-	-
Capital repayments	58 509	48 073	-	-
Interest	1 058	3 598	-	-
Trade and Other Payables	5 888 742	-	-	-
Unspent conditional government grants and receipts	9 904 570	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>17 311 775</u>	<u>44 475</u>	<u>-</u>	<u>642 055</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Non-Current Provisions	1 392 488	-	-	611 941
Capital repayments	2 019 280	-	-	611 941
Interest	626 792	-	-	-
Long Term liabilities	63 610	114 256	-	-
Capital repayments	70 181	120 014	-	-
Interest	6 571	5 758	-	-
Trade and Other Payables	2 137 880	-	-	-
Unspent conditional government grants and receipts	3 321 219	-	-	-
Cash and Cash Equivalents	528 316	-	-	-
	<u>7 443 514</u>	<u>114 256</u>	<u>-</u>	<u>611 941</u>

		2014 R	2013 R
43	FINANCIAL INSTRUMENTS		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows: The fair value of financial instruments approximates the amortised costs as reflected below.		
43.1	Financial Assets		
	Classification		
	Consumer Debtors		
	Trade receivables from exchange transactions	1 924 932	2 134 034
	Short-term Investment Deposits		
	Call Deposits	9 338 985	2 380 777
	Bank Balances and Cash		
	Bank Balances	413 875	638 897
	Cash Floats and Advances	1 700	1 700
		<u>11 679 492</u>	<u>5 155 408</u>
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	11 679 492	5 155 408
	At amortised cost	<u>11 679 492</u>	<u>5 155 408</u>
	FINANCIAL INSTRUMENTS (CONTINUE)		
43.2	Financial Liability		
	Classification		
	Long-term Liabilities		
	Capitalised Lease Liability	47 015	120 014
	Trade Payables		
	Trade creditors	4 778 118	1 272 681
	Unidentified deposits	-	-
	Rent	-	-
	Debtors with credit balances	460 607	422 815
	Retentions	648 522	440 889
	Deposits	1 495	1 495
	Other	-	-
	Current Portion of Long-term Liabilities		
	Capitalised Lease Liability	54 911	57 852
		<u>5 990 668</u>	<u>2 315 746</u>
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	<u>5 990 668</u>	<u>2 315 746</u>
44	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2013/2014.		

45 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

46 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

47 CONTINGENT LIABILITY

Schedule of contingent liabilities

<u>Name of Claimant</u>	<u>Nature of Liability</u>	<u>Estimated Effect</u>	<u>Possibility of Reimbursement</u>
Sherpa	Claim for damages	400 000	Unknown
Claim for outstanding payments termination of traffic contract. The municipality's attorneys are disputing the claim			
AKP Trading 33 (Pty) Ltd	Claim for damages	1 200 000	Unknown
Subcontractor of Sherpa claiming for intellectual property that was on a stolen note book. The municipality's attorneys are disputing the claim			
Markotter Attorneys	Legal Costs	30 000	Unknown
Wasted costs related to incorrect information supplied related to collections			

48 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

48.1 Related Party Transactions

	Rates - Levied 1 Jul 12 - 30 Jun 13	Service - Levied 1 Jul 12-30 Jun 13	Rates - Levied 1 Jul 13 - 30 Jun 14	Service - Levied 1 Jul 13-30 Jun 14
Year ended 30 JUNE 2014				
Councillors				
Councillor G. Lottering	161	2 987	154	3 379
Councillor N.S. Abrahams	59	1 831	53	2 498
Councillor C. Stols	Tenant	1 718	Tenant	-
Councillor DS Rennie	-	-	3 009	6 617
Councillor C.D. Bower	3378	23 137	913	5 789
Councillor A.L. Rabie	2258	16 838	2 469	12 219
Councillor I.J. Windvogel	62	3 081	117	4 421
Municipal Manager and Section 57 Employees				
H Mettler	Tenant	11 981	Tenant	1 307
J.J. van der Westhuizen	Tenant	1 339	Tenant	524

The rates, service charges and other charges are in accordance with approved tariffs that were advertised

48.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

48.3 Compensation of key management personnel

The compensation of key management personnel is set out in note to the Annual Financial Statements.

48.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

None

**APPENDIX A - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

EXTERNAL LOANS	Rate	Serial Number	Redeemable	Balance at 30 JUNE 2013	Balance at 30 JUNE 2013 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2014
ANNUITY LOANS						-		-
Total Annuity Loans				-	-	-	-	-
LEASE LIABILITY								
Minota B501 Copier	6.36%	5041004826	30/06/2016	61 876	61 876	-	18 371	43 505
Minolta B283	6.36%	F041005111	31/07/2016	31 021	31 021	-	9 538	21 483
Minolta C280	6.36%	D042005385	30/09/2015	44 079	44 079	-	18 816	25 263
Minolta B250	6.36%	21206422	30/09/2014	3 880	3 880	-	3 090	790
7 Tablets	0.00%	Samsung	31/12/2014	37 009	37 009	-	26 124	10 885
TOTAL EXTERNAL LOANS				177 866	177 866	-	75 939	101 926

**APPENDIX B - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 JUNE 2013	Correction of error	Balance 30 JUNE 2013	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	VAT Recognised	Repaid to National Revenue Fund	Balance 30 June 2014
	R	R	R	R	R	R				R
UNSPENT AND UNPAID GOVERNMENT GRANTS										
<u>National Government Grants</u>										
Equitable Share	-	-	-	11 661 000	11 661 000	-				-
Local Government Financial Management Grant	-	-	-	1 450 000	1 450 000	-			-	-
Municipal Infrastructure Grant	-	-	-	8 125 000	404 012	7 373 048	-	347 940	-	-
Municipal Systems Improvement Grant	-	-	-	890 000	890 000	-			-	-
Public Transport Infrastructure	1 883 495	-	1 883 495	-	-	1 883 495			-	-
Integrated National Electrification Program	-	-	-	-	-	-			-	-
Financial Management Improvement Grant	299 799	-	299 799	813 312	440 819	-			-	672 292
Total National Government Grants	2 183 294	-	2 183 294	22 939 312	14 845 831	9 256 543	-	347 940	-	672 292
<u>Provincial Government Grants</u>										
Sport & Recreation	-	-	-	200 000	-	-				200 000
EPWP	-	-	-	1 431 200	1 431 200	-			-	-
EPWP District Mun.	-	-	-	162 000	162 000	-			-	-
CDW	-	-	-	76 600	76 600	-			-	-
Thusong Centre	411 117	-	411 117	-	408 012	-			-	3 105
SDBIP	-	-	-	150 000	-	-			-	150 000
INTERNAL AUDIT	-	-	-	150 000	131 579	-			-	18 421
Funiral Madiba	-	-	-	145 000	145 000	-			-	-
Library Grant	-	-	-	835 755	835 755	-			-	-
Total Provincial Government Grants	411 117	-	411 117	3 150 555	3 190 145	-	-	-	-	371 527
<u>Other Grant Providers</u>										
Taxi Rank	-	-	-	-	-	-			-	-
Remuneration Ward Committee Members	-	-	-	-	-	-			-	-
Low Cost Housing	726 808	-	726 808	22 828 033	4 197 333	10 106 369		390 388	-	8 860 751
Capital Replacement Reserve	-	-	-	-	-	-			-	-
Housing Planning Klaarstroom	-	-	-	-	-	-			-	-
Water Services Plan	-	-	-	-	-	-			-	-
Total Other Grant Providers	726 808	-	726 808	22 828 033	4 197 333	10 106 369	-	390 388	-	8 860 751
Total	3 321 219	-	3 321 219	48 917 900	22 233 309	19 362 912	-	738 328	-	9 904 570

APPENDIX C(1) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	38 282	4 961	43 243	37 901	(5 342)	87.6%	99.0%	22 153
Executive and council	1 828	–	1 828	1 825	(3)	99.8%	99.8%	1 968
Budget and treasury office	35 520	4 961	40 480	35 058	(5 422)	86.6%	98.7%	19 193
Corporate services	935	–	935	1 018	83	108.9%	108.9%	992
<i>Community and public safety</i>	5 404	–	5 404	14 572	9 169	269.7%	269.7%	3 221
Community and social services	1 206	–	1 206	1 203	(3)	99.7%	99.7%	1 726
Sport and recreation	285	–	285	283	(2)	99.3%	99.3%	282
Public safety	3 913	–	3 913	13 087	9 174	334.5%	334.5%	1 212
Housing	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	1 154	–	1 154	1 024	(130)	88.7%	88.7%	1 006
Planning and development	200	–	200	200	–	100.0%	100.0%	200
Road transport	954	–	954	824	(130)	86.4%	86.4%	806
Environmental protection	–	–	–	–	–	–	–	–
<i>Trading services</i>	20 841	(745)	20 096	20 025	(71)	99.6%	96.1%	16 750
Electricity	12 341	(775)	11 566	11 256	(311)	97.3%	91.2%	9 624
Water	3 508	(33)	3 474	3 634	159	104.6%	103.6%	3 449
Waste water management	3 087	(23)	3 064	3 138	74	102.4%	101.6%	2 258
Waste management	1 905	86	1 992	1 998	7	100.3%	104.9%	1 419
<i>Other</i>	–	–	–	–	–	–	–	–
Total Revenue - Standard	65 681	4 216	69 897	73 523	3 626	105.2%	111.9%	43 129
Expenditure - Standard								
<i>Governance and administration</i>	24 069	149	24 219	26 622	2 403	109.9%	110.6%	17 898
Executive and council	4 763	(240)	4 523	4 445	(78)	98.3%	93.3%	4 532
Budget and treasury office	16 135	290	16 425	14 813	(1 613)	90.2%	91.8%	9 856
Corporate services	3 170	99	3 270	7 364	4 094	225.2%	232.3%	3 511
<i>Community and public safety</i>	4 531	(506)	4 024	14 658	10 634	364.2%	323.5%	3 256
Community and social services	1 950	(430)	1 520	1 272	(248)	83.7%	65.2%	1 623
Sport and recreation	357	(66)	291	378	87	130.0%	105.9%	261
Public safety	2 223	(10)	2 213	13 008	10 795	587.7%	585.1%	1 372
Housing	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	3 127	(3)	3 125	2 963	(162)	94.8%	94.8%	3 097
Planning and development	429	(11)	419	432	14	103.2%	100.7%	299
Road transport	2 698	8	2 706	2 531	(175)	93.5%	93.8%	2 799
Environmental protection	–	–	–	–	–	–	–	–
<i>Trading services</i>	16 832	(2 325)	14 507	16 966	2 458	116.9%	100.8%	16 486
Electricity	10 684	(1 543)	9 141	11 046	1 904	120.8%	103.4%	10 469
Water	2 251	(488)	1 762	1 663	(100)	94.3%	73.9%	2 180
Waste water management	1 462	758	2 220	2 540	320	114.4%	173.7%	2 155
Waste management	2 435	(1 051)	1 384	1 717	333	124.1%	70.5%	1 683
<i>Other</i>	–	–	–	–	–	–	–	–
Total Expenditure - Standard	48 559	(2 685)	45 875	61 209	15 334	133.4%	126.0%	40 738
Surplus/(Deficit) for the year	17 122	6 900	24 022	12 314	(11 708)	51.3%	71.9%	2 391

**APPENDIX C(2) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Vote 1 - EXECUTIVE AND COUNCIL	1 828	-	1 828	1 825	(3)	99.8%	99.8%	1 968
Vote 2 - DIRECTOR FINANCE	35 520	4 961	40 480	35 058	(5 422)	86.6%	98.7%	19 193
Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	2 341	-	2 341	2 420	80	103.4%	103.4%	2 918
Vote 4 - DIRECTOR TECHNICAL SERVICES	25 993	(745)	25 248	34 219	8 971	135.5%	131.6%	19 050
Vote 5 -	-	-	-	-	-	-	-	-
Vote 6 -	-	-	-	-	-	-	-	-
Vote 7 -	-	-	-	-	-	-	-	-
Vote 8 -	-	-	-	-	-	-	-	-
Vote 9 -	-	-	-	-	-	-	-	-
Vote 10 -	-	-	-	-	-	-	-	-
Vote 11 -	-	-	-	-	-	-	-	-
Vote 12 -	-	-	-	-	-	-	-	-
Vote 13 -	-	-	-	-	-	-	-	-
Vote 14 -	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-
Total Revenue by Vote	65 681	4 216	69 897	73 523	3 626	105.2%	111.9%	43 129
Expenditure by Vote, to be appropriated								
Vote 1 - EXECUTIVE AND COUNCIL	4 763	(240)	4 523	4 445	(78)	98.3%	93.3%	4 532
Vote 2 - DIRECTOR FINANCE	15 548	878	16 425	14 813	(1 613)	90.2%	95.3%	9 856
Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	6 137	(929)	5 208	4 870	(338)	93.5%	79.4%	5 433
Vote 4 - DIRECTOR TECHNICAL SERVICES	22 111	(2 393)	19 718	37 080	17 363	188.1%	167.7%	20 918
Vote 5 -	-	-	-	-	-	-	-	-
Vote 6 -	-	-	-	-	-	-	-	-
Vote 7 -	-	-	-	-	-	-	-	-
Vote 8 -	-	-	-	-	-	-	-	-
Vote 9 -	-	-	-	-	-	-	-	-
Vote 10 -	-	-	-	-	-	-	-	-
Vote 11 -	-	-	-	-	-	-	-	-
Vote 12 -	-	-	-	-	-	-	-	-
Vote 13 -	-	-	-	-	-	-	-	-
Vote 14 -	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-
Total Expenditure by Vote	48 559	(2 685)	45 875	61 209	15 334	133.4%	126.0%	40 738
Surplus/(Deficit) for the year	17 122	6 900	24 022	12 314	(11 708)	51.3%	71.9%	2 391

APPENDIX C(3) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	2 218	–	2 218	2 129	(89)	96.0%	96.0%	1 959
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–
Service charges	14 706	(753)	13 953	13 876	(77)	99.5%	94.4%	13 156
Rental of facilities and equipment	295	–	295	280	(15)	95.0%	95.0%	201
Interest earned - external investments	340	–	340	542	202	159.4%	159.4%	366
Interest earned - outstanding debtors	500	–	500	563	63	112.5%	112.5%	564
Dividends received	–	–	–	–	–	–	–	–
Fines	2 681	–	2 681	12 580	9 899	469.2%	469.2%	742
Licences and permits	908	–	908	256	(652)	28.2%	28.2%	219
Agency services	–	–	–	–	–	–	–	–
Transfers recognised - operating	24 433	63	24 496	22 581	(1 914)	92.2%	92.4%	15 924
Other revenue	1 613	(1 124)	489	1 354	864	276.7%	83.9%	781
Gains on disposal of PPE	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	47 693	(1 814)	45 879	54 160	8 281	-2528.6%	113.6%	33 913
Expenditure By Type								
Employee related costs	12 138	(639)	11 498	13 599	2 101	118.3%	112.0%	13 468
Remuneration of councillors	2 305	–	2 305	2 309	4	100.2%	100.2%	2 184
Debt impairment	1 600	–	1 600	13 167	11 567	822.9%	822.9%	2 882
Depreciation & asset impairment	517	1 070	1 588	6 083	4 496	383.2%	1175.6%	1 697
Finance charges	58	300	358	425	67	118.7%	728.2%	343
Bulk purchases	8 400	(675)	7 725	7 630	(95)	98.8%	90.8%	8 095
Other materials	–	–	–	–	–	–	–	–
Contracted services	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–
General Expenses	22 100	(1 300)	20 800	11 282	(9 518)	54.2%	51.0%	9 226
Loss on disposal of PPE	–	–	–	56	56	#DIV/0!	#DIV/0!	–
Total Expenditure	47 119	(1 244)	45 875	54 553	8 678	-3686.7%	115.8%	37 895
Surplus/(Deficit)	574	(570)	4	(393)	(397)	-9536.2%	-68.4%	(3 982)
Transfers recognised - capital	17 918	6 100	24 018	19 363	(4 655)	80.6%	108.1%	7 741
Contributions recognised - capital	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	18 492	5 530	24 022	18 970	(5 052)	79.0%	102.6%	3 759

APPENDIX C(4) - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-
Vote 2 - DIRECTOR FINANCE	-	-	-	-	-	-	-	-
Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	-	-	-	-	-	-	-	-
Vote 4 - DIRECTOR TECHNICAL SERVICES	-	-	-	-	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	-	-
Single-year expenditure								
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-
Vote 2 - DIRECTOR FINANCE	-	-	-	-	-	-	-	-
Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	10 000	-	10 000	297	(9 703)	3.0%	3.0%	1 343
Vote 4 - DIRECTOR TECHNICAL SERVICES	7 918	6 100	14 018	20 108	6 090	143.4%	254.0%	7 013
Capital single-year expenditure	17 918	6 100	24 018	20 405	(3 613)	85%	114%	8 356
Total Capital Expenditure - Vote	17 918	6 100	24 018	20 405	(3 613)	85%	114%	8 356
Capital Expenditure - Standard								
Governance and administration	10 750	(750)	10 000	27	(9 973)	0.3%	0.3%	664
Executive and council	-	-	-	17	17	#DIV/0!	#DIV/0!	-
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	10 750	(750)	10 000	10	(9 990)	0.1%	0.1%	664
Community and public safety	850	(730)	120	264	144	220.0%	31.1%	3 536
Community and social services	-	-	-	264	264	#DIV/0!	#DIV/0!	-
Sport and recreation	850	(730)	120	-	(120)	-	-	2 858
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	678
Health	-	-	-	-	-	-	-	-
Economic and environmental services	1 800	1 010	2 810	9 470	6 660	337.0%	526.1%	2 693
Planning and development	-	-	-	-	-	-	-	-
Road transport	1 800	1 010	2 810	9 470	6 660	337.0%	526.1%	2 693
Environmental protection	-	-	-	-	-	-	-	-
Trading services	4 519	6 570	11 089	10 644	(445)	96.0%	235.6%	1 462
Electricity	-	-	-	6	6	#DIV/0!	#DIV/0!	1 462
Water	3 542	3 722	7 264	6 178	(1 086)	85.0%	174.4%	-
Waste water management	976	2 848	3 824	4 460	636	116.6%	456.8%	-
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	17 919	6 100	24 019	20 405	(3 613)	85%	114%	8 356
Funded by:								
National Government	7 718	6 100	13 818	9 257	(4 561)	67.0%	119.9%	7 741
Provincial Government	10 200	-	10 200	10 989	789	107.7%	107.7%	-
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	17 918	6 100	24 018	20 245	(3 773)	84%	113%	7 741
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	616
Internally generated funds	-	-	-	160	160	#DIV/0!	#DIV/0!	-
Total Capital Funding	17 918	6 100	24 018	20 405	(3 613)	85%	114%	8 356

APPENDIX G - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CASH FLOWS

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					-	-	-	
Ratepayers and other	22 690	(4 222)	18 468	33 262	14 795	180.1%	146.6%	42 783
Government - operating	34 026	(9 531)	24 496	22 581	(1 914)	92.2%	66.4%	15 924
Government - capital	8 125	15 893	24 018	19 363	(4 655)	80.6%	238.3%	7 741
Interest	840	-	840	1 104	264	131.5%	131.5%	930
Dividends	-	-	-	-	-	-	-	-
Payments					-	-	-	
Suppliers and employees	(45 445)	2 812	(42 633)	(48 215)	(5 582)	113.1%	106.1%	(59 273)
Finance charges	(208)	(150)	(358)	(425)	(67)	118.7%	204.1%	(343)
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	20 028	4 802	24 830	27 671	2 840	111.4%	138.2%	7 762
CASH FLOWS FROM INVESTING ACTIVITIES					-	-	-	
Receipts					5 681	-	-	
Proceeds on disposal of PPE	-	-	-	53	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments					-	-	-	
Capital assets	(17 918)	(6 100)	(24 018)	(20 408)	3 610	85.0%	113.9%	(8 773)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(17 918)	(6 100)	(24 018)	(20 356)	3 662	84.8%	113.6%	(8 773)
CASH FLOWS FROM FINANCING ACTIVITIES					-	-	-	
Receipts					-	-	-	
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	52
Increase (decrease) in consumer deposits	-	-	-	22	22	#DIV/0!	#DIV/0!	16
Payments					7 294	-	-	
Repayment of borrowing	-	(76)	(76)	(76)	(0)	100.0%	#DIV/0!	(60)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(76)	(76)	(54)	22	70.5%	#DIV/0!	8
NET INCREASE/ (DECREASE) IN CASH HELD	2 110	(1 374)	736	7 262	6 525	986.2%	344.2%	(1 003)
Cash/cash equivalents at the year begin:	3 882	(1 389)	2 493	2 493	0	100.0%	64.2%	3 496
Cash/cash equivalents at the year end:	5 992	(2 763)	3 229	9 755	6 548	302.1%	162.8%	2 493

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE PRINCE ALBERT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Prince Albert Municipality set out on pages 3 to 71, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Prince Albert Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2013-14 in the financial statements of the Prince Albert Municipality at, and for the year ended, 30 June 2013.

Material losses

9. As disclosed in note 39.4 to the financial statements, electricity losses of 17.59% (R1,7 million) was incurred during the year.

Material impairments

10. As disclosed in notes 17 and 18 to the financial statements, the municipality has provided for impairment of trade receivables from exchange transactions and other receivables from non-exchange transactions of R6,5 million and R12,2 million respectively, as management's impairment assessment indicated that these debtors would default on their accounts.

Additional Matters

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

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Unaudited supplementary schedules

13. The supplementary information set out on pages 72 to 78 did not form part of the financial statements and was 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 the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Objective F: To provide quality, affordable and sustainable services on an equitable basis on pages 20 to 24
 - Objective G: To stimulate, strengthen and improve the economy for sustainable growth on page 24.
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matters

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

Achievement of planned targets

21. Refer to the annual performance report on pages 20 to 24 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for strategic objective G: To stimulate, strengthen and improve the economy for sustainable growth. As management subsequently corrected the misstatements, I did not raise any material findings on the reliability of the reported performance information.

Compliance with legislation

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

Annual financial statements

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

Annual report

25. The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2012-13 annual report was tabled, as required by section 129(1) of the MFMA.

Expenditure Management

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

Internal control

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

Leadership

28. Leadership did not take reasonable steps to monitor the implementation of management's plan to address the prior year internal control deficiencies.

Financial management

29. The financial statements contained material misstatements that were corrected. This was mainly due to quarterly reporting of financial statements not being implemented by the municipality.

Auditor-General

Cape Town

28 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

FINAL MANAGEMENT REPORT 30 JUNE 2014 : PRINCE ALBERT MUNICIPALITY : CORRECTIVE AUDIT ACTION PLAN

ANNEXURE A: MATTERS AFFECTING THE AUDITOR’S REPORT

Pre-determined objectives

1. Oversight report was not adopted within legal timeframe

Audit finding:

The oversight report was adopted on 31 March 2014 while the annual report was approved on 3 December 2013 by Council. This is non-compliance with section 129 (1) of the MFMA, which requires that, *"The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include a statement whether the council:*

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – compliance monitoring</u></p> <p>Management did not implement adequate controls over compliance monitoring to ensure that the oversight report was adopted within two months of the annual report being approved by council, despite the need for an extended public participation process</p>	<p>Management should ensure that controls over the monitoring of the oversight report be adopted by council within two months in order to comply with legislation and the controls should be in aligned with any events over period the report is approved.</p>	<p>Management accepts the audit finding but wishes to highlight the process was improved rather than impaired. MFMA 127(2) gives the Mayor 7 months to table the Annual Report, with the latest date, 31 January. Thereafter it allows for 2 months for the oversight report, with the latest date to be 31 March.</p>	<p>Table AR</p> <p>Table Oversight report</p>	<p>31 Jan. 2015</p> <p>31 March 2015</p>	<p>Mayor</p> <p>Chairperson MPAC</p>	<p>N/A yet</p> <p>N/A yet</p>

2. Expenditure – Unauthorised overstated

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the audit of unauthorised expenditure it was noted that the opening balance for unauthorised expenditure as disclosed in note 39.1 of the financial statements is misstated by R14 873 463 due to the municipality using incorrect information to calculate the comparative amount in the financial statements:

Closing balance of unauthorised expenditure per prior year audited financial statements (R)	Closing balance of unauthorised expenditure per current year comparatives (R)	Difference (R)
24 230 236	9 356 773	14 873 463

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Unauthorised expenditure comparative as disclosed in note 39.1 is misstated by an amount of R14 873 463.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Regular, accurate and complete financial and performance reports transactions</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore, it is recommended that the financial statements be adjusted to reflect the accurate comparative amounts.</p>	<p>Management agrees with recommendation</p>	<p>Adjust AFS</p>	<p>30 Nov. 2014</p>	<p>Mubesko</p>	<p>Completed</p>

3. Expenditure – Unauthorised expenditure was not prevented in the current year

Audit finding:

Section 15(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that a municipality may, except where otherwise provided in this Act, incur expenditure only within the limits of the amounts appropriated for the different votes in an approved budget.

The audit identified unauthorised expenditure to the amount of R15 334 282 that was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Non-cash adjustments arising from the implementation of IGRAP 1 relating to traffic fines and impairment of property, plant and equipment were not budgeted for and as a result an overspending occurred on these votes.

The municipality may not be able to manage its finances adequately which could result in incorrect financial decisions taken thereby affecting service delivery. Furthermore, this results in non-compliance with section 62(1)(d) of the MFMA.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Compliance monitoring</u> Management did not adequately monitor non-cash expenditure to ensure that such items are given appropriate consideration during the budget process.	It is recommended that management consider the potential impact of non-cash items during the adjustment budget process to ensure that unauthorised expenditure is not incurred or minimised.	Management agrees with finding	Prepare adjustment budget for approval by council	20/12/2014	B Joubert	Busy with Adjustments Budget

4. Property, plant and equipment – Impairment loss on assets is understated

Audit finding:

In terms of paragraph 19 of GRAP 26, “An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.”

During the audit of assets it was noted that the impairment exercise was only conducted for land and buildings of the municipality, and not on all other assets owned by the municipality. This has resulted in an understatement of the impairment loss as presented on the financial statement.

Annexure A is attached detailing the differences noted during the auditing of the impairment loss for other municipal buildings, for which a valuation was performed indicating an impairment of the carrying amount of the asset.

There is no proper process in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.

The impairment loss as presented in the financial statements is understated by R7 019 517.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Regular, accurate and complete financial reports</u></p> <p>There is no proper process in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.</p>	<p>It is recommended that management implement processes to ensure that annual impairment tests are performed for all categories of assets, in order to ensure that all requirements of GRAP are complied with.</p>	<p>Management partly agrees with finding. During review of the finding the following differences were noted: Property sold included in the auditors impairment calculation – R54,500 Erven at zero value included in value of main erf – R57,400 Errors on fixed asset register leading to a mismatch between asset register and valuation roll – R68,382 Erf found on valuation roll – R130,000 Additional impairments identified during review – (R608,995) Thusong centre and sports centre built after valuation roll was prepared: R5,658,488 Road reserve erven to be included in next valuation roll: R420 The net additional impairment that will be provided is R1,661,749 Please refer excel working paper for additional findings</p>	<p>Revision of AFS</p>	<p>30/11/2014</p>	<p>Mubesko</p>	<p>Completed</p>

ANNEXURE B: OTHER IMPORTANT MATTERS

Pre-determined objectives

1. Late submission of SDBIP to National Treasury

Audit finding:

In terms of GN 393 of 17 April 2009: Municipal budget and reporting regulations (Government Gazette No. 32141) regulation 20(2)(b) requires that, *"The municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic formats, the approved service delivery and budget implementation plan within ten working days after the mayor has approved the plan."*

The SDBIP was approved on 28 March 2013 and supporting documentation provided by the municipality confirmed that the approved SDBIP was only sent to National Treasury on 1 August 2013, which is not within the 10 days prescribed by the relevant regulation.

The submissions to National Treasury were not adequately monitored throughout the year due to the IDP manager post being vacant in the year, and capacity issues in the municipality preventing an alternative official from being appointed to monitor the functions.

This is non-compliance with regulation 20(2)(b).

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management – Compliance monitoring</u></p> <p>The submissions to National Treasury were not adequately monitored throughout the year due to the IDP manager post being vacant in the year, and capacity issues in the municipality preventing an alternative official from being appointed to monitor the functions.</p>	<p>It is recommended that management implement a monitoring checklist for all submissions to Treasury and where information is physically delivered a confirmation document should be completed to ensure that proof of that delivery is obtained and filed properly and where an official from Treasury is present when predetermined documents are approved in council meetings for submission to Treasury, a request should be made for the official to acknowledge receipt during the meeting which will be minuted.</p>	<p>Management concurs with finding</p>	<p>Update and implement checklist and report monthly</p>	<p>Nov. 2014</p>	<p>PMS facilitator, Managers</p>	

2. No definitions for performance indicators

Audit finding:

Paragraph 3.2 of the Framework for Managing Programme Performance Information (FMPPI) states that: “A good performance indicator should be:

- (a) *Well-defined: the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use.*
- (b) *Verifiable: it must be possible to validate the processes and systems that produce the indicator”*

Whilst auditing performance information it was found that no definitions for any performance indicators were included in the performance report for the 2013-14 financial year.

This finding has been raised in the 2012-13 audit and management has not implemented corrective action plans to address the internal control deficiencies identified.

The municipality’s corrective action plans from prior year audit were not adequately implemented to ensure that remedial action is taken to prevent recurring internal control deficiencies.

This is non-compliance with paragraph 3.2 of the Framework for Managing Programme Performance Information.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p><i>Leadership has not ensured that all previously identified internal control deficiencies are addressed through the development of action plans around the recommendations of the prior year, resulting in repeat findings with regards to the inadequacy of controls around the implementation of the performance management system.</i></p>	<p>It is recommended that management implement planning documents to ensure that all indicators are defined; furthermore, management should ensure that the definitions are specific, clear and measurable as required in terms of the above mentioned framework.</p>	<p>Whilst we concur that a good performance indicator should be well-defined, as stipulated in the FMPPI, we do not agree that this imply that a <i>separate definition</i> is necessarily a <i>legislative requirement</i>. If the indicator itself is clearly defined, and in itself is specific, clear and measurable, a separate definition is redundant.</p>	<p>Update and implement checklist and report monthly</p>	<p>November 2014</p>	<p>PMS facilitator, Managers</p>	<p>Completed</p>

<p><u>Leadership – Policies and procedures</u></p> <p>Management did not implement policies and procedures to ensure that the definitions of the indicators are included in the annual performance plan.</p> <p><u>Performance management – Compliance monitoring</u></p> <p>Management did not implement controls to ensure that the municipality complied with all laws relating to the monitoring of performance of employees.</p>		<p>Subsequent to your previous audit, management has in fact revisited all KPIs to ensure the KPI in itself adhere to legislative requirements.</p> <p>Furthermore, since the previous year, Standard Operating Procedures were developed to ensure that procedures to collect and produce the information are clearly stipulated. We are of the firm opinion that the indicators, together with the SOPs, adhere to all legislative requirements and will ensure that there is no ambiguity on how data should be collected and that indicators will be easy to understand and use.</p> <p>Although we are of the opinion that it is vital to ensure that the indicator itself is clearly defined, we will however in future develop separate definitions per indicator to prevent future audit findings on this matter.</p>				
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3. Standard operating procedures (SOPs) includes indicators with no control activities

Audit finding:

Chapter 4 of the Framework for Managing Programme Performance Information (FMPPi) states that the municipality should establish processes and mechanisms to facilitate corrective action.

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorisations and approvals, verifications, reconciliations and business performance reviews.

Whilst auditing performance information it was found the performance indicators listed below had no specific internal control procedures to facilitate the monitoring of performance:

No.	Indicator	Internal control as per SOP's (Control activities)
1	(TL30) Limit electricity losses to less than 15%	The Auditor General performs the external Audit on the Annual Report after financial year end.
2	(TL31) 100% of the electricity maintenance budget spent on repairs and maintenance of electricity assets	Control Activities implemented in the normal Creditors and Expenditure; Budget and Stock Cycles
3	(TL32) Obtain permit for the Leeu-Gamka landfill site by the end of June 2014	No control activities
4	(TL34) Report quarterly on compliance with the National Waste Management	No control activities
5	(TL35) 75 ton of domestic waste recycled	No control activities
6	(TL36) Annual external audit of landfill site and recycling plant	No control activities
7	(TL37) 100% of the water maintenance budget spent on maintenance of the water assets	Control Activities implemented in the normal Creditors and Expenditure; Budget and Stock Cycles
8	(TL38) Limit unaccounted water to less than 16%	The Auditor General performs the external Audit on the Annual Report after financial year end.
9	(TL40) Microbiological quality of water to comply with SANS standards	No control activities
10	(TL41) 80% Blue Drop assessment received by the end of June 2014	No control activities
11	(TL45) Quality of effluent in terms of SANS standards	No control activities
12	(TL62) Provide 6kl free basic water per household per month in terms of the equitable share requirements	n/a
13	(TL63) Provide cleaned piped water to all households within 200m from the household within the municipal area	No control activities
14	(TL64) Provide free basic sanitation to indigent households in terms of the equitable share requirements	n/a
15	(TL65) Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	n/a
16	(TL66) Provide free basic refuse removal to indigent households in terms of the equitable share requirements	n/a
17	(TL67) Provide sanitation services to households in terms of the equitable share requirements	No control activities
18	(TL68) Provide electricity (at least min.service level) within the municipal area supplied by the municipality	No control activities
19	(TL69) Provide refuse removal, refuse dumps and solid waste disposal to households within the municipal area	No control activities

Management has not adequately implemented control measures to ensure that the performance of the municipality is regularly monitored with corrective action to address weaknesses in performance being implemented timeously.

The lack of control activities may lead to inaccurate, invalid and incomplete source information being recorded.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management – Daily and monthly processing and reconciling of transactions</u></p> <p>Management did not exercise sufficient oversight to ensure that the internal control procedures of the indicators are included in the SOP's.</p>	<p>It is recommended that the control activities be designed and the SOPs be amended with the designed control activities. These control activities should be reviewed regularly and corrective action to address deficiencies identified.</p>	<p>The development of the Standard Operating Procedures is a phased in process. When the SOPs were developed, it became clear that in many instances, adequate control procedures to ensure the accuracy of reported information, is in many instances inadequate/lacking, mainly due to temporarily staff shortages in the PMU, resulting in many of the activities having to be performed by the Municipal Manager himself. This resulted in inadequate segregation of duties and subsequent inadequate control activities.</p> <p>We will firstly ensure that the controls are in fact implemented, where after the SOPs will be amended accordingly.</p>	<p>Ensure controls are in place</p> <p>Amend SOPs</p>	<p>30 November 2014</p> <p>30 November 2014</p>	<p>Internal Audit</p> <p>Strategic Services</p>	<div style="background-color: yellow; height: 300px;"></div>

4. TL31 – Electricity maintenance % incorrectly reported in the performance report

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPi) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

During testing of indicator Top Layer 31 (% of the electricity maintenance budget spent on repairs and maintenance of electricity assets), it was identified that expenditure indicated below in Table 1 relating to electrical repairs was incorrectly classified as computer expenses:

No	Account Number	Account Name	Supplier	Description	Amount (R)	Invoice Number
1	7 361 000	Computer Expenses	Jan Nel Elektries	Installation and electrical work	21 527.10	652/656

Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS. Further management did not adequately review the accuracy of the source evidence used to measure the indicator.

This results in the incorrect reporting of Top Layer 31 (% of the electricity maintenance budget spent on repairs and maintenance of electricity assets) in the annual report at 78%, this figure should reflect the amount of 96.69%. This constitutes an understatement of 18.69%.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management – Daily and monthly processing and reconciling of transactions</u></p> <p>Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS. Further management did not adequately review the accuracy of the source evidence used to measure their indicator.</p>	<p>Management should ensure the regular and adequate reviews of the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended in order to correct percentages reported for indicator Top Layer 31 (% of the electricity maintenance budget spent on repairs and maintenance of electricity assets).</p>	<p>Management agrees with the audit finding</p>	<p>Performance report will be amended</p> <p>Source evidence will be continuously reviewed</p>	<p>24 October 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	

5. TL30 (Limit electricity losses to less than 15%) incorrectly reported in the performance report

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPi) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

In forming a conclusion on the reliability of reported information, the validity, accuracy and completeness of information is tested.

During the testing of distribution losses it was noted that the distribution losses were calculated incorrectly by the municipality. The number of units used to calculate the distribution losses for the electricity is not consistent with the units per the monthly Syntell reports. The electricity distribution losses disclosed in note 39.4 of the financial statements states the number of units as 1 982 967 whereas the recalculation based on the monthly Syntell reports is 1 859 765 resulting in the distribution losses units being overstated by an amount of 123 202. This further affects the Annual Report as indicator TL30 (Limit electricity losses to less than 15%). The actual reported figure of 19% is incorrect as it should be 17.59% as per the audited results.

Management did not adequately review the accuracy of the source evidence used to measure their indicator.

The distribution losses as disclosed in the performance report are overstated by 1.41%.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management – Regular, accurate and complete financial and performance reports</u></p> <p>Management did not ensure the preparation of regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p>	<p>Management should ensure adequate reviews of performance information and the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended in order to correct percentages reported for indicator TL30 (Limit electricity losses to less than 15%).</p>	<p>Management agrees with the audit finding and recommendation and will implement immediately.</p>	<p>Amend performance report as per recommendation</p> <p>Review performance information and the accuracy of source evidence</p>	<p>24 Oct. 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	

6. Strategic Objective does not agree between IPD, SDBIP and annual performance report

Audit finding:

Circular 11 of the MFMA, “Annual report guidelines states that: “Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding and to enable the linkage between plans and actual performance.”

Control activities are the actions established through policies and procedures that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations and business performance reviews.

During the audit of predetermined objectives it was noted that indicators were not consistently reported under the same strategic objective headings in the Integrated Development Plan, Service Delivery and Budget Implementation plan and annual performance report:

Top Layer indicator	As reported in IDP	As reported in SDBIP	As reported in performance report
62 - Provide 6kl free basic water per household per month in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis
63 - Provide cleaned piped water to all households within 200m from the household within the municipal area	To provide quality, affordable and sustainable services on an equitable basis	To improve the general standards of living	To provide quality, affordable and sustainable services on an equitable basis
64 - Provide free basic sanitation to indigent households in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis
65 - Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements	<i>To maintain financial viability and sustainability through prudent expenditure, and sound financial systems</i>	To provide quality, affordable and sustainable services on an equitable basis	To provide quality, affordable and sustainable services on an equitable basis

Top Layer indicator	As reported in IDP	As reported in SDBIP	As reported in performance report
66 - Provide free basic refuse removal to indigent households in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis	To provide quality, affordable and sustainable services on an equitable basis
67 - Provide sanitation services to households in terms of the equitable share requirements	To maintain financial viability and sustainability through prudent expenditure, and sound financial systems	To provide quality, affordable and sustainable services on an equitable basis	To provide quality, affordable and sustainable services on an equitable basis

There was no adequate review of the performance information documents to ensure that all indicators are consistently reported in all documents.

The indicators have been reported under the incorrect headings in the performance report.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Performance Management – Regular, accurate and complete financial and performance reports</u> There was no adequate review of the performance information documents to ensure that all indicators are consistently reported in all documents.	Management should ensure the regular and adequate review of documentation used to evidence each of these reports. Furthermore, the performance information should be corrected by placing the indicators in the correct sections.	Management agrees with the finding and recommendation and will implement with immediate effect	Amend and correct the performance report, to ensure alignment Review documentation used as evidence	24 Oct. 2014 Quarterly	Strategic Services Internal Audit	

7. Inconsistencies in the annual performance report

Audit finding:

Circular 11 of the MFMA, Annual report guidelines states that: "Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding and to enable the linkage between plans and actual performance.

In forming a conclusion on the usefulness of reported information, the consistency, measurability and relevance of information is evaluated.

During the audit of predetermined objectives, the following issues were identified in the annual report for 2013/14:

1. TL 52 (Upgrade of the netball and cricket fields by the end of June 2014) and TL53 (Complete the business plan and technical report for the new swimming pool Prince Albert by the end of August 2013) have been included in the summarised tabling in the performance report; however, the indicators have not been included in the detailed report in the performance report.
2. Various indicators lacked figures (list included in audit report) for "Previous Year Performance" and/or quarterly targets:

There were no adequate reviews of the performance reports to ensure that the performance reports are accurate and completeness.

Users of the performance report will be unable to draw comparisons between the current and prior year's performance.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Performance management - Regular, accurate and complete performance reports</u> There were no adequate reviews of the performance reports to ensure that the performance reports are accurate and completeness.	Management should ensure adequate reviews of the accuracy and completeness of the performance report. Furthermore, the performance report should be corrected for the above inconsistencies noted.	Audit finding 1: Management agrees and will correct with immediate effect Audit finding 2: Management disputes this finding as both of this information for the Top layer KPI's is provided. Though the information pertaining to the previous year was not added in the overall table as suggested it is added to the following, breakdown of component tables, therefore the finding that reader will not be able to compare performance between current and prior here is rebutted. The version approved by Council as shown to the Auditors also included the Quarterly results.	Correct performance report as suggested Ensure adequate review of accuracy and completeness of performance report	24 Oct. 2014 Quarterly	Strategic Services Internal Audit	

8. TL44 (Develop and implement water conservation strategy) incorrectly reported on in annual performance report

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPi) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

In forming a conclusion on the usefulness of reported information, the consistency, measurability and relevance of information is evaluated.

During the audit of predetermined objectives it was noted that indicator TL44 (Develop and implement a Water Conservation and Demand Strategy by the end of June 2014) is reported as 0.75 in the performance report. The measurement of the indicator requires the plan to be completed and adopted by council. As the plan was not adopted by council by the end of June 2014 the reported figure should be 0 and not 0.75.

The performance report was not adequately reviewed to ensure that the information presented is consistent with source documentation.

Indicator TL44 (Develop and implement a Water Conservation and Demand strategy by the end of June 2014) has been overstated in the annual performance report.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management - Regular, accurate and complete performance reports</u></p> <p>The performance report was not adequately reviewed to ensure that the information presented is consistent with source documentation.</p>	<p>Management should ensure the regular and adequate reviews of the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended in order to correct percentages reported for indicator TL44 (Develop and implement a Water Conservation and Demand strategy by the end of June 2014).</p>	<p>Management concur with the audit finding, but wishes to state that the Water Conservation and Demand Strategy was completed and presented to the Technical portfolio chairperson, who in turn presented it to the Executive Mayor. The Executive Mayor signed it off. The KPI however included that the Council should adopt such. This is not in the hands of the Administration. Management also wish to extend the fact that the Administration was without a technical manager for 5 months which had very concrete challenges, that should be noted and of which the Council is well aware off.</p>	<p>Amend and correct the performance report, to ensure alignment</p> <p>Review documentation used as evidence</p>	<p>24 Oct. 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	

9. AOPO - Incorrect reported figure for temporary work opportunities created

Audit finding:

Paragraph 3.2(a) of Framework for management programme performance information (FMPPI) states that a good performance indicator should be reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance.

In forming a conclusion on the reliability of reported information, the validity, accuracy and completeness of information is tested.

The source documentation that was provided to support the reported outcomes for indicator TL25 (The number of temporary work opportunities created in terms of the EPWP (FTE's)) did not agree to the figures reported in the performance:

Indicator	Target	Actual reported	Actual Audited	Difference noted	Difference in %
[TL25] The number of temporary work opportunities created in terms of the EPWP (FTE's)	49	209	163	46	22.01%

Management did not adequately review the accuracy of the source evidence used to measure their indicator.

The reported figure is understated by 22.01% in the performance report.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Performance management - Regular, accurate and complete financial and performance reports</u></p> <p>Management did not adequately review the accuracy of the source evidence used to measure their indicator.</p>	<p>Management should ensure adequate reviews of performance information and the accuracy of source evidence used to measure indicators. Furthermore, the performance report should be amended in order to correct percentages reported for indicator TL25 (The number of temporary work opportunities created in terms of the EPWP (FTE's)).</p>	<p>Management agrees with the finding and recommendation and will implement with immediate effect</p>	<p>Amend and correct the performance report, to ensure alignment</p> <p>Review documentation used as evidence</p>	<p>24 Oct. 2014</p> <p>Quarterly</p>	<p>Strategic Services</p> <p>Internal Audit</p>	

10. Roads Infrastructure

Audit finding:

The said powers are vested in the municipality in terms of Section 156(1) of the Constitution read together with Part B of Schedule 4 and Part B of Schedule 5. Furthermore, in terms of Section 83 of the Municipal Structures Act, a municipality has the functions and powers assigned to it in terms of Section 156 and 229 of the Constitution. Therefore the functions and powers over “municipal roads” vest with the local municipality, unless the local municipality lacks capacity, then the functions and powers are assigned to the district municipality.

During the audit of predetermined objectives the following findings were noted with regards to road infrastructure:

- The municipality does not have an approved policy in place for the planning, management and reporting of road infrastructure.
- The municipality did not have any indicators for the construction of new roads.
- The municipality did not achieve 100% of its targets for indicators relating to the upgrading of roads.
- The municipality does not have an approved road maintenance plan which clearly indicates the strategy to be followed for the financial year.
- The municipality does not have a plan to address the backlogs relating to roads infrastructure.
- The municipality does not have a road asset management system.

Management has not implemented policies and procedures relating to road infrastructure. Furthermore, management has not implemented action plans to address back logs relating to road infrastructure.

The lack of policies and procedures regarding road infrastructure may lead to inefficiencies and neglect of a key service required by the public.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Policies and procedures</u></p> <p>Management has not implemented policies and procedures relating to road infrastructure. Furthermore, management has not implemented action plans to address backlogs relating to road infrastructure.</p>	<p>It is recommended that management design and implement policies and procedures for road infrastructure. Further management should implement action plans to address backlogs relating to road infrastructure.</p>	<p><u>Management comment on the audit finding:</u></p> <p>1. The municipality does not have an approved policy in place for the planning, management and reporting of road infrastructure.</p> <p>Management concur that there is no policy for planning, management and reporting for road infrastructure, but wishes to point out that this does not imply that no, planning, management or reporting is done. In fact there is an Infrastructure growth plan, where Roads and other infrastructure is included which was developed in conjunction with the Department of Local Government, that assessed the infrastructure, it gives an overview of development and current infrastructure in the Municipal area, it includes a financial analysis and culminated into an Infrastructure Investment plan, where roads are prioritized.</p> <p>2. The municipality did not have any indicators for the construction of new roads.</p> <p>Management disagrees with this finding and wishes to point to TL47: Paving of new access roads. It must also be pointed out that the construction of new infrastructure such as roads is depending on funding availability and financial capacity. We therefore cannot be forced to add such if we know that we do not have the financial capacity.</p> <p>3. The municipality did not achieve 100% of its targets for indicators relating to the upgrading of roads.</p> <p>This as per the point 2 is depending on financial capacity. The reason for not constructing the new access road is due to other urgent priorities, which included the upgrade of a Waste Water Treatment works to accommodate the 252 housing units in Leeugamka. An audit finding for something explained and endorsed by Council is unfair and we this request that this be retracted or withdrawn.</p>	<p>Draft policies and procedures for road infrastructure</p> <p>Implement action plans</p>	<p>28 Feb. 2015</p>	<p>Technical services</p>	<p>Not yet commenced</p>

		<p>4. The municipality does not have an approved road maintenance plan which clearly indicates the strategy to be followed for the financial year.</p> <p>Management agrees that there is no approved road maintenance plan, but emphasize that we do make provision for operational funding for the maintenance of roads, which includes dealing with potholes, refurbishment etc.</p> <p>5. The municipality does not have a plan to address the backlogs relating to roads infrastructure.</p> <p>Management disagrees with this finding and holds the Infrastructure Growth plan as its plan. A copy was provided, but because it was not specified as a roads infrastructure plan it might have been overlooked. This finding must be withdrawn.</p> <p>6. The municipality does not have a road asset management system.</p> <p>Management concur with this finding</p> <p><u>Management comment on the root cause identified within the audit finding:</u></p> <p>Management disagrees with the root cause identified. Though there is no definite policy, there is a standard set by the Redbook which we adhere to and we did develop an Infrastructure Growth plan which includes Roads. The conclusion that nothing was done, no procedures and no action plans to address the back logs was implemented is countered by above mentioned explanations</p> <p><u>Management comment on the recommendation:</u></p> <p>Management will implement the current Infrastructure Growth Plan and will draft policies and procedures for road infrastructure. Furthermore management will implement action plans to address back logs relating to road infrastructure.</p>				
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REVENUE

11. Incorrect calculation of electricity distribution losses

Audit finding:

Per section 62 (1)(b) of the Municipal Financial Management, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of distribution losses it was noted that the distribution losses were calculated incorrectly by the municipality. The number of units used to calculate the distribution losses for the electricity is not consistent with the units per the monthly Syntell reports. The electricity distribution losses disclosed in note 39.4 of the financial statements states the number of units lost as 1 982 967 and a percentage loss of 18.76% whereas the recalculation based on the monthly Syntell reports reflects 1 859 765 units which translates to a percentage loss of 17.59%, resulting in the distribution losses disclosed being overstated by 123 202 units and 5.11% relating to percentage lost.

The financial statements were not adequately reviewed to ensure that the information presented and disclosed for distribution losses is accurate prior to being submitted for audit purposes.

The distribution losses as disclosed in note 39.4 of the financial statements, is overstated.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Regular, accurate and complete financial reports</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate, particularly when information is to be agreed to an external source or report.</p>	<p>Management agrees with the finding and recommendation.</p>	<p>Note 39.4 has already been amended</p>	<p>30 Nov. 2014</p>	<p>Mubesko</p>	<p>Completed</p>

12. Property rates overstated

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."

During the testing of property rates where property rates were recalculated based on property values and approved tariffs for the year, a variance was identified between the auditors' recalculation and the property rates presented in the financial statements. Furthermore, management's schedule for calculating the property rates was obtained and it was noted that the recalculated property rates included in the schedule had the same difference which management could not explain:

Description	Amount
Property rates per financial statements	2 128 647.06
Recalculated property rates	2 204 426.53
Difference	(75 779.47)

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Property rates and trade receivables for non-exchange transactions as presented in the financial statements are overstated by R75 779.47.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Regular, accurate and complete financial and performance reports</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore it is recommended that the financial statements be adjusted as follows:</p> <p>Dr Property rates R75 779.47 Cr Trade receivables for non-exchange transactions R75 779.47</p>	<p>Management agrees with finding and recommendation</p>	<p>Detailed property valuation and rates recon to be performed</p>	<p>30 Nov. 2014</p>	<p>B Joubert</p>	<p>Completed</p>

EMPLOYEE COSTS

13. No performance contracts for lower level staff

Audit finding:

Section 67(1)(d) of the Municipal Systems Act, Act 32 of 2000 (MSA) indicates that, *"A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72 (1) (c), to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of performance of staff."*

The municipality limited its performance contracting to only the municipal manager and managers reporting directly to the municipal manager. This has resulted in performance contracts being in place for only 4.05% of municipal staff (3 out of total staff of 74). This finding has been raised in the 2012-13 and 2011-12 audits, and management has not implemented corrective action plans to address the internal control deficiencies identified.

The municipality is in the process of developing job descriptions for all employees based on the approved performance management system framework. Based on this, performance contracting for lower level staff other than managers has not been implemented to date.

This is non-compliance with section 67(1)(d) of the Municipal Systems Act.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Human Resource management</u></p> <p>Leadership did not implement official processes to monitor performance of all employees, as job descriptions are still being finalised.</p> <p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p>Leadership has not ensured that all previously identified internal control deficiencies are addressed through the development of action plans around the recommendations of the prior year, resulting in repeat findings with regards to the inadequacy of controls around the implementation of the performance management system.</p> <p><u>Financial management – Compliance monitoring</u></p> <p>Management did not implement controls to ensure that the municipality complied with all laws relating to the monitoring of performance of employees.</p>	<p>It is recommended that performance agreements be developed for lower level staff and that the process of monitoring employees be formalised.</p>	<p><u>Management comment on the audit finding:</u></p> <p>Management concurs with the audit finding that performance management was not rolled out to the lower levels of the organization.</p> <p><u>Management comment on the root cause identified within the audit finding:</u></p> <p>The root cause for this are the lack of capacity and the fact that the organization did not have a Manager to drive this process as the Community Services Manager under which HR resorts left the organization in June 2010. The Strategic Manager left on 30 October 2013, the Technical Manager in December 2013. The process of organizational re-design was driven by the Municipal Manager and HR practitioner. The organogram was approved in July 2012, but due to the dual burden on staff – especially the Municipal Manager, the process could not be completed. Vacancies have, however been filled in strategic managerial positions to drive this process.</p> <p><u>Management comment on the recommendation:</u></p> <p>The organization concurs that performance management and monitoring must be rolled-out to individual staff members. The organogram will have to be reviewed and the organization will re-visit the job descriptions of staff to make sure that it reflects the work that they do. This will then be used to draft individual performance agreements.</p>	<p>The organogram re-visited</p> <p>Re-visit job descriptions</p> <p>Draft individual performance agreements</p> <p>Undertake performance evaluation</p>	<p>6 Des. 2014</p> <p>15 Jan. 2015</p> <p>28 Feb. 2015</p> <p>30 June 2015</p>	<p>LLF-Manager</p> <p>Corporate Services</p>	<p style="background-color: yellow;"> </p>

INVENTORY

14. Lack of internal controls during physical inventory count

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorisations and approvals, verifications, reconciliations and business performance reviews.

During the inventory count the following internal control deficiencies were identified:

1. The shelves and inventory items were not labeled so as to easily identify the description of the inventory items during the inventory count.
2. There were no instructions issued to those performing the count on how the inventory count was to be performed.
3. The municipality does not have an inventory listing displaying all the inventory items, the quantities on hand and the price per unit.
4. Count sheets were not used during the inventory count; the quantities were only noted in a notebook and subsequently transferred to the system via a memo.

There is no therefore no formalised system in place to promote internal control activities over inventory.

This could result in misstatements of inventory due to inadequate procedures being carried out to count the inventory at year-end.

INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
?	It is recommended that adequate controls be implemented over physical inventory counts which must include labelling of inventory in the store room, count instructions and count sheets to be implemented for use during inventory counts.	A new engineer was appointed and we will implement sufficient controls.	Adequate controls will be implemented	October 2014	Mr. Justin Lesch	

15. No supporting documentation for inventory movements

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorisations and approvals, verifications, reconciliations and business performance reviews.

During testing of inventory it was noted that the movement of inventory is not continuously recorded during the year. The inventory balance is adjusted only at year end with an adjusting journal after the inventory count by comparing the inventory balance at year end to the inventory balance as presented in the prior year financial statements. During the year as inventory is issued, no supporting documentation is maintained detailing the issuing out of inventory.

There is no system in place to promote internal control activities over inventory.

This could result in losses to inventory which cannot be substantiated and will not be identified by the municipality.

INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
	It is recommended that controls be implemented to account for inventory movements during the year with each issuing of inventory being recorded on a register. The register should be reviewed on a monthly basis by senior management with monthly recording of the issued inventory in the general ledger.	A new engineer was appointed and we will implement sufficient controls.	Adequate controls will be implemented	October 2014	Mr. Justin Lesch	

EXPENDITURE

16. Repairs and maintenance expenditure incorrectly classified as computer expenses

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of general expenses it was noted that the expenditure indicated below in Table 1 relating to electrical repairs was incorrectly classified as computer expenses:

No	Account Number	Account Name	Supplier	Description	Amount	Invoice Number
1	7 361 000	Computer Expenses	Jan Nel Elektries	Electrical work	61 916.50	630
2				Installation and electrical work	21 527.10	652/656
3				Electrical work	34 171.36	674
Total					117 614.96	

Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS.

This results in overstatement of computer expenses by R117 614.96 and when projected over the population the projected misstatement amounts R435 078.05 per the calculation below. Consequently, repairs and maintenance expenditure is understated by the same amount.

<p>Error projection information: Sample population: R1 224 067.23 (30 transactions) Error in sample: R117 614.96 (3 transactions) Ratio of error in rand amount: 9.61% (rounded) Total population subject to projection: R4 527 347 Projected understatement: R435 078.05</p>
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AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Daily and monthly processing and reconciling of transactions</u></p> <p>Controls were not implemented to ensure that expenditure is correctly classified and there were no adequate reviews by management to ensure that transactions processed are correctly allocated on ABAKUS.</p>	<p>Management should reclassify these expenditure items to their appropriate accounts. Controls should be implemented to ensure that expenditure is classified correctly.</p> <p>Management should further investigate the entire expenditure accounts to identify any further instances of incorrect classification in the account and reclassify these to the correct accounts. Failure to investigate the entire population will result in the projected misstatement remaining as an uncorrected audit difference.</p>	<p>An amount of R 21 527.10 for cheque number 47693 will be corrected by journal and the AFS will be rectified.</p>	<p>Journal will be posted.</p>	<p>16 October 2014</p>	<p>J.Neethling</p>	<p>Completed</p>

17. Membership fees understated

Audit finding:

In terms of paragraph 31 of GRAP 1 – Presentation of financial statements: *“An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.”*

In terms of paragraph 5 of GRAP 1: *“Accrual basis means a basis of accounting under which transactions, and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses.*

During the testing of expenditure it was noted that the membership fees for the South African Local Government Association (SALGA) for the current year was understated. The municipality did not recognise the membership fees on an accrual basis as they recognised membership fees actually paid by the municipality. The total membership fees recognised in the year amounted to R450 000 whereas the actual membership fees incurred amounted to R300 000, resulting in an understatement of R150 000 for membership fees and trade payables.

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Management fees and trade payables as presented in the financial statements is understated by R150 000.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMEN-DATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Daily and monthly processing and reconciling of transactions</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore, it is recommended that the financial statements be adjusted as follows:</p> <p>Dr Membership Fees R150 000</p> <p>Cr Trade payables R150 000</p>	<p>Outstanding Membershipfees 2012/13 = R 100 000.00</p> <p>Outstanding Membershipfees 2013/14 = R 150 000.00</p> <p>Dt. SALGA Membership Fee R 250 000.00</p> <p>Kt. Trade Payables R 250 000.00</p>	<p>Journal will be posted and AFS adjusted.</p>	<p>16 October 2014</p>	<p>J.Neethling</p>	<p>Completed</p>

18. Audit fees understated

Audit finding:

In terms of paragraph 31 of GRAP 1 – Presentation of financial statements: *“An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.”*

In terms of paragraph 5 of GRAP 1: *“Accrual basis means a basis of accounting under which transactions, and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses.”*

During the testing of expenditure it was noted that the audit fees for the current year were understated. The municipality did not recognise audit fees on an accrual basis as they recognised audit fees when actually paid by the municipality. The total audit fees recognised in the year amounted to R835 892.25 whereas the actual audit fees incurred amounted to R2 056 120, resulting in expenditure and trade payables being understated by R1 220 227.75.

The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.

Audit fees and trade payables as presented in the financial statements are understated by R1 220 227.75.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMEN-DATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Daily and monthly processing and reconciling of transactions</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is accurate prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore it is recommended that the financial statements be adjusted as follows:</p> <p>Dr Audit Fees R1 220 227.75 Cr Trade payables R1 220 227.75</p>	<p>We agree with the finding.</p>	<p>Journal will be posted and AFS adjusted.</p>	<p>16 October 2014</p>	<p>J.Neethling</p>	<p>Completed</p>

19. Non-compliance with regulation 32 of SCM regulations

Audit finding:

Regulation 32 of the Municipal Supply Chain Management Regulations (SCM regulations) (GNR868 of 30 May 2005) states that, “A *supply chain management policy may allow the accounting officer to procure goods or services for the municipality under a contract secured by another organ of state but only if:*

- a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;*
- b) the municipality has no reason to believe that such a contract was not validly procured;*
- c) there are demonstrable discounts or benefits for the municipality to do so;*
- d) that other organ of state and the provider have consented to such procurement in writing”*

It was identified that the municipality made use of regulation 32 to contract with Asla Devco Contractors (Pty) Ltd (Tender number 86/2011) relying on the procurement process followed by Laingsburg municipality. Further investigation revealed that the procurement process at Laingsburg municipality consisted of irregularities which resulted in the tender awarded to Asla Devco (Pty) Ltd being considered irregular expenditure due to contraventions with the municipality’s supply chain policy and the SCM Regulations.

The process followed by Prince Albert municipality in relying on the contract awarded by Laingsburg was limited to obtaining tender notices proving that the tender went out on a competitive bidding process and obtaining the Laingsburg Municipality’s contract with Asla Devco Contractors (Pty) Ltd included declarations of interest and written confirmation from Laingsburg’s Municipal Manager confirming that the tender was awarded through a competitive bidding process.

Management did not perform a detailed review of the procurement processes followed by Laingsburg municipality in awarding a tender to Asla Devco Contractors (Pty) Ltd in order to ensure that Laingsburg municipality fully complied with all the SCM regulations and no irregularities existed.

This is non-compliance with regulation 32 of the SCM Regulations. It further results in the expenditure incurred on the contract being considered to be irregular expenditure.

INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Compliance monitoring</u></p> <p>Management did not perform a detailed review of the procurement processed followed by Laingsburg municipality in awarding a tender to Asla Devco Contractors (Pty) Ltd in order to ensure that Laingsburg municipality fully complied with all SCM Regulations and no irregularities existed.</p>	<p>The municipality should implement controls to ensure that the applicable SCM regulations are complied with by ensuring that the competitive bidding process of the other organ of state is reviewed appropriately prior to the contact being used. The review should include reviewing the entire process followed by the other entity in terms of the SCM regulations in order to ascertain that all requirements were complied with.</p> <p>The municipality should disclose the irregular expenditure as a result of the contract in the financial statements, to ensure that irregular expenditure disclosed is complete.</p>	<p>Management disagrees with audit finding. The provisions of SCM regulation were complied with.</p> <p>As per National Treasury Circular 62 - It is therefore understood that municipalities and municipal entities will not be able to verify this information but will rely on the content and disclosures made</p> <p>As per the constitutional court case Viking Pony>> Africa Pumps (Pty) Ltd t/a Tricom Africa v Hidro-Tech Systems (Pty) Ltd and Another (CCT 34/10) [2010] ZACC 21; 2011 (1) SA 327 (CC) ; 2011 (2) BCLR 207 (CC) (23 November 2010) – The municipality only needs to investigate if the municipality was informed of fact that would give rise to a reasonable suspicion</p> <p>The municipality contacted Laingsburg Municipality and was informed that they were not aware of any irregularities with the tender.</p> <p>Management cannot implement recommendation since it might be a contravention of section 168 of the MFMA.</p>	NONE	n/a	n/a	n/a

20. At least three quotations not obtained and the deviation not recorded

Audit finding:

Regulation 17(a) of the Municipal Supply Chain Management (SCM) regulations and paragraph 17(c) of the municipality's supply chain management policy indicates that, quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality and that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer.

During testing of procurement management it was identified that the municipality advertising costs to the value of R8 522.17 from Group Editors CC were procured without obtaining three quotations from other suppliers as required by the municipality's supply chain policy, furthermore review of the deviations for the year revealed that the municipality did not record the procurement as a deviation.

There are no adequate controls in place to monitor compliance with the municipality's approved policies.

The municipality's SCM process may not be fair and equitable and may result in the municipality not receiving value for money on the award.

This is non-compliance with municipal SCM regulation 17(a) and paragraph 17(c) of the municipality's SCM policy.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Compliance monitoring</u></p> <p>There are no adequate controls in place to monitor compliance with the municipality's approved policies.</p>	<p>It is recommended that management establishes and adhere to procedures guiding a process for the approval of awards for the municipality.</p>	<p>We disagrees with the audit finding</p> <p>Group Editors CC (Oudtshoorn Koerant) is the sole provider in the Southern Cape.</p>	<p>NONE</p>	<p>n/a</p>	<p>n/a</p>	<p>n/a</p>

21. Register of bids received not published on municipal website

Audit finding:

Regulation 23(c) of the Municipal Supply Chain Management (SCM) regulations and paragraph 23(d) of the municipality's supply chain management policy indicates that, "*The accounting officer must*

- (i) *record in a register all bids received in time;*
- (ii) *make the register available for public inspection; and*
- (iii) *publish the entries in the register and the bid results on the website".*

During testing of procurement management it was identified that a listing of all bids received and the results of the bids (i.e. the successful bidder) were not published on the municipal website.

This finding was raised in the prior year and management had agreed to implement actions to ensure the control deficiency would be addressed. The municipality's corrective action plans from prior year audit were not adequately implemented to ensure that remedial action is taken to prevent recurring internal control deficiencies. Furthermore, management has not implemented any procedures to ensure compliance with the municipality's approved policies.

This is non-compliance with municipal SCM regulation 23(c) and paragraph 23(d) of the municipality's SCM policy.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p><i>The accounting officer did not take reasonable steps to monitor the implementation of managements' action plan around the recommendation of the prior year, resulting in repeat findings with regard to the inadequacy of formally designed and implemented controls</i></p> <p><u>Leadership – Policies and procedures</u></p> <p>The municipality has not established procedures and processes to address non-compliance with the supply chain regulations in a timely manner.</p>	<p>The accounting officer should ensure that managements' action plan is credible to adequately address the internal control deficiencies identified, and should actively monitor managements' progress with regards to the actions in the plan to ensure that it is achieved.</p> <p>Management should implement controls to ensure that the register of bids and details of the successful bidder is published on the municipal website. The register should be updated regularly for all bids by the municipality.</p>	<p>Recommendations will be implemented from 1 July 2014</p>	<p>Recommendations will be implemented from 1 July 2014</p>	<p>1 July 2014</p>	<p>C.Baadjies</p>	<p>In progress</p>

22. No contracts register maintained by the municipality

Audit finding:

Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) states that, “*The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.*”

During testing of supply chain management we identified that the municipality does not have a contract register in place to record all contracts awarded and to monitor the expenditure pertaining to the contract.

The municipality has not established procedures and processes to address non-compliance with the supply chain regulations in a timely manner.

This finding was raised in the prior year and management had agreed to implement actions to ensure the control deficiency would be addressed.

The municipality therefore faces the following operational and financial risks:

1. Inability to identify the end dates of existing contracts at an early stage, so as to adequately plan for competitive bidding processes that may be needed.
2. Inability to adequately monitor the actual expenditure on a contract so as to avoid fruitless and wasteful expenditure by paying suppliers in excess of the approved contract amounts.
3. Possibility of incomplete disclosure in the financial statements relating to future commitments on contracts.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Leadership – Action plans to address internal control deficiencies</u></p> <p>Leadership did not ensure that management’s action plan to address internal control deficiencies was monitored, as the action plan compiled by the finance unit is not reviewed and monitored. Officials indicated as being responsible for implementing the required actions are not held accountable for non-progress to address the internal control deficiencies.</p>	<p>Managements’ action plan to address internal control deficiencies should be formally monitored by leadership on at least a quarterly basis to ensure that effective progress is made in addressing matters.</p>	<p>Management agrees with the finding and will implement the recommendation.</p>	<p>The recommendation will be implemented</p>	<p>1 July 2014</p>	<p>C.Baadjies</p>	<p>In progress</p>

<p><u>Financial management – Daily and monthly processing and reconciling of transactions</u></p> <p>Management has not implemented adequate record management processes to facilitate the internal controls around contract management.</p>	<p>With regards to the contracts register itself, the register should contain information on all currently running contracts of the municipality. At a minimum the following fields should be included:</p> <ol style="list-style-type: none"> 1. Name of firm awarded the contract / tender 2. Unique contract / tender number 3. Value of the contract 4. Contract term 5. Start date of the contract 6. End date of the contract 7. Name of the official responsible for formal monitoring of the contract 8. Extension of the contract / tender, if applicable 9. Expenditure to date for the contract <p>The responsibility for the overall updating and monitoring of the contracts register should be allocated to a specific official to ensure that accountability can be enforced.</p>				
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PROPERTY, PLANT AND EQUIPMENT

23. Disclosure for property, plant and equipment is not complete

Audit finding:

Paragraph 79(d) of GRAP 17 - Property, Plant and Equipment states that, *"The financial statements shall disclose, for each class of property, plant and equipment recognised in the financial statements the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period."*

The disclosure of property, plant and equipment in note 12 does not include a summary of property, plant and equipment detailing the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period as required.

The financial statements were not adequately reviewed to ensure that comply with all applicable GRAP principles.

The disclosure for property, plant and equipment is not complete as not all disclosures were made in the financial statements.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Regular, accurate and complete financial reports</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is complete prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of future financial statements to ensure that all disclosures required by GRAP are made in the financial statements before submission for audit.</p> <p>Management must also amend the financial statements for the above disclosure.</p>	<p>The finding is incorrect. The property, plant and equipment note is correct. Please refer attached note cross referenced to the applicable GRAP 17 disclosure requirements</p>	NONE	n/a	n/a	n/a

24. Asset register not correctly updated with locations and asset numbers

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the physical verification process the following assets (*see list in audit report*) were identified to not be correctly recorded in the asset register in terms of asset numbers and locations:

Management has not implemented adequate record management processes to facilitate the internal controls around asset management.

The municipality therefore faces the following operational and financial risks:

1. Inability to physically verify all assets of the municipality as they are not correctly recorded in the asset register.
2. Inability to adequately monitor the assets as the locations indicated in the asset register are not consistent with the physical locations of assets.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Proper record keeping</u> Management has not implemented adequate record management processes to facilitate the internal controls around asset management.	It is recommended that the asset register be reviewed to ensure that all assets number are assigned correct asset numbers and locations.	Management agrees with finding and recommendation	Correct fixed asset register with findings Review complete fixed asset register for any other errors	25/10/2014 30/11/2014	B Joubert B Joubert	Completed

25. Assets not in working condition were not impaired

Audit finding:

Paragraph 18 of GRAP 26 – Impairment of Cash-generating Assets states that, *"An asset is impaired when its carrying amount exceeds its recoverable amount."*

Paragraph 19 of GRAP 26 further states that, *"An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset."*

Paragraph 22 of GRAP 26 further states that, *"In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:*

External sources of information

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

Internal sources of information

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

During the physical verification assets listed below were identified as not being in working condition and therefore the municipality cannot recover their values through use; however, the assets were not impaired to reflect their condition:

No	Asset Number	Item description	Carrying Value as at 30 June 2014 as per asset register (R)
1	1166	Trailer Refuse CCA4569	1 509.65
2	1218	Trailer Tipper CCA864	3 594.71
Amount to be impaired			5 104.36

Although the municipality performed an annual asset count the process failed to identify these assets were not in working condition, therefore they were not impaired. Furthermore, there are no proper processes in place to ensure that the municipality complies with paragraph 19 of GRAP 26 as the municipality does not assess assets for impairment on an annual basis as required.

The carrying value of assets expense as presented in the financial assets is overstated by R5 104.36 and when projected over the population the projected misstatement amounts R7 638.98 per the calculation below. Consequently, impairment loss expenditure is understated by the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Regular, accurate and complete financial reports</u> There is no proper process in place to ensure that the municipality complies with paragraph 19 of GRAP 26 as the municipality does not assess assets for impairment on an annual basis as required.	It is recommended that management implement processes to ensure that annual impairment tests are performed for all categories of assets, in order to ensure that all requirements of GRAP are complied with. Furthermore, it is recommended that management perform its own impairment assessment for all assets recorded in the asset register as at year end based on the results from the asset count.	Management agrees with finding	Revise financial statements Prepare procedure for impairment testing	Completed 30/11/2014	Mubesko B Joubert	Completed

26. Assets not in working condition were not impaired

Audit finding:

Paragraph 17 of GRAP 21 – Impairment of Non-cash-generating Assets states that, "A non-cash-generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount."

Paragraph 18 of GRAP 21 further states that, "An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset."

Paragraph 21 of GRAP 21 further states that, "In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- (a) Cessation, or near cessation, of the demand or need for services provided by the asset.
- (b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.

Internal sources of information

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

During the physical verification assets listed below (see Audit Report) were identified as not being in working condition and therefore the municipality cannot recover their values through use; however, the assets were not impaired to reflect their condition:

Although the municipality performed an annual asset count the process failed to identify these assets were not in working condition, therefore they were not impaired. Furthermore, there are no proper processes in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.

The carrying value of assets expense as presented in the financial assets is overstated by R220 006.59 and when projected over the population the projected misstatement amounts R297 920.26 per the calculation below (see Audit Report). Consequently, impairment loss expenditure is understated by the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12 DECEMBER 2014
<p><u>Financial management – Regular, accurate and complete financial reports</u></p> <p>There is no proper process in place to ensure that the municipality complies with paragraph 18 of GRAP 21 as the municipality does not assess assets for impairment on an annual basis as required.</p>	<p>It is recommended that management implement processes to ensure that annual impairment tests are performed for all categories of assets, in order to ensure that all requirements of GRAP are complied with. Furthermore, it is recommended that management perform its own impairment assessment for all assets recorded in the asset register as at year end based on the results from the asset count.</p>	<p>Management agrees with finding</p>	<p>Revise financial statements</p> <p>Prepare procedure for impairment testing</p>	<p>Completed</p> <p>30/11/2014</p>	<p>Mubesko</p> <p>B Joubert</p>	<p>Completed</p>

27. Motor vehicle written off on the asset register at year end

Audit finding:

Per section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA), *“The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.”*

During the physical verification of assets a Ford Ranger with asset number 02354 with a carrying value of R30 995.21 could not be verified, as the vehicle was involved in an accident in June 2014 and was deemed to be irreparable. Inspection of the fixed asset register revealed that the vehicle was not recognised as a disposal at year end and as such it was still included in the fixed asset register at year-end.

Management has not implemented adequate record management processes to facilitate the internal controls around asset management.

The balance as presented and disclosed in the financial statements for property, plant and equipment is overstated by R30 995.21. Consequently, loss on disposal of assets as presented in the financial statements is understated by the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Proper record keeping</u></p> <p>Management has not implemented adequate record management processes to facilitate the internal controls around asset management.</p>	<p>It is recommended that management should perform a detailed review of financial statements to ensure that it is accurate. Furthermore, it is recommended that the financial statements be adjusted as follows:</p> <p>Dr Loss on disposals</p> <p style="text-align: right;">R30 995.21</p> <p style="text-align: right;">Cr Property, plant and equipment</p> <p style="text-align: right;">995.21</p> <p style="text-align: right;">R30</p>	<p>Management agrees with finding and recommendation</p>	<p>AFS to be adjusted</p>	<p>Completed</p>	<p>Mubesko</p>	<p>Completed</p>

CAPITAL RESTORATION COSTS

28. Capitalised restoration costs are misstated

Audit finding:

Section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of capitalised restoration costs it was noted that the capital restoration costs as presented in the financial statements did not agree to the costs as per the calculation schedules. We recalculated the schedules which were deemed to be accurate; therefore the balance as presented in the financial statements is understated.

Capitalised costs per the calculation schedules (R)	Capitalised costs per the financial statements (R)	Difference (R)
307 471.63	186 587.00	120 884.63

There was no adequate review of the financial statements to ensure that the capitalised restoration costs as presented in the financial statements are accurate and consistent with supporting documentation.

The amount as presented in the financial statements for capitalised restoration costs is understated by an amount of R120 884.63.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Regular, accurate and complete financial reports</u></p> <p>There was no adequate review of the financial statements to ensure that the capitalised restoration costs as presented in the financial statements are accurate and consistent with supporting documentation.</p>	<p>It is recommended that a detailed review of the financial statements be performed by management prior to submission of the financial statements for audit purposes. The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements.</p> <p>It is further recommended that the financial statements be amended to reflect the accurate amount for capital restoration costs.</p>	<p>Management disagrees with finding. The difference is due to the Leeu Gamka Landfill site that is closed. Any new additions to cost cannot be capitalized but must be expensed. Please find attached reconciliation between AFS and landfill calculation. There was however an misallocation between interest and additions that needs to be corrected</p>	<p>Revise AFS</p>	<p>Completed</p>	<p>Mubesko</p>	<p>Completed</p>

CONTINGENT LIABILITIES

29. Disclosure for contingent liabilities is not complete (Comaf 16)

Audit finding:

Paragraph 95 of GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets states that, *"Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of contingent liability."*

The disclosure of contingent liabilities in note 47 does not include as the description of the nature of contingent liabilities as part of the disclosure as required.

The financial statements were not adequately reviewed to ensure that comply with all applicable GRAP principles.

The disclosure for property, plant and equipment is not complete as not all disclosures were made in the financial statements.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12 DECEMBER 2014
<p><u>Financial management – Regular, accurate and complete financial reports</u></p> <p>The financial statements were not adequately reviewed to ensure that the information presented and disclosed is complete prior to being submitted for audit purposes.</p>	<p>It is recommended that management should perform a detailed review of future financial statements to ensure that all disclosures required by GRAP are made in the financial statements before submission for audit.</p> <p>Management must also amend the financial statements for the above disclosure.</p>	<p>Management agrees with finding</p> <p>2014/2015 Financial statements will be sent for external review</p> <p>2013/2014 Financial statements was amended</p>	<p>The note relating to contingent liabilities was amended</p>	<p>Completed</p>	<p>Mubesko</p>	<p>Completed</p>

INFORMATION SYSTEMS TECHNOLOGY

30. Information Technology Service Continuity - Inadequate design and implementation of backup processes

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

During the audit it was noted that the municipality had still not documented the backup policy for the application system and its infrastructure. In addition, backups were not tested for recoverability and restorability to confirm that the municipality will be able to recover the data stored on the backup tapes/media.

Without formally approved backup procedures, backup processes and controls cannot be consistently implemented and enforced. This could lead to incomplete or inadequate backups being taken. IT staff may also not be held accountable for ensuring that backups are taken as required. Furthermore, if backups are not regularly tested for restorability, data may not be completely or timely recovered.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Information technology systems</u></p> <p>The municipality does not have an IT department or IT personnel and therefore lacks the capacity and appropriately skilled IT resources to implement the necessary IT controls and processes</p>	<p>The Municipal Manager should consider requesting the backup procedures from other municipalities (i.e. District Municipality etc) for adoption and customise them to ensure that they are in line with the size and complexity of the IT environment of the Laingsburg municipality. The backup procedures should include the following:</p> <ul style="list-style-type: none"> • The frequency of backups (daily, weekly, monthly, yearly); • Type of backups (incremental, differential, full); • Backing up data on all critical systems; • Retention periods; • Actions to be taken if backups have not been successfully completed; • Scheduled verification of the usability of backup media through restore procedures; and • Off-site storage of backups. <p>Furthermore, backup tapes/media should be regularly tested to ensure restorability and recoverability of the data.</p>	<p>We agree with the finding. The recommendation will be considered and if possible be implemented.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>01/01/2015</p>	<p>J.Neethling</p>	<p>Completed</p>

31. Security Management - Lack of a Patch Management Procedure for the Windows Operating System

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

During the audit it was noted that a process has been in place for applying security patches to servers and workstations on the network, however management had not formally documented a standard operating procedure to consistently manage patches that are applied to all devices on the network.

Without a documented and approved patch management procedure, patch management processes and controls may not be consistently implemented and cannot be enforced. Security patches may not be applied in a timely manner, which could result in security vulnerabilities being exploited, thereby causing system downtime.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Information technology systems</u> Management considered the informal processes currently in place for patch management to be sufficient, and as a result have not prioritised the documentation of formal patch management procedures.</p>	<p>Management should ensure that patch management procedures are documented and approved. The procedures should include but not be limited to:</p> <ul style="list-style-type: none"> • Roles and responsibilities • Critical Servers to be patched • Approval of patches • Patch deployment • Status Reports <p>In addition the approved patch management procedures should be communicated to the relevant individuals to ensure compliance.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	1/01/2015	J.Neethling	Completed

32. Information Technology Governance - No formal processes in place for monitoring performance of IT vendors

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

During the audit it was noted that service level agreements (SLA's) had been in place, however management had not formally designed processes to monitor, review and measure the IT services rendered by the vendors to ensure that performance is in line with agreed service levels.

Without formal mechanisms in place to monitor performance of vendors, the effectiveness, efficiency and consistency of the IT services delivered cannot be reviewed and measured against agreed targets. This may lead to poor or degraded services not being identified in a timely manner and result in increased costs incurred for poor delivery of services.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPON-SIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management - Information technology systems</u> The municipality does not have an IT department or IT personnel and therefore lacks the capacity and appropriately skilled IT resources to implement the necessary IT controls and processes.	Management should ensure that a formal process is in place to monitor and address instances of poor service delivery that are specific to the Prince Albert municipality. These reviews should be performed on a regular basis and should cover all IT service providers. Evidence of these reviews should be maintained for audit purposes.	The recommendation will be considered and if possible be implemented.	The recommendation will be considered and if possible be implemented.	01/01/2015	J.Neethling	Completed

33. Security Management - Lack of an Information Security Policy

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

The entity should have approved policies and procedures to facilitate the execution of internal control objectives, processes and responsibilities of the various financial and operational processes at the entity.

The information security policy is an integral part of the IT environment as it governs and provides guidelines to users who access the municipality's information. As previously reported, the municipality had still not documented a security policy that provides a baseline for managing IT security at the municipality. Furthermore, intrusion reports were not reviewed on a regular basis to monitor access and logon violations on the network.

The lack of a documented and approved IT security policy might lead to the implementation of inadequate security practices for the municipality. Furthermore, if the access and logon violations on the system are not monitored, hacking attempts might not be detected and followed up. This in turn might increase the risk of unauthorised access to systems and data

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management - Information technology systems</u> Management should consider requesting the IT Policy and procedures from other municipalities (i.e. District municipality etc) for adoption and customise them to ensure that they are in line with the size and	The Municipal Manager should consider requesting the backup procedures from other municipalities (i.e. District municipality etc) for adoption and customise them to ensure that they are in line with the size and complexity of the IT environment of the Laingsburg municipality.	The recommendation will be considered and if possible be implemented.	The recommendation will be considered and if possible be implemented.	01/01/2015	J.Neethling	Completed

<p>complexity of the IT environment of the Prince Albert municipality. This policy/ procedures should include the following:</p> <ul style="list-style-type: none"> • Security compliance • External communications security • Firewall • Password parameters • E-mail security • An agreement to comply with IS policies • Laptop/desktop computer security • Internet usage • Information Security Awareness, security over general office areas, protection of portable computer equipment, etc.) <p>Once documented and approved, the security policy should be communicated to all users to ensure compliance.</p>	<p>The backup procedures should include the following:</p> <ul style="list-style-type: none"> • The frequency of backups (daily, weekly, monthly, yearly); • Type of backups (incremental, differential, full); • Backing up data on all critical systems; • Retention periods; • Actions to be taken if backups have not been successfully completed; • Scheduled verification of the usability of backup media through restore procedures; and • Off-site storage of backups. <p>Furthermore, backup tapes/media should be regularly tested to ensure restorability and recoverability of the data.</p>					
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34. User Access Management - Inadequate User Account Management Processes for ABAKUS and PAYDAY

Audit finding:

Section 62(1)(c)(i) of the Municipal Finance Management Act, (Act No. 56 of 2003) (MFMA) of requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."*

The control environment establishes the foundation for the internal control system by providing fundamental discipline and structure. It sets the tone of the organisation, influencing the control consciousness of its people. The control environment has a pervasive effect on control consciousness and effectiveness within the entity.

During the audit it was noted that the procedures for managing user access to the financial systems had not been documented and approved. In addition, the following weaknesses with regard to user account management had been identified:

- System administrator activities (i.e. new user setup, maintenance of user accounts and termination of access) were not reviewed for appropriateness.
- Periodic reviews were not carried out to confirm if employees' current access is valid and in line with their job descriptions.

Without formally approved user account management procedures, user access processes and controls cannot be consistently implemented and enforced. The municipality may also not be able to hold users accountable for unauthorised activities performed on the system.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management - Information technology systems</u></p> <p>The municipality does not have an IT department or IT personnel and therefore lacks the capacity and appropriately skilled IT resources to implement the necessary IT controls and processes.</p>	<p>Management should ensure that a user account management procedure be documented and approved for the financial system to reflect the processes that are being followed for each system. This procedure should include, but not be limited to the following:</p> <ul style="list-style-type: none"> • Management of user access (creation of new access, password resets, changes or terminations of access); • Approval of requests (new user set-up, reset of password, change of access & termination of users • Periodic reviews for user profiles and the monitoring of the system administrators' activities. <p>Once approved the user account management procedures should also be communicated to all users to ensure compliance.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>The recommendation will be considered and if possible be implemented.</p>	<p>01/01/2015</p>	<p>J.Neethling</p>	<p>In progress</p>

RECEIVABLES

35. Receivables are understated

Audit finding:

Section 62 (1) (b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of receivables it was identified that closing balance per the age analysis for debtors did not agree to the amount as disclosed in the financial statements:

Balance per the debtors age analysis (R)	Balance per the financial statements as at 30 June 2014 (R)	Difference (R)
8 721 563	8 672 249	49 314

There was no adequate review of the financial statements to ensure that the information presented in the financial statements is consistent with underlying accounting information.

The amount as presented in the financial statements is understated by an amount of R49 314. Consequently revenue is understated with the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Daily and monthly processing and reconciling of transactions</u> There was no adequate review of the financial statements to ensure	It is recommended that a detailed review of the financial statements be performed by management prior to submission of the financial statements for audit purposes.	Management disagrees with the finding. The material difference relates to debtor 902 SARS of R 48 563.87.	Request service provider to lock debtors control accounts so that no general ledger transactions may be processed to the control accounts	31/10/2014	B Joubert	Completed

INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
that the information presented in the financial statements is consistent with underlying accounting information.	<p>The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements. Furthermore, it is recommended that the following adjustment be made to the financial statements:</p> <p>Dr Receivables 49 314 Cr Revenue 49 314</p>	<p>The amount was incorrect on the debtors listing, but was corrected with journal 223 on the general ledger.</p> <p>Management partly agrees with recommendation. No journal will be passed.</p>	Process journal to correct debtors age analysis	25/10/2014	S Windvool	Completed

36. Provision for bad debts misstated (Comaf 34)

Audit finding:

Section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of provision for bad debts it was noted that the balance for provision for bad debts as disclosed in note 17 of the financial statements did not agree to the amount recognised in the trial balance as at 30 June 2014:

Provision for bad debts per Note 17 of financial statements	Provision for bad debts per the trial balance as at 30 June 2014	Difference (R)
6 625 867	6 492 535	133 332

There was no adequate review of the underlying accounting information used to calculate the balance of provision for doubtful debts to ensure that the amount disclosed in the financial statements is accurate.

The amount as disclosed for provision for bad debts is overstated by an amount of R133 332. Consequently expenditure is overstated with the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><u>Financial management – Daily and monthly processing and reconciling of transactions</u></p> <p>There was no adequate review of the underlying accounting information used to calculate the balance of provision for doubtful debts to ensure that the amount disclosed in the financial statements is accurate.</p>	<p>It is recommended that a detailed review of the financial statements be performed by management prior to submission of the financial statements for audit purposes. The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements.</p> <p>Furthermore, it is recommended that the following adjustment be made to the financial statements:</p> <p>Dr Provision for bad debts 133 332 Cr Debt Impairment (exp) 133 332</p>	<p>Management agrees with finding and recommendation</p>	<p>Adjust AFS</p> <p>Reconciliation and review of debt impairment report</p>	<p>Completed</p> <p>Monthly</p>	<p>Mubesko</p> <p>B Joubert</p>	<p>Completed</p>

CONDITIONAL GRANTS AND TRANSFERS

37. Grants Compliance - Failure to submit quarterly non-financial performance reports

Audit finding:

Section 12(2)(c) of the Division of Revenue Act, 2013 (Act 2 of 2013) (DORA) states that, “*The relevant receiving officer must, in respect of a schedule five or seven allocation transferred to a province or a municipality, submit a quarterly non-financial performance report within 30 days after the end of each quarter to the transferring national officer and the relevant provincial treasury.*”

During the audit of grants it was identified that the municipality did not submit the quarterly non-financial performance reports within 30 days after the end of each quarter to the transferring national officer and the relevant provincial treasury pertaining to the Municipal Systems Improvement Grant (MSIG), Financial Management Grant (FMG) and Municipal Infrastructure Grant (MIG).

This is a result of the municipality not having developed a compliance checklist which would facilitate the monitoring and oversight of compliance with laws and regulations relating to submissions of information to Provincial Treasury.

This is non-compliance with section 12(2)(c) of DORA.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial Management – Compliance Monitoring</u> Management did not implement corrective measures in a timely manner to ensure the review and monitoring of compliance with section 12(2)(c) of DORA.	It is recommended that quarterly reports on grants be prepared by the municipality and that the reports be submitted to Provincial Treasury in order to comply with section 12(2)(c) of DORA.	We agree with the finding. The quarterly reports on grants will be prepared and submitted to Provincial Treasury.	The quarterly reports on grants will be prepared and submitted to Provincial Treasury.	21/10/2014	J.Neethling	Completed

38. Unspent grants understated

Audit finding:

Section 62(1)(b) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that, *"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."*

During the testing of grants it was noted that the balance for unspent grants as presented in the financial statements was understated due to the municipality transferring a portion of the unspent grants to revenue:

Unspent grants per the of financial statements	Unspent grants per auditors recalculation	Difference
9 412 664	9 904 570.89	491 906.89

There was no adequate review of the underlying accounting information used to calculate the balance of unspent grants to ensure that the amount disclosed in the financial statements is accurate.

The amount as disclosed for unspent grants is understated by an amount of R491 906.39. Consequently expenditure is overstated with the same amount.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<u>Financial management – Daily and monthly processing and reconciling of transactions</u> There was no adequate review of the underlying accounting information used to calculate the balance of unspent grants to ensure that the amount disclosed in the financial statements is accurate.	It is recommended that a detailed review of the financial statements be performed by management prior to submission of the financial statements for audit purposes. The review of the financial statements should include a review of the schedules supporting the amounts recorded in the financial statements to ensure accuracy of the financial information presented in the financial statements. Furthermore, it is recommended that the following adjustment be made to the financial statements: Dr Revenue 491 906.39 Cr Unspent conditional grants and receipts 491 906.39	Management agrees with finding and recommendation	Adjust annual financial statements	Completed	B Joubert	Completed

CREDITORS

39. Payment not made within 30 days (Comaf 38)

Audit finding:

Section 65(2)(e) of the Municipal Finance Management Act (Act No. 56 of 2003) (MFMA) requires that, *“The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure”*

During the audit of creditors it was noted that the following item was paid more than 30 days after the invoice was received by the municipality, evidenced by the invoice received date stamp.

The payment listed in the table below (see Audit Report) was paid 62 days after the invoice were received:

This is as a result of insufficient management monitoring to ensure all payments were made with the prescribed period of 30 days.

This results in non-compliance with laws and regulations as prescribed measures per the MFMA were not followed. Furthermore, should these invoices be overdue the municipality could incur interest charges due to the accounts being overdue which will constitute fruitless and wasteful expenditure as the interest could have been avoided had the municipality managed to pay on time.

AG INTERNAL CONTROL DEFICIENCY	AG RECOMMENDATION	MANAGEMENT RESPONSE	CORRECTIVE ACTION PLANNED	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO 12/12/2014
<p><i><u>Financial management – Compliance monitoring</u></i></p> <p>Management did not implement adequate controls over monitoring of receipt of goods and/or services and payments of supplier invoices.</p>	<p>Management should ensure that payments are made within the prescribed period of 30 days, it is also recommended that management ensure that all documents received are date stamped to ensure effective follow up is made for payments.</p>	<p>Management agrees with the finding.</p> <p>Most of the creditors were paid within 30 days after the Finance Department received the invoices. Unfortunately there are sometimes delays in other departments before the finance can do a payment.</p>	<p>The new method of payment from orders will resolve the issue.</p>	<p>Immediately</p>	<p>CFO</p>	<p>Completed and monitored regularly</p>