

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014/15



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CHAPTER 1- MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 MAYOR'S FOREWORD

I am taking this opportunity to commend and appreciate the sterling work and commitment displayed by both the administrative and political leadership of Big 5 False Bay Municipality over the years. The achievement of this Municipality thus far is reason enough for celebration. I am indeed proud to be associated with the Institution in particular and as a citizen of the country.

In line with Section 46 of the Municipal Systems Act, 2000 (Act 32 of 2000) and Section 121 of the Municipal Finance Management Act, 2003, (Act 56 of 2003) regarding the Preparation and Adoption of Annual Reports by Municipalities, It is an honour for me to present to the Big 5 False Bay Council and the general public, the 2014/15 Annual Performance Report. The report seeks to share with you, our valued stakeholder, on the actual performance of the municipality against its pre-determined objectives as set out during the planning processes late during the previous financial year.

Our vision is **“An Accountable municipality that provides sustainable service delivery to promote a viable economic environment and improve the quality of lives for the communities”**.

Our mission is **“We strive to improve the quality of life for local communities through effective service delivery by providing equitable socio-economic development through the provision of infrastructure and municipal services in an accountable manner while responsive to environmental and climate change”**.

The Big 5 False Bay face challenges ranging from Infrastructural Degradation and Backlog, Social and Local Economic Development inequalities as well as inadequate energy and water supply some of these challenges are currently addressed and by 2016/2017 most of the issues will have improved as planned.

The strategic objectives of our Municipality are set out in the 2014/15 Integrated Development Plan. (IDP) and include;

- To effectively attract & retain skillful labour force
- To ensure effective & efficient governance and administration
- Empowerment of youth & Adults on Lifelong learning
- Improved institutional and organizational capacity
- To promote an improved employee wellness
- To ensure an improved Institutional & Organisational Development
- To ensure effective & efficient performance management
- Improved access to basic services in respect of water, sanitation, electricity & refuse removal.
- Improved Maintenance and development of municipal infrastructure
- Enhance LED & Tourism development within the municipal area and neighbouring municipalities.
- To coordinate transforming and development of tourism industry, agriculture within the municipal jurisdiction and neighbouring municipalities.
- To alleviate poverty and improve social welfare.
- SMME's development & empowerment.
- To promote Road safety, Community safety & Security within the municipal jurisdiction.
- To promote community participation.
- To revive the functionality of IGR.
- To strengthen the functionality of Audit Structures.
- To promote effective & efficient records management.
- To ensure accountable and transparent governance.
- To ensure prudent financial information.
- To ensure a corruption free environment.
- Improved internal controls.
- To ensure municipal accountability, timely reporting and compliance with MFMA.
- Facilitate increased population densities in selected nodes.
- To ensure a credible Integrated Development Planning.
- To promote safety and security within the municipal jurisdiction.

- **Key Service Delivery Improvements:**

Housing delivery is one of the main service delivery needs for the community of Big 5. We have commenced with the construction of housing in 3 wards as follows:

- Mngqobokazi rural housing in ward 01
- Makhasa Rural housing in ward 02
- Nibela rural housing in ward 04

These projects are funded by the Municipal infrastructure grant.

- **Public Participation:**

The Big 5 False Bay Municipality values the participation of its residents in governance since this promotes informed communities and accelerate service delivery and ensures sustainability.

The IDP Public Participation meetings were convened as follows:

- Ward 01 on the 15 October 2014 number of participants 107
- Ward 01,02,03,,043 on the 03 December2014 number of participants 298

Conclusion:

I would like to express my sincere gratitude towards all Councillors, senior management, the community and all other officials of the municipality for their hard work and efforts in ensuring the prioritisation of service delivery in the 2014/15 financial year.



**CLLR CC GUMEDE
HONOURABLE MAYOR**

1.2 MUNICIPAL MANAGER'S OVERVIEW

Big 5 False Bay Municipality is a Category B (local) Municipality and its powers and functions are assigned to it in terms of Sections 155 and 156 read together with Parts B of Schedules 4 and 5 of the Constitution of the Republic of South Africa, 1996.

The Municipality strives continuously for an unqualified audit (clean audit). We are pleased to announce that the Audit Outcome for 2013/14 was unqualified with other matters. The administration monitored all the previous audit queries on a monthly basis to ensure that "clean audit report" outcome for 2014/15 is achieved.

FINANCIAL POSITION

The municipality's major revenue sources are listed below.

- Property Rates
- Refuse Removal
- Traffic Income

The municipality has increased its revenue collection in 2014/15 by 15.66%. This is due to the municipality monitoring the quality of credit control by ensuring that what is billed is collected. However the municipality continues to experience challenges of non-payment for services by communities, which has a negative impact on service delivery.

Sound financial management remains the basis for the determination of our priority areas to avoid irregular; unauthorised; fruitless and wasteful expenditure and have been prioritised within the Integrated Development Plan.

1.3 MUNICIPAL OVERVIEW

The Big 5 False Bay is a small local municipality situated within the UMkhanyakude District in northern KwaZulu-Natal. Easily accessible off the N2 national route, it lies adjacent to the False Bay (western) side of the Isimangaliso Wetland Park (previously known as the Greater St Lucia Wetlands Park) and is the Starting point of the MR4 (LSDI Corridor) which links Hluhluwe to Mozambique. The town of Hluhluwe, which contains the major shopping and light servicing facilities, as well as the municipal offices, services it. A large proportion of the land is used for agriculture and game lodge activities and is sparsely settled. The north-eastern parts of the municipality are occupied by fairly densely settled rural traditional communities (Makhasa, Mngobokazi and Nibela).

Big 5 False Bay municipality is a local municipality and is responsible providing democratic and accountable government for local communities and our objectives are as follows:

- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

1.3.1 DEMOGRAPHICS

a) Population

Majority of the population occupy the north-eastern part, which is densely populated by rural traditional communities. The Municipality is the smallest in terms of population numbers and size compared to the other four municipalities within the UMkhanyakude District.

The total population of Big 5 False Bay is 35 258 and 95.8% of the total population is black African. Most of these people reside in the rural areas under the jurisdiction of Amakhosi. The remainder of the population is constituted by whites, which forms 3.2% of the population most of which reside on farms and game lodges which are scattered throughout the municipality.

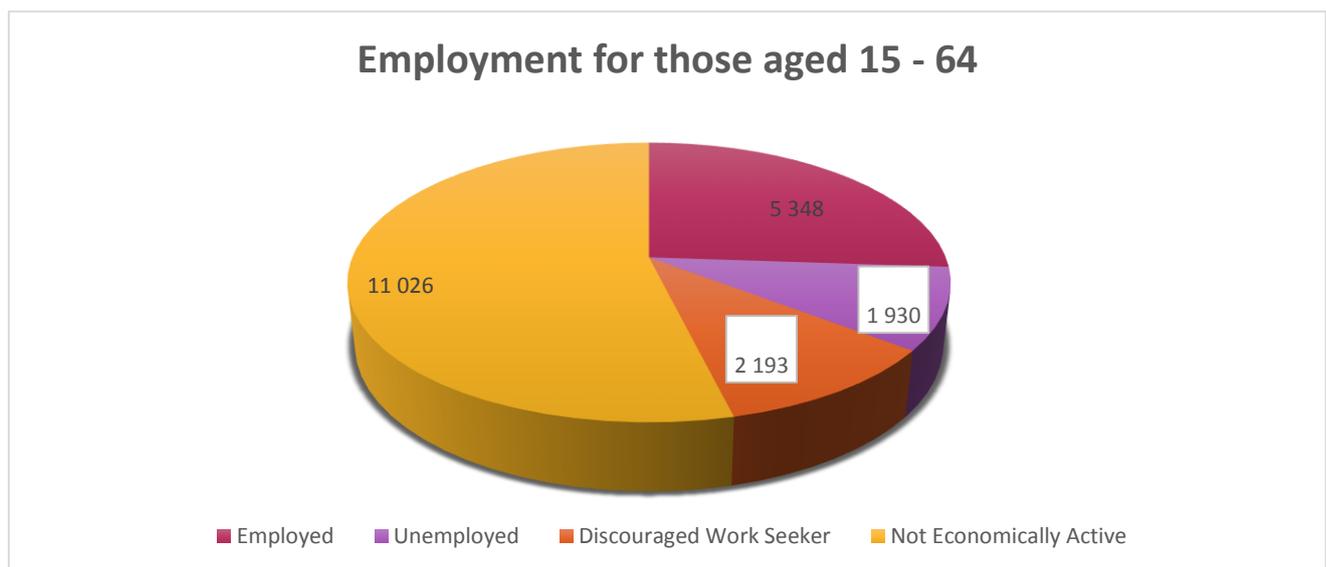
The race distribution is as follows:

Group	Percentage
Black African	95.8%
Coloured	0.3%
Indian/Asian	0.2%
White	3.2%
Other	0.4%

b) Unemployment rate

There are few job opportunities within the municipality, especially for low educated youth. Youth unemployment is 31.6%.

The municipality has an absence of industries and many young people finding it difficult to get jobs. The economy relies more on agriculture and few job opportunities exists, with the unemployment rate at 27%.



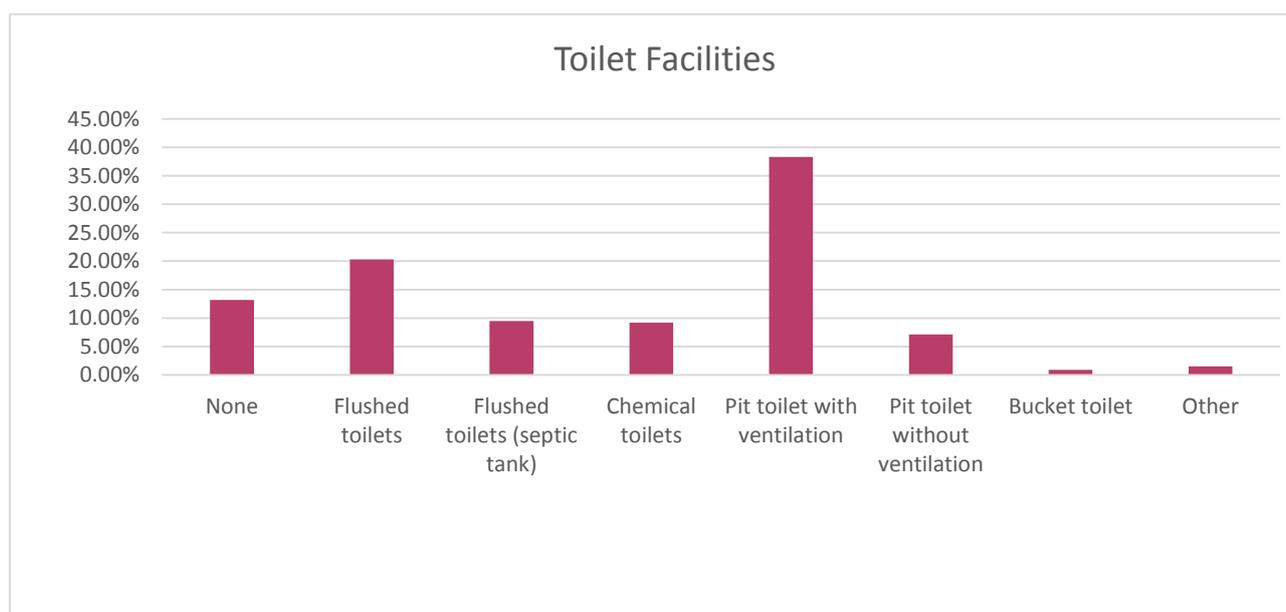
c) Age And Gender

The population of Big 5 False Bay comprises of 16 463 males and 18 475 females of the total population.

Population Details									
Age	Population '000								
	2012/2013			2013/2014			2014/2015		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 14	6718	6508	13226	6718	6508	13226	6699	6523	13222
Age: 15 - 19	2220	2104	4324	2220	2104	4324	2221	2115	4336
Age: 20 - 29	3034	3663	6697	3034	3663	6697	3032	3667	6699
Age: 30 - 39	1755	2290	4045	1755	2290	4045	1763	2292	4055
Age: 40 - 49	1128	1672	2800	1128	1672	2800	1128	1375	2503
Age: 50 - 59	823	1092	1915	823	1092	1915	810	1093	1903
Age: 60 - 69	445	724	1170	445	724	1170	458	705	1163
Age: 70+	381	700	1081	381	700	1081	352	705	1057

d) Household Composition

The municipality has 7 998 households with average household of 3, 8. It consists of 79.6% formal dwellings. The proportion of households with flushed toilets connected to water was 20.3% in 2011. The proportion with piped water inside dwellings was 23.5%.



e) Socio Economic Status

Although Big 5 False Bay municipality is grant dependent, with a very minimal own revenue contribution within the district, the municipal area has enjoyed a number of economic resources that are utilized to stimulate economic growth and development required in the area.

The municipality had a Tourism ambassador programme in the year 2014/15 where 30 youth were employed under this programme. In youth development programmes 100 youth were trained on the Computer programme.

There are three major natural resources in the Big 5 False Bay Municipality which plays a major role in economic development and in reducing unemployment rate.

Natural Resources	
Major Natural Resource	Relevance to Community
Agriculture	Job Creation
Tourism	Improves economic development in the area
Game Reserves	Economic development and job creation

The Big 5 False Bay municipality has conducted its own SWOT analyses which are as follows:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Land and environmental diversity • Availability of development planning shared services (DPSS) • Availability of environmental capacity at district (waste management) • Locality of municipality at centre of the district. • Economic development and environmental opportunities – iSimangaliso, LSDI corridor and N2. • Vast local and indigenous knowledge on environmental matters, conservation and preservation. 	<ul style="list-style-type: none"> • Lack of Sea and EMP. • Lack of enforcement capacity (Human, skills, policies and financial) (Spatial and environmental). • Lack of planning and environmental compliance knowledge among community. • Lack of functional GIS unit (could link special information with valuation roll, financial information, capital investment framework, asset register, SDBIP and PMS)
OPPORTUNITIES	THREATS

<ul style="list-style-type: none"> • Available data resources and plans • Funding availability of spatial planning revenue enhancement: Planning application and building plans can generate income and can be used for rates payment (application fees and rates first to be paid prior to plans and applications processed). • Increased interest from private sector in development opportunities around Hluhluwe. • Alternative energy opportunities. • Hluhluwe town, kwamduku and kwangiba have potential to expand its economic base beyond agriculture and tourism e.g. Service industry, light industry and commercial. • Large portions of land in municipal ownership available for sub-division and disposal/development. 	<ul style="list-style-type: none"> • Low capacity to implement and enforce plans. • Environmental degeneration of unregistered waste management site (rehabilitation and development on new site). • Threat of irregular water and electricity supply on development and investment planning. • Increased poaching and environmental destruction places municipality and district in a negative light nationally and internationally, affecting investment.
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1.4 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Big 5 False Bay is a small local municipality situated within the UMkhanyakude District in northern KwaZulu-Natal. Easily accessible off the N2 national route, it lies adjacent to the False Bay (western) side of the iSimangaliso Wetland Park (previously known as the Greater St Lucia Wetlands Park) and is the Starting point of the MR4 ((LSDI Corridor) which links Hluhluwe to Mozambique.

The municipality is one of five (5) local municipalities falling within UMkhanyakude District Municipality in the far North of KwaZulu-Natal Province. The municipality covers approximately 1191 km² area with only one semi-urban area being Hluhluwe. The municipality is demarcated into 4 wards and has 7 councillors. The municipality comprises of three (3) traditional authorities. Hluhluwe town is the main town and main centre of employment opportunities, shopping and recreational facilities.

The town of Hluhluwe (Ward 3), which contains the major shopping and light servicing facilities, as well as the municipal offices, services it. A large proportion of the land is used for agriculture and game lodge activities and is sparsely settled. The north-eastern parts of the municipality are occupied

by fairly densely settled rural traditional communities (Makhasa (Ward 2), Mnqobokazi (Ward 1) and Nibela (Ward 4).

The municipality managed to prepare and approve on time a 2014/15 Budget process plan; a credible the 2014/15 IDP and Budget.

Big 5 False Bay municipality managed to achieve some of the targets set, however the municipality have experienced challenges on issues of institutional development to achieve targets set for human resources matters; basic service delivery; Social and Local Economic Development and Governance and public participation (the municipality was unable to maintain fully functional ward committees).

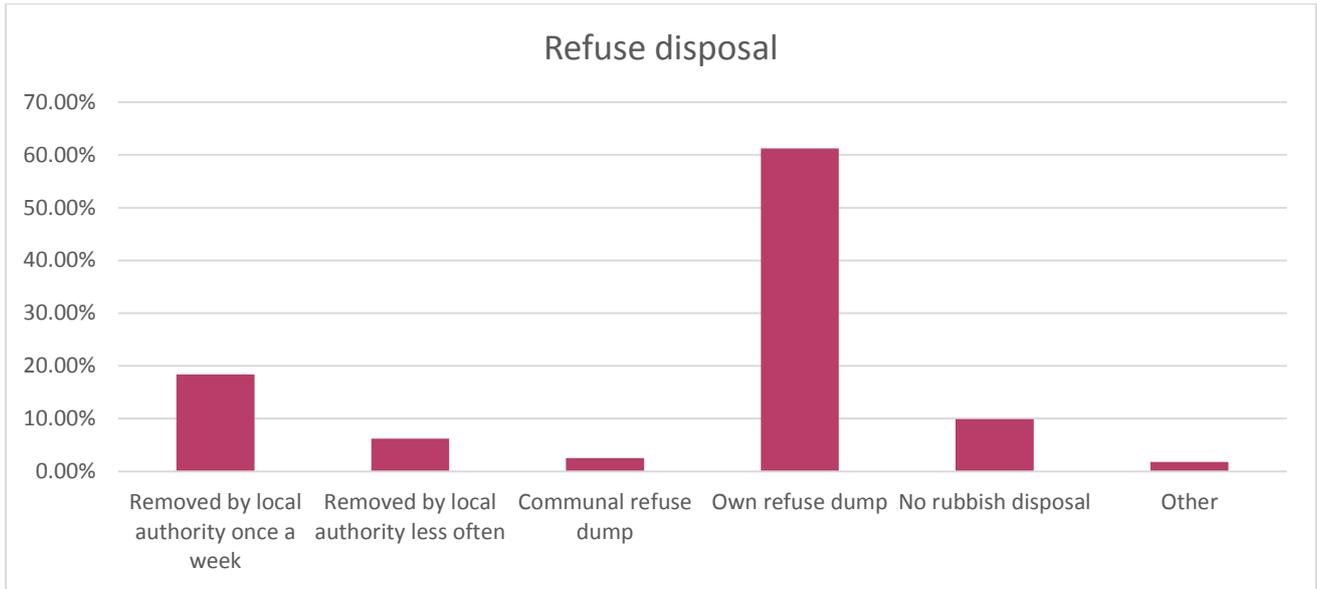
1.4.1 ACCESS TO SERVICES

The functions of the Municipality are set out in Section 156, read together with Schedules 4B and 5B of the Republic of South Africa Constitution Act, Act 108 of 1996. Basic Service delivery focuses primarily on the provision waste collection, roads and storm water.

Water and sanitation service is rendered by uMkhanyakude District municipality and electricity being rendered by Eskom. These services underlie the delivery of housing which is a concurrent Provincial and National Government competency. The Municipality has been providing basic services in accordance with the minimum prescribed levels since its inception.

1.4.2 REFUSE REMOVAL

The municipality removes refuse once a week from 18.4% of the total number of 7 998 households and twice in the central business district. There is no refuse removal service in the rural area, hence communities use their own dumping sites within their household yards.



1.4.3 ECONOMIC DEVELOPMENT

The Big 5 False Bay municipality is located in UMkhanyakude district which is one of the poorest and poverty stricken district municipalities in KwaZulu-Natal.

In the current year 26 EPWP jobs were created by the 1st August 2014 and further 33 were created in January 2015.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT OVERVIEW

Human resources are the Municipality's most valuable resources, without which we would not be able to render services.

MANAGEMENT OVERVIEW

The Municipal Manager is appointed on a fixed term contract in terms of Section 57 of the Municipal Systems Act 32 of 2000 and the four Directors are appointed on 5 year contracts. Employment contracts and performance agreements are in place for the Municipal Manager and all Directors reporting to the Municipal Manager.

WORKFORCE OVERVIEW

The Municipality's organogram has total number 140 positions, 71 funded positions and 69 were vacant as at 30 June 2015. This translates to a vacancy rate of 49%.

EMPLOYMENT EQUITY

Our Recruitment policy and Employment Equity Policy considers issues of transformation and will always enhance sound labour relations.

HUMAN RESOURCE POLICIES AND PLANS

All policies and plans required by legislation are in place and there are a number of other policies in place to maintain harmonious labour relations.

SKILLS DEVELOPMENT AND TRAINING

One of our development priorities is development and training of our workforce and a number of 51 staff members was targeted to attend various trainings based on their skills needs. All 51 staff members were able to attend in the 2014/15 financial year.

EMPLOYEE EXPENDITURE

The Municipality's employee costs including councillors allowances for the year totalled an amount of R 16 942 142 for the year. This constitutes 26 % of the total operational revenue of R 64 694 351. This is a small decrease from the 27% of the previous year. The same legal requirements for budgetary reporting, internal audit, strategic planning, performance management and

intergovernmental relations and working groups apply to all municipalities irrespective of their size and this places undue pressure on the size of staff structures.

1.6 STATUTORY ANNUAL REPORT PROCESS

LEGISLATION	SECTION	MAIN PROVISION
Municipal Systems Act No. 32 of 2000	Section 46: Annual performance reports	<p>1) A municipality must prepare for each financial year a performance report reflecting -</p> <p>(a) the performance of the municipality and of each external service provider during that financial year;</p> <p>(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and</p> <p>(c) Measures taken to improve performance.</p> <p>1) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.</p>
Municipal Finance Management Act No 56 of 2003	Section 121: Preparation and adoption of annual report	<p>1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.</p> <p>2) The purpose of an annual report is-</p> <p>(a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;</p> <p>(b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and</p> <p>(c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.</p> <p>3) The annual report of a municipality must include-</p> <p>(a) the annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);</p> <p>(b) the Auditor-General's audit report in terms of section 126 (3) on those financial statements;</p> <p>(c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;</p> <p>(d) the Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act;</p> <p>(e) an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;</p> <p>(f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;</p> <p>(g) particulars of any corrective action taken or to be taken in</p>

		<p><i>response to issues raised in the audit reports referred to in paragraphs (b) and (d);</i></p> <p><i>(h) any explanations that may be necessary to clarify issues in connection with the financial statements;</i></p> <p><i>(i) any information as determined by the municipality;</i></p> <p><i>(j) any recommendations of the municipality's audit committee; and</i></p> <p><i>(k) any other information as may be prescribed.</i></p>
<p>Municipal Finance Management Act No 56 of 2003</p>	<p>Section 127: Submission and tabling of annual reports</p>	<p><i>2) The Mayor must within seven months (by end January) of the financial year, table in the municipal council the annual report of the municipality.</i></p> <p><i>3) If the mayor, for whatever reason, is unable to table in council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must:</i></p> <p><i>a) Promptly submit to the council a written explanation referred to in section 133(1)(a) setting out the reasons for the delay, together with any components of the annual report listed in section 121(3) or (4) that are ready; and</i></p> <p><i>b) Submit to council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.</i></p> <p><i>5) Immediately after an annual report is tabled in the council in terms of subsection (2), the accounting officer of the municipality must—</i></p> <p><i>(a) in accordance with section 21A of the Municipal Systems Act—</i></p> <p><i>(i) make public the annual report; and</i></p> <p><i>(ii) invite the local community to submit representations in connection with the annual report; and</i></p> <p><i>(b) submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the Province.</i></p>
	<p>Section 129: Oversight reports on annual reports</p>	<p><i>1) 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....</i></p>

The importance of meeting the annual report deadlines is to ensure that the municipal performance against budget for the year is reported, and account to the community for decisions made by the municipality during the year.

It is also important that the municipality's IDP is aligned with the budget and performance management as these must be flawlessly assimilated. While IDP fulfils the planning stage, performance management fulfils the management of implementation, monitoring and evaluation of IDP.

CHAPTER 2 - GOVERNANCE



GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURES

The Big 5 False Bay municipality was established in 2000 in terms of the new dispensation it is a category B municipality. The municipality operates within the plenary system and has 4 wards.

Governance comprises of both political and management governance and in addition intergovernmental relation, public participation and accountability. Political structure is responsible for executive and legislative powers and functions in terms of the constitution as well as relevant National and provincial legislations. Administration structure is responsible for cooperative governance and administration of the affairs of municipality.

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant National and Provincial legislation. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it. The overall executive and legislative authority vests in Council. The Council must, therefore take all the major decisions of the municipality.

The Municipal Systems Act, Act 32 of 2000 (Section 2) states that a municipality is constituted by its political structures, municipal administration and its community. Big 5 False Bay Municipality is therefore structured as follows:

Political Governance Structures

- Municipal Council
- Municipal Public Accounts Committee (MPAC)

The Municipal Administration

The Administration comprises of the Office of the Municipal Manager and 5 Directorates, however the position of the Technical, Planning Services and Infrastructure Development position is vacant.

Community Structures

- Ward Committee

POLITICAL GOVERNANCE STRUCTURES

Municipal elections take place every five years, the implication of this is that the composition of all the Municipality's political structures changed immediately prior to the commencement of the financial year.

The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant National and Provincial legislations. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it.

THE MUNICIPAL COUNCIL

The Big 5 False Bay Local Council political consists of 6 councillors of which 4 represent wards and the other 3 were proportionally elected on the basis of the proportion of votes cast for the respective parties. The Mayor who also serves as the Speaker, heads the political component of the municipality and the executive committee. The table below provides a list of Councillors, their office and political affiliations.

The overall executive and legislative authority vests in Council. The Council therefore, takes all the major decisions of the municipality. If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councillor.

The Municipal Structures Act, Act 118 of 1998 (Section 37(c) requires Municipal Councils to meet quarterly. The Big 5 False Bay Municipal Council held a total of 12 meetings (Ordinary and special meetings) during the course of the 2014/15 year.

MAYOR AND COUNCIL COMMITTEE

Roles and Responsibilities

OFFICE BEARER	FUNCTION
MAYOR Cllr CC Gumede	<i>a) A mayor is entitled to receive reports from committees of the municipal council and to forward these reports together with a recommendation to the council when the matter cannot be disposed of by the mayor in terms of the mayor's delegated powers.</i> <i>(b) The mayor must—</i> <i>(1) identify the needs of the municipality;</i> <i>(2) review and evaluate those needs in order of priority;</i> <i>(3) recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan, and the estimates of</i>

	<p>revenue and expenditure, taking into account any applicable national and provincial development plans; and</p> <p>(4) recommend or determine the best way, including partnership and other approaches to deliver those strategies, programmes and services to the maximum benefit of the community.</p> <p>(c) The mayor in performing the duties of office, must—</p> <p>(1) identify and develop criteria in terms of which progress in the Implementation of the strategies, programmes and services referred to in subsection (b)(3) can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;</p> <p>(2) evaluate progress against the key performance indicators;</p> <p>(3) review the performance of the municipality in order to improve—</p> <p>(i) the economy, efficiency and effectiveness of the municipality;</p> <p>(ii) the efficiency of credit control and revenue and debt collection services; and</p> <p>(iii) the implementation of the municipality’s by-laws;</p> <p>(4) monitor the management of the municipality’s administration in accordance with the directions of the municipal council;</p> <p>(5) oversee the provision of services to communities in the municipality in a sustainable manner;</p> <p>(6) perform such duties and exercise such powers as the council may delegate to the mayor in terms of section 59 of the Systems Act;</p> <p>(7) annually report on the involvement of communities and community organisations in the affairs of the municipality; and</p> <p>(8) ensure that regard is given to public views and report on the effect of consultation on the decisions of the council.</p> <p>(d) The mayor must perform a ceremonial role as the municipal council may determine.</p> <p>(e) The mayor must report to the municipal council on all decisions taken by the mayor.</p>
Municipal Public Accounts Committee	To monitor good governance where there is optimal utilisation of municipal resources to enhance and sustain service delivery and financial management.

AUDIT COMMITTEE

The Municipal Finance Management Act, Act 56 of 2003 (MFMA) requires municipalities to have an Audit committee. Sections 166 (1) and (2) sets out the functions of an audit committee;

- 1) *“An audit committee is an independent advisory body which must –*
 - a) *Advise the council, political office bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity on matters relating to –*
 - i. *Internal financial controls and internal audits*
 - ii. *Risk management*
 - iii. *Accounting policies*
 - iv. *The adequacy, reliability and accuracy of financial reporting and information*
 - v. *Performance management*
 - vi. *Effective governance*
 - vii. *Compliance with the Act, the annual Division of Revenue Act and any other applicable legislation*
 - viii. *Performance evaluation; and*
 - ix. *Any other issues referred to it by the municipality or municipal entity*

- b) Review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;*
- c) Respond to council on any issues raised by the Auditor-General in the audit report;*
- d) Carry out investigations into the financial affairs of the municipality as the council may request;*
- e) Perform such other functions as may be prescribed”;*

Section 40 of the Municipal Systems Act, Act 32 of 2000 requires municipalities to establish mechanisms to monitor and review their performance. The Local Government Municipal Planning and Performance Management Regulations, 2001 (GNR 796 of 24 August 2001) requires municipalities to establish a performance audit committee for this purpose. The functions of the performance audit committee are as follows:

- (i) review the quarterly reports submitted to it by the internal auditors, dealing with quarterly reports, which the internal auditors are required to submit to the municipal manager and the performance audit committee;*
- (ii) review the municipality’s performance management system and make recommendations in this regard to the council of that municipality; and*
- (iii) at least twice during a financial year submit an audit report to the municipal council concerned.*
- (b) In reviewing the municipality’s performance management system in terms of (a)(ii), the performance audit committee must focus on economy, efficiency and effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.*
- (c) A performance audit committee may –*
 - (i) communicate directly with the council, municipal manager or the internal and external auditors of the municipality concerned;*
 - (ii) Access any municipal records containing information that is needed to perform its duties or exercise its powers;*
 - (iii) request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and*
 - (iv) investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.”*

Big 5 False Bay Municipality shares an Audit Committee with the uMkhanyakude District Municipality in terms of Section 166(6)(a) of the MFMA. All the members of the Audit Committee are also members of the Performance Audit Committee, with the exception of an additional expert member on performance management. The Audit and Performance Audit Committee meet quarterly on the same dates.

AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE COMPOSITION AND ACTIVITIES

Name of Member	Capacity	Meeting Dates
Mr NT Dlodla	Chairperson	29 July 2014
Mr IZ Ngcobo	Member	27 August 2014
Dr BV Thabethe	Member for Performance Management	5 November 2014
Mr BM Mhlongo	Member	3 December 2014
		23 January 2015
		29 April 2015

ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Head of the Administration and Accounting Officer of the Municipality, and is primarily responsible for service delivery. The administration comprises the Office of the Municipal Manager and 4 Directorates namely Corporate Services, Technical Services, Community Services and Financial Services Directorate. The Municipal Managers office comprises the Strategic Manager and the Head Internal Audit and the Area Managers.

The functions of the Municipality are set out in Section 156, read together with Schedules 4B and 5B of the Republic of South Africa Constitution Act, Act 108 of 1996. Section 84 of the Municipal Structures Act, Act 117 of 1998 regulates the division of these functions between the District and Local Municipality.

The Big 5 False Bay municipality administration structure led by the Municipal Manager comprises of five departments

Directorate	Title, Name and Designation	Functions
Office of Municipal Manager	Mr AM Dhlomo Municipal Manager	<p>The functions and responsibility of the Municipal Manager are contained in Section 55 of the Local Government Municipal Systems Act, Act 32 of 2000:</p> <p><i>“(1) As head of administration the municipal manager of a municipality is, subject to the policy directions of the municipal council, responsible and accountable for:</i></p> <ul style="list-style-type: none"> <i>(a) the formation and development of an economical, effective, efficient and accountable administration</i> <i>(i) equipped to carry out the task of implementing the municipality’s integrated development plan in accordance with Chapter 5:</i> <ul style="list-style-type: none"> <i>(ii) operating in accordance with the municipality’s performance management system in accordance with Chapter 6; and</i> <i>(iii) responsive to the needs of the local community to participate in the affairs of the municipality;</i> <i>(b) the management of the municipality’s administration in accordance with this Act and other legislation applicable to the municipality;</i> <i>(c) the implementation of the municipality’s integrated development plan, and the monitoring of progress with implementation of the plan:</i> <i>(d) the management of the provision of services to the local community in a sustainable and equitable manner;</i> <i>(e) the appointment of staff other than those referred to in section 56, subject to the Employment Equity Act, 1998 (Act No. 55 of 1998);</i> <i>(f) the management, effective utilisation and training of staff</i> <i>(g) the maintenance of discipline of staff</i> <i>(h) the promotion of sound labour relations and compliance by the municipality with applicable labour legislation;</i> <i>(i) advising the political structures and political office bearers of the municipality</i> <i>(j) managing communications between the municipality’s administration and its political structures and political office bearers:</i>

		<p>(k) carrying out the decisions of the political structures and political office bearers of the municipality;</p> <p>(l) the administration and implementation of the municipality's by-laws and other legislation;</p> <p>(m) the exercise of any powers and the performance of any duties delegated by the municipal council, or sub-delegated by other delegating authorities of the municipality, to the municipal manager in terms of section 59:</p> <p>(n) facilitating participation by the local community in the affairs of the municipality;</p> <p>(o) developing and maintaining a system whereby community satisfaction with municipal services is assessed;</p> <p>(p) the implementation of national and provincial legislation applicable to the municipality; and</p> <p>(q) the performance of any other function that may be assigned by the municipal council.</p> <p>(2) As accounting officer of the municipality the municipal manager is responsible and accountable for—</p> <p>(a) all income and expenditure of the municipality;</p> <p>(b) all assets and the discharge of all liabilities of the municipality; and</p> <p>(c) proper and diligent compliance with applicable municipal finance management legislation”;</p>
<p>Financial Services</p>	<p>Mr NN Shandu Chief Financial Officer</p>	<p>The Chief Financial Officer is responsible for all financial management and processes in the municipality and includes the following components:</p> <ul style="list-style-type: none"> • Valuation roll • Asset management • Supply chain management and procurement • Financial system development • Statutory reporting • Credit control • Payroll • Budget and Treasury Office • Financial Statements.

<p>Planning, Development and Technical Services</p>	<p>Vacant</p>	<p>The Accounting Officer may in terms of S 77 of the MFMA delegate any of the powers or duties assigned to an Accounting Officer:</p> <ul style="list-style-type: none"> • Planning – IDP • Local Economic Development – business plans to secure funding. • Service Delivery – Operational and strategic in terms of planning. • Building control
<p>Corporate Services</p> 	<p>Mr MA Mngadi Corporate Service Director</p>	<ul style="list-style-type: none"> • Human resource management • To build a transparent administrative body capable of achieving transparency and integrity whilst addressing employment equity and affirmative action • To promote skills development throughout the administration structure • Information and Communications Technology; • Administration and Auxiliary Services; • Legal Services;
<p>Community Services</p>	<p>Vacant</p>	<p>Responsible for the operations and performance in the following sections:</p> <ul style="list-style-type: none"> • Facilitate community involvement in terms of consultative processes • Sports & Recreation, • Arts & Culture; • Social and Community Development; • Library Services; • Facility Management. • Traffic Law Enforcement; • Disaster Management

Technical Infrastructure Development	and Vacant	<p>The Technical Services Directorate is responsible for the following:</p> <ul style="list-style-type: none"> • Construction and maintenance of roads and storm water within the municipality's jurisdiction • Refuse removal, solid waste disposal, landfill sites and street cleaning • Maintenance of Council buildings • Maintenance of municipal parks, public open spaces • Maintenance and expansion of municipal cemeteries.
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COMPONENT B: INTERGOVERNMENTAL RELATIONS

Section 3 of the Municipal Systems Act, Act 32 of 2000 requires municipalities to exercise their executive and legislative authority within the constitutional system of co-operative government envisaged in section 41 of the Constitution.

INTERGOVERNMENTAL RELATIONS

The Municipality strives to participate in as many of the available structures and forums as possible. The Municipality participates in National, Provincial and District Intergovernmental forums and District Mayor's Forum structures.

The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act.

Cooperative governance is on the arrangement entered into by spheres of government with the objective of fast tracking service delivery within the Constitutional mandate thereof: The following forums have been established within the province to ensure effectiveness of intergovernmental relations.

- Mayor's forum
- Municipal Manager's Forum
- Chief Financial Officer's Forum
- Technical Support Forum
- Infrastructure Forum
- Planning and Development Forum
- Community & Social Services Forum

The above forums are established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres, hence such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.

DISTRICT INTERGOVERNMENTAL STRUCTURES

In addressing service delivery issues, the Umkhanyakude District municipality has established a number of forums where the family of municipalities within the district are represented.

These forums provide a platform for engagement on the different service delivery issues and for coordination and monitoring of the effectiveness of these forums.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Constitution (Section 152) sets out the objects of local government, one of which is the provision of democratic and accountable government to local communities. This is reiterated by Section 15 (b) of the Municipal Systems Act which requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff.

A second constitutional objective is the encouragement of local communities and community organisations in the matters of local government. This is reiterated by the Chapter 4 of the Municipal Systems Act, Act 32 of 2000 which deals exclusively with community participation. A Municipality is required to develop a culture of community participation and develop a system of participatory municipal governance that compliments formal representative governance. The municipality is also required to supply its community with information concerning municipal governance, management and development.

PUBLIC PARTICIPATION

Public participation is defined as an open, accountable process through which individuals and groups within selected communities can exchange views and influence decision-making. It is further defined as a democratic process of engaging people, deciding, planning, and playing an active part in the development and operation of services that affect their lives. Our primary public participation mechanisms are our Ward Committees and public meetings.

The biggest challenge lies in improving the participation of our community in all aspects of municipal governance. The Municipality is in a process of developing a Communication Policy with a view of accelerating and improving Public Participation.

In terms of chapter 4, section 16 and chapter of the Municipal Systems Act no. 32 of 2000, the municipality is required to involve the community in all municipal affairs. The municipality ensures that its communities are informed; consulted and engaged hence 2 public meetings were held during 2014/2015 financial year.

WARD	DATE	TIME	NO. OF PARTICIPANTS
Ward 01	15 October 2014	10h00	107
Ward 01,02, 03, 04	03 December 2014	10h00	298

PUBLIC MEETINGS

The municipality utilise the following mechanisms for public participation which are articulated in the IDP Process Plan:

- Media – Radio Slot on Maputaland Radio
- Publications
- Website – posting of strategic documents in the website in terms of section 75 of the MFMA
- IDP Representative Forum – a forum for all stakeholders to deliberate on development
- Road shows – A district – wide IDP/Budget road shop will be hosted in April to engage communities on
- Draft IDP and Budget IDP
- Budget and
- Performance Management

The extent to which the community understand the above mentioned issues has not reach a level where the municipality will conclude in saying that public participation is at an adequate level. Some of the communities over a long period engagement with the municipality are beginning to understand some of the development issues, but majority still do not understand.

Public meetings are beneficial to the municipality because of the following:

- Dissemination of information,
- Community participation in the development of municipal plans,
- IDP/Budget inputs,
- Being aware of the concerns of residents,
- Providing clarity on issues and accountability of the municipality to its residents

WARD COMMITTEES

Ward Committees are statutory committees established in terms of Part 4 of Chapter 4 of the Local Government Municipal Structures Act, Act 117 of 1998. Ward committees play a vital role in bridging the gap between the Community and the Municipality. Ward Committees are not political but are nevertheless elected for a period of five years that runs concurrently with the term of office of the Municipal Council.

The Big 5 False Bay municipality has 4 wards. The Municipal Council Ward Committees had 3 meetings per ward per quarter in the 2014/2015 financial year. The membership at ward 01 was 40% as a result of resignation; new members were elected in the 04th quarter. Ward 04 Councillor will be elected on the upcoming election.

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	NMS Msane	Yes	1	1	Monthly
2	CT Khumalo	Yes	1	1	Monthly
3	Vacant	Yes	1	1	Monthly
4	F Zulu	Yes	1	1	Monthly

IDP PARTICIPATION AND ALIGNMENT

The following table provides an overview of the alignment of our IDP to the criteria as set out in Section 26 of the Municipal Systems Act.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

Corporate Governance is the set of processes, practices, policies, laws and relationships affecting the Manner in which an institution is directed, administered or controlled.

AUDIT UNIT

The Municipality has the Internal Audit Unit as required by Section 165(1) of the MFMA and an Internal Auditor who reports to the Municipal Manager, however this unit is outsourced to Ntshidi & Associates.

Section 165 (2) of the MFMA requires the Internal Auditor to;

- a) prepare a risk-based audit plan and an internal audit program for each financial year;*
- b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—*
 - i. internal audit;*
 - ii. internal controls;*
 - iii. accounting procedures and practices;*
 - iv. risk and risk management;*
 - v. performance management;*
 - vi. loss control; and*
- c) perform such other duties as may be assigned to it by the accounting officer”.*

The Internal Auditor drives the Risk Committee, Audit Committee, and Performance Committee as well as Anti-corruption, The Fraud and Ethics Committee oversee and monitor clean corporate governance.

RISK MANAGEMENT

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

Risks are identified during the annual strategic planning session of the Council and Senior Management, Committee Meetings. Risks are populated in a template to indicate the risk level. Risks are also monitored electronically. The management of risks is allocated to Senior managers. During 2014/15 risks will be developed per Directorate.

1. **Environmental Risks: Non** implementation of Land Use Management System. This is due to lack of funds; community resistance to change; land being privately owned and lack of capacity.

2. **Environmental Risks:** Inability to collect and dispose waste timeously; Lack of capacity. Lack of registered waste management site. Lack of integrated Waste Management Plan.

3. **Financial Management: Revenue Enhancement:** Inability to collect Municipal revenue; lack of capacity; low revenue base and high level of indigent community.

4. **Financial Management:** Supply Chain Management Ineffective implementation of Supply Chain Management processes due to lack of effective internal controls, abuse of emergency purchases, Interference in Supply Chain Management processes and absence of a Procurement Plan.

5. **Economic Development Inability** to attract and retain investments and tourism due to lack of an updated Local Economic Development Strategy, lack of an updated Tourism Strategy, failure by the District Municipality to extend water and sanitation infrastructure and high crime rate.

ANTI-CORRUPTION AND FRAUD

Fraud prevention can be seen as the cumulative effect of both prevention and detection systems incorporated by management. The detection of fraud can only lead to the prevention thereof response thereto acts as a deterrent.

An Anti-fraud and Corruption Policy was reviewed, adopted and approved by Council in July 2013. The municipality is committed to communicate the Strategy with its citizens in order to promote awareness of its stance and approach.

Quarterly meetings of the Provincial Treasury Risk Forum are also attended to update them on the fraud, corruption and risk processes in the Municipality. The Municipality has an active Audit Committee. The meetings of the Audit Committee are attended by Senior Management and Council. The Committee is a statutory committee and functions in accordance with Section 166 of the Municipal Finance Management Act 56 of 2003.

SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management (SCM) Policy in place which complies with National Treasury guidelines. The policy outlines the processes to be followed when procuring any goods or services.

The following must still be implemented to attain the standards set out in Section 112 of the MFMA;

- (I) Demand management has not been institutionalized and the function is not staffed.
- (ii) Rotation of service providers not adhered to;
- (iii) Bid Committees secretariat not located within the system;
- (iv) Preferential procurement from previously disadvantaged individuals relies on procurement points allocation for all service providers
- (v) Risk and performance components of procurement strategies of the institution not functional;
- (vi) The section has not been budgeted and therefore staffed, and has not been factored into the strategic function of the supply chain system of the institution
- (vii) The disposal section or component of the section is not functional;

The above analysis gives an ideal situation which will allow the output and outcomes of the Supply Chain System of the municipality to be realized as derived from the applicable legislations and policy.

BY- LAWS

Municipal By-laws are public regulatory laws which apply in the Municipal Area. Section 11(3) (m) of the Local Government Municipal Systems Act, Act 32 of 2000 empowers the Municipal Council with the legislative authority to pass and enforce Municipal By-laws. A Municipal Council may only pass By-laws on matters falling within its functional mandate. By-laws are superseded by Provincial and National legislation as well as the Constitution.

The main difference between a By-law and a law passed by National and Provincial Government is that a By-law is made by a non-sovereign body, which derives its authority from another governing body, and which can only be made in respect of specific matters within a specific geographic area. It is therefore a form of delegated legislation.

The status of a Municipal By-law is no different than to the status of any other law of the land. Municipal by-laws are enforceable through the public justice system, penalties can be imposed and offenders can be charged with a criminal offence for breach of a by-law.

Big 5 False Bay Municipality has adopted the following bylaws, however they were not gazetted:

- Credit Control and Debt Collection
- Property Rates
- Street Trading
- Roads bylaws

There were no bylaws adopted during 2014/15 financial year.

WEBSITE

The Local Government Municipal Systems Act, Act 32 of 2000 (Section 21(B)) requires the Municipality to establish an official website. Big Five False Bay Municipality’s official website is; www.bigfivefalsebay.co.za.

The Municipality is required to place all information that must be made public in terms of the Municipal Systems Act, Act 32 of 2000 and the Municipal Finance Management Act, Act 56 of 2003 (MFMA) on this Website. Section 75 of the MFMA specifies that the following documents must be placed on the Website;

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Immediately after budget approval
All current budget-related policies	Yes	Immediately after budget approval
The previous annual report (Year -1)	Yes	
The annual report (Year 0) published/to be published	Yes	To be confirmed
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	July
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	As and when the need arises
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	Yes	As and when the need arises
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Quarterly



CHAPTER 3 – SERVICE DELIVERY PERFORMANCE



SERVICE DELIVERY

INTRODUCTION TO SERVICE DELIVERY

This Chapter highlights the service delivery performance of the Municipality for the 2014/15 financial year, and includes basic service delivery, roads and storm water, planning and development, community services, environmental protection, safety and security, sport and recreation and corporate services.

The Chapter concludes with the Municipality's Annual Performance Report which was compiled in terms of Section 46 of the Municipal Systems Act, Act 32 of 2000. It sets out the Key Performance Indicators (KPI), targets and actual performance of the Municipality in relation to the Key Performance Areas (KPA) of local government and the strategic objectives of the Municipality as set out in the Integrated Development Plan (IDP).

The Big 5 False Bay local municipality is responsible for the provision of basic services in terms of the Powers and Functions allocated to different categories of municipalities.

COMPONENT A: BASIC SERVICES

3.1 INTRODUCTION TO BASIC SERVICES

Basic services are a package of services necessary for human well-being and typically include water, sanitation, and electricity and refuse removal. This section of the Annual Report will also deal with human settlement (housing) which differs from the aforementioned services in that it is a Provincial competence. It is included as there is a direct correlation between the provision of basic services and housing.

Basic services to households are defined as an electricity connection at the dwelling, a public standpipe for water within 200m of the dwelling, and a ventilated pit latrine (VIP) for sanitation. National policy also requires that poor households should receive 50kWh of free basic electricity, 6 kl of free basic water and free weekly refuse removal. The Municipality has been providing basic services in accordance with these minimum prescribed levels.

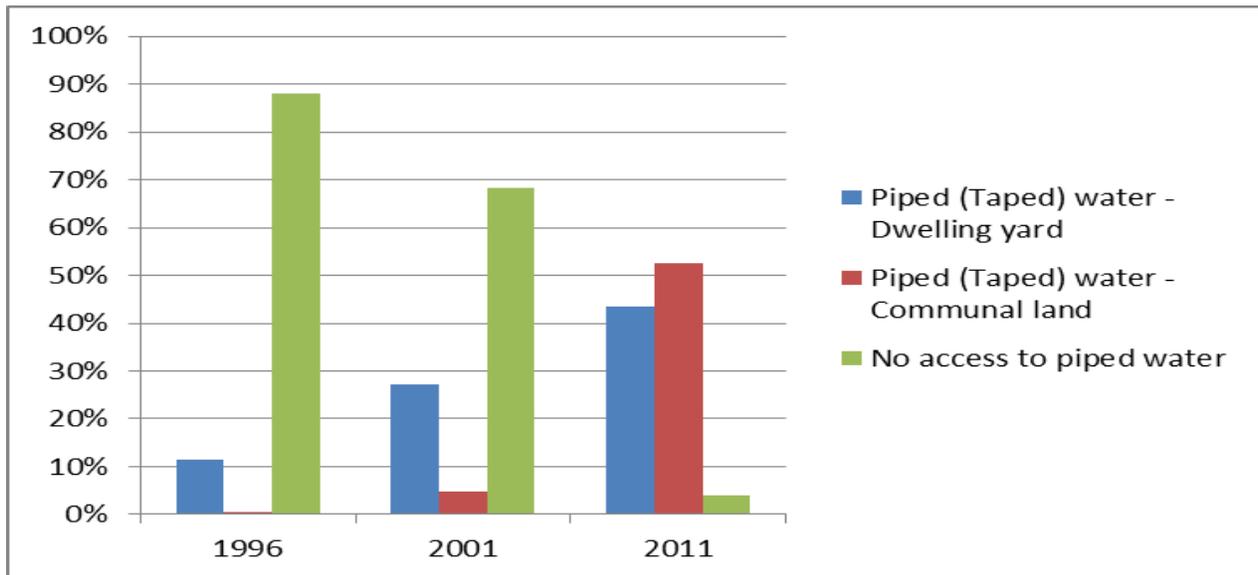
Issues of sustainable infrastructure have been addressed and more interventions are in progress. Municipal Infrastructure Grant funded projects which were completed during the financial year were:

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- Mahongoza Creche
- Madolweni Creche
- KwaGiba Community Hall

3.1.1 WATER PROVISION

The Municipality is not a Water Services Provider in terms of the Water Services Act, Act 108 of 1997, hence the service is rendered by UMkhanyakude District municipality.



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

3.1.2 ELECTRICITY

The Municipality is responsible for the distribution of electricity however Eskom is the service provider of electricity within the Big 5 False Bay municipality since they are the holders of electricity supply license. The Municipality is not making any use of alternative energy sources at this stage. This include even the provision of free basic electricity to the indigent households who qualify for free 50kwh.

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Eskom supply electricity to Hluhluwe town and to the Big 5 False surrounding commercial farmlands. There has been deficiencies in the electrification grid in the deep tribal authority areas. Identified nodal areas are however relatively well served with electricity. According to the census 2001; only 32.6% of the total number of households has access to electricity for lighting. This translates to a 67.4% backlog in terms of electricity provision.

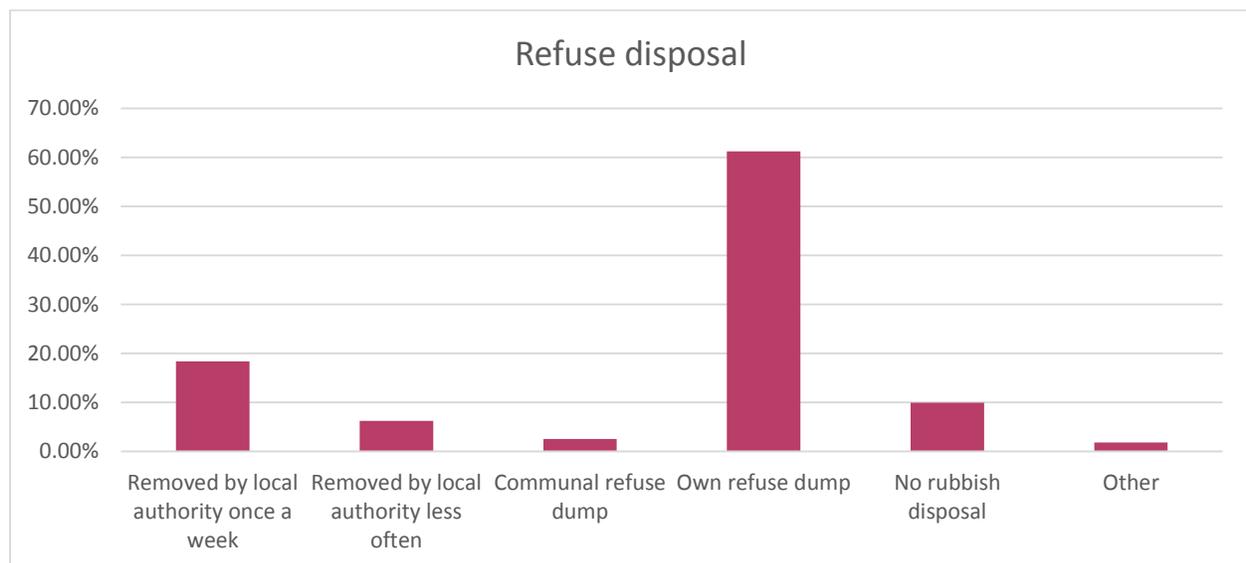
3.2 WASTE MANAGEMENT (INCLUDING REFUSE COLLECTION, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

This service is outsourced due to waste management unit is not yet established.

Majority of the household use their own disposal site for refuse. In 1996 a number of 2 422 households used their own refuse dump and in 2001, the number increased to 3868 and out 7998 in 2011 households 5092 utilise their own refuse.

The number of households with access to refuse removal by the municipality has been increasing as follow, in 1996 165 households had access, and in 2001 the number increased to 1062 and further increased to 1972 in 2011.



There is no refuse removal system in the rural areas; communities there use their own dumping spots, i.e. dump excavated within the household yard. While accurate figures are not known; there isn't much waste generated in the rural areas of the municipality.

3.3 HOUSING

INTRODUCTION TO HOUSING

Housing is a concurrent National and Provincial competency in terms Part A of Schedule 4, of the Constitution. Section 10 of the Housing Act, Act 107 of 1997, sets out the responsibilities of municipalities in relation to the provision of housing. There is a direct correlation between the provision of basic services and housing, which makes it a complicated function that relies on high levels of cooperation between the municipalities and the Provincial and National Departments responsible for Housing.

3.3.1 Housing service

In each of the three traditional authority areas, the municipality has identified a need for rural housing development which is in progress. Communities have been provided with access to housing and the current and future projects are underway. Department of Human settlements is in the process of initiating rural housing projects. The projects are as follows:

Completed projects

- Ward 01 : Mngobokazi 1 300 units
- Ward 02 : Makhasa 1 700 units
- Ward 03 : Phumlani phase3 - 500 units

Projects under construction

- Ward 04 : Nibela rural 800 units
- Ward 02 : Makhasa rural 1 700 units

3.4 FREE BASIC SERVICES AND INDIGENT SUPPORT

The Municipality is required to use its equitable share which it receives from national government in terms of the Division of Revenue Act (DORA) for the provision of basic services to its community. Basic services are a package of services necessary for human well-being and typically include water, sanitation, electricity and waste management. National policy also requires that poor households should receive 50kWh of free basic electricity, 6kl of free basic water and free weekly refuse removal. The Municipality has an indigent policy which it reviews each year with the budget and maintains an indigent register.

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The Municipality provides free basic services to all indigent households. Indigent households are defined as households where the joint income does not exceed (R3 000.00 per month). The average number of households provided with free basic electricity for 2014/15 were 327.

INDIGENT AND FREE BASIC SERVICES	PER HOUSEHOLD	AMOUNT PER YEAR
Free basic electricity per month	R 46.54	R 188 208

COMPONENT B: ROAD TRANSPORT

3.5 ROADS AND TRANSPORT

This service is rendered by the municipality through the appointment of service providers. The Municipality has a short supply of good all weather roads. This restricts the provision of some services such as waste removal. In addition, access to economic opportunities is also limited. The main problem in Big 5 False Bay is the lack of access experienced by rural communities as rural roads are not in a good condition. The municipality solely rely on the Municipal Infrastructure transfers to fund all infrastructure related projects.

In 2014/15 financial year the municipality completed the maintenance of Ward 03 Access road (2.5km) and had completed 90% of the construction of Phumlani Access Road.

3.6 STORMWATER DRAINAGE

The objectives of the Roads and Storm Water function are the construction and rehabilitation of roads, repair of potholes and storm water management. The main challenge faced in the implementation of this function is insufficient budget provision for capital projects.

COMPONENT C: PLANNING AND DEVELOPMENT

The Planning and Development department specialises on ensuring that all plans submitted are approved in terms of the standards. While local economic development promotes investments within the municipality.

3.7 PLANNING

INTRODUCTION TO PLANNING

Planning is shared services which include all the local municipalities within the district of uMkhanyakude.

3.8 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

While Big 5 False Bay municipality is known as a tourism destination due to the most popular Hluhluwe Game Reserve, the socio-economic ills have persisted throughout the years and the local economy has failed to absorb the local labour force and minimize poverty levels.

Tourism and agriculture is a dominant economic activity in the municipality. There is commercial farming and provide employment to the community, there is also service and retail industry in town.

Mining has not been identified as a major economic driver in Hluhluwe but there is an existing quarry in ward 3 and the registration and mining permit will be liaised with Department of Minerals & Energy.

LOCAL JOB OPPORTUNITIES

The primary role of local government is to create a climate that is conducive to local economic development. The Municipality does however seek to create work opportunities wherever it can. One such programme is the Expanded Public Works Programme (EPWP) which is a government programme aimed at the alleviation of poverty and unemployment. The programme aims to increase economic growth by improving skills levels through education and training. It also aims to provide an enabling environment for industry to flourish.

LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The local economic development reflect a slight improvement even though the level of unemployment is still high. In order to maximise the benefits that Big 5 Municipality can derive from agriculture and tourism, focus has been placed on areas that provide the most potential.

Catalytic projects

- Life stock faming – Agriculture
- Crop production
- Hluhluwe town as an economic hub
- Mngqobokazi Essential Oils
- Sweet Potato Projects
- Amarula Projects

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.9 LIBRARIES; ARCHIVES; MUSEUM; GALLERIES; COMMUNITY FACILITIES

LIBRARIES

Libraries are the functional mandate of the Department of Culture, Art and Sport (KwaZulu Natal Library Services) and the Municipality manages one library on their behalf. Libraries are the responsibility of the Community Services Directorate.

OVERALL PERFORMANCE

- To provide accelerated, effective, efficient, quality social development services for the community of Big 5 municipality through sport, recreation, arts and culture and library and information programs. Check if there were any events hosted by Library services
- To ensure the community have access to information as prescribed by the South African Constitution.
- Promote employment equity and skills development, therefore effecting efficiency and effectiveness to clientele.

COMMUNITY FACILITIES – MUNICIPALITY BUILDINGS AND FACILITIES

Community facilities are a shared responsibility between the Administrative Services Directorate (administration) and the Technical Services Directorate (maintenance). Community facilities include the following:

- Municipal Offices in all towns
- Community Halls in town and wards
- Trading Facilities
- Public ablution facilities

COMPONENT E: SPORTS AND RECREATION

3.10 SPORTS AND RECREATIONS

This part includes community parks, sport fields and swimming pools, sport development and recreation resorts. Community parks, sport fields (maintenance) are the responsibility of the Technical Services Directorate and sport development and recreation resorts are the responsibility of the Community Services Directorate.

Mayoral and indigenous games normally take place within the municipality which includes soccer, rugby, volley ball, ladies soccer, netball, umlabalaba and ukushaya induku.

COMPONENT F CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.11 EXECUTIVE AND COUNCIL

INTRODUCTION

The Executive and Council comprises the Municipal Council and its support staff as well as the Office of the Municipal Manager which includes the Strategic Services Department and Internal Audit Unit.

Purposeful savings were made as part of a general cost saving initiative to counteract the Municipality's reduction in cash flow. There was no capital expenditure for the Council and Executive. Councillor remuneration totalled R 1 812 347 for the financial year.

3.12 FINANCIAL SERVICES

The Financial Services Department is responsible for the Budget and Treasury Office, Revenue Management, Expenditure Management and Supply Chain Management. The Department is also responsible for the Valuation Roll. The Municipality's debt recovery rate is 51.53% for the 2014/15 year. The activities of this section are detailed under Financial Performance (Chapter 5).

3.13 HUMAN RESOURCES SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resource Services is responsible for human resource management, labour relations, training and development and occupational health and safety. The Human Resource Department is under the directorate of Corporate Services. The Local Labour Forum is a consultative platform for the discussion of staff matters of the Municipality.

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ORGANISATIONAL SCORECARD

IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
KPA 01: INSTITUTIONAL DEVELOPMENT & TRANSFORMATION																
IDT/01/15	To ensure attraction & retention of skillful labour force	Development of a Retention Strategy	Council approval by 30 April 2015	N/A	N/A	30 April 2015								30 April 2015	-	Target not achieved , due to personnel capacity constraints, Corporate Service will outsource development of this strategy and recruitment process will commence in the 2 nd quarter of 2015/16
IDT/02/15		Annual Review of HR Strategy	Council approval by 30 April 2015	31 Dec 2013	-	30 April 2015	25 June 2015							30 April 2015	25 June 2015	Target achieved , the HR Strategy was tabled and approved by Council on the 25 th of June 2015.
IDT/03/15	To ensure effective & efficient Governance and Administration	Policy Development and Review	Number of policies developed by 31 May 2015	10	5	5							3	5	5	Target achieved above expectation The following policies were developed and approved by council in the 3 rd quarter. <ul style="list-style-type: none"> ▪ Communication Strategy

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4				
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
																<ul style="list-style-type: none"> ▪ Informal Economy Policy ▪ Registry Procedure and Record Management Policy <p>following policies were developed and approved by council in the 4th quarter on the 25th of June 2015</p> <ul style="list-style-type: none"> ▪ Retention Policy ▪ Migration & Placement Policy ▪ HR Strategy ▪ Employment Equity Policy ▪ Desertion & Abscondment Policy
IDT/03/1/15			Number of policies reviewed by 31 March 2015	5	18	15	39			-	1	15	2	-	36	<p>Target partially achieved</p> <p>2(two) policies were reviewed in the 3^r quarter</p>

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4				
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
																11(eleven) HR policies were reviews on the 25 th of June 2015 01(one) Performance Management Framework Policy was approved by council on the 30 th of Oct 2014 25(twenty five) budget related policies were reviewed and adopted by council on the 28 th of May 2015
IDT/04/14		Development of Municipal By – laws	Number of By-laws developed by 31 March 2015			8						8	5			Target partially achieved only five By-laws were developed as follows: <ul style="list-style-type: none"> • Electricity By-law • Pollution • Fire • Refuse Bylaw • Stand Rules & Orders Due to imminent merger

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
																between Hlabisa and Big 5 By-laws will be considered for the new Municipality
IDT/04/1/15		Review of Municipal By-laws	Number of By-laws reviewed by 31 March 2015			8						8	0			Target not achieved , due to imminent merger between Big 5 and Hlabisa the By-laws will be reviewed considering both municipalities in 2015/16
IDT/05/15		Support Service Council Meetings to Council Meetings	Number of Council meetings supported by 30 June 2015			10		3		2		3	3	2	3	Target achieved the following meetings were supported with minute taking and agenda distribution. Quarter 1 31 July 2014 28 Aug 2014 30 Sep 2014 Quarter 2 30 Oct 2014 03 Nov 2014 20 Nov 2014 Quarter 3 29Jan 2015

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
																23 Feb 2015 26 March 2015 <u>Quarter 4</u> 24 April 2015 22 May 2015 25 June 2015 Minute for the following dates 01 April 2015 30 April 2015 12 May 2015 28 May 2015 25 June 2015
IDT/06/15		Coordination of Councillors training	Number of training sessions coordinated by 30 June 2015	4	2	4	2	1	1	1	-	1	-	2	1	Target not achieved, trainings were coordinated as follows: <u>Quarter 1</u> – 20 -21 August 2014 <u>Quarter 4</u> – 18 th – 22 nd May 2015
IDT/07/15	Youth Empowerment & Life Long	Implementation of In-service Training	Number youth empowered through in –	4	10	4	9	-	5			4	2	4	2	Target achieved, • (05) Five jobs were created in Q1 - 25 July 2014

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4				
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
	Learning		service training programme by 31 March 2015													through Municipal Infrastructure support Agency(MISA) <ul style="list-style-type: none"> • (02)Two jobs were created in Q3 and • (02)Two jobs were created in Q4

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
IDT/08/15	Improved institutional and organisational capacity	Promotion and implementation of Employment Equity Plan (EEP)	No. of staff from employment equity target groups (women employed in the three highest levels of management in compliance with approved equity plan by 30 June 2015)			1									1	-	Target not achieved and will not be achieved due to imminent merger between Big 5 False Bay and Hlabisa Municipality. Filling vacant positions was withheld
IDT/08/1/15			No. of women staff appointed in S54/56 posts by 30 June 2015			1									1	-	Target not achieved , filling of the position delayed due to sudden vacant position of the Accounting Officer, the recruitment process delayed. The interviews will be conducted mid -

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
																August 2015 and the positions will be probably filled in not more than three months period.
IDT/09/15		Development & Implementation of Workplace Skills Plan(WSP)	Submission to council for approval by 30 April 2015	31 May 2014	29 May 2014	30 April 2015	30 April 2015	30 April 2015						30 April 2015	30 April 2015	Target achieved , WSP was approved by Council on the 30 th of April 2015.
IDT/09/1/15			Number of staff trained in line with WSP by 30 June 2015	20	12	20	59	-	-	10	8	5	-	5	51	<p>Target achieved over and above expectation, 51 staff was trained in the 4th quarter.</p> <ul style="list-style-type: none"> • 30(thirty) staff members were trained on Registry Management Course on the 26th of June 2015 – 29th of June 2015, • Two(2) staff was trained LED and SCM Practioner's Training On the 01st to the 05th of June

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4				
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
																2015 <ul style="list-style-type: none"> • Two(2) staff were training on Driving Licence Examiners 09 April – 08 May 2015 • One(1) staff was trained on Disaster Risk Management • One(1) staff was trained EPWP Reporting System on the 3rd – the 4th of June 2015 • Fifteen(15) staff were trained on Electronic Performance Management System on the 07th – the 08th of April 2015
IDT/09/2/15			% of budget spent on implementation of WSP by 30 June 2105			100%		25%	275%	25%	208%	25%	10%	25%	49%	Target achieved, the expenditure for training was R 772 105.00 by 30 June 2015

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
IDT/10/15		Filling of the vacant key positions	% of positions filled as per staff entire establishment by 30 June 2015			70%									70%	53%	Target not achieved , due to imminent merger between Hlabisa and Big 5, positions can only be filled on contract basis not exceeding twelve months, therefore this arrangements impacted negatively on municipal ability to attract staff.
IDT/12/15	To promote an Improved Employee wellness	To collaborate with professional persons and/or institutions that provide services such as counselling services	No. of Partnership agreements signed between the municipality and employee wellness institutions by 30 June 2015			1	1				1				1		Target achieved , the agreement was signed in the 2 nd quarter between the municipality and uMseleni Hospital
IDT/13/15		Implementation of employee wellness program	No. of programs implemented by 30 June 2015			2	2		1	1					1	1	Target achieved Employee wellness day was conducted on the 11 th of September 2014 and 24 th of June 2015.
IDT/14/15	To ensure an improved	Annual Review of	Submission to council for	30 April	20 May	31 March	26 March					31 March	26 March				Target achieved the Organisational

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
	Institutional & Organisational Development	organisational structure	approval by 31 March 2015	2014	2014	2015	2015					2015	2015			Structure was approved by Council on the 26 th of March 2015
IDT/15/15		Development of Employment Equity Plan	Submission to council for approval by 31 March 2015			31 March 2015	-						31 March 2015	-		
IDT/16/15	To ensure effective & Efficient Performance Management	Review of PMS Framework	Council approval by 30 Sep 2014	30 Sep 2013	30 Sep 2013	30 Sep 2014	30 Oct 2014									Annual target achieved but not as per projection the PMS Framework was approved by council on the 30 th of Oct 2015.
IDT/17/15		Development of Organisational Scorecard	Council approval by 30 June 2015	30 Jun 2014	29 May 2014	30 June 2015	25 June 2015							30 June 2015	25 June 2015	Target achieved , the Organisational Scorecard was approved by Council on the 25 th of June 2015
IDT/18/15		Development of SDBIP	Approval by the mayor by 28 June 2015	28 Jun 2014	27 Jun 2014	28 June 2015	25 June 2015							28 June 2015	25 June 2015	Target achieved the SDBIP was developed and approved by Council on the 25 th of June 2015.
IDT/19/5		Signing of Performance Agreements	No. of Performance agreements signed by 29 July 2014	4	4	4	4	4	4	4						

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
IDT/20/15		To conduct quarterly Performance Reviews	No. of Quarterly Performance Reports submitted to AC & Council by 30 June 2015	4	4	4	4	1	1	1	1	1	1	1	1	<p>Target achieved, four quarterly reviews were conducted as scheduled, over and above the mid-term and annual Performance Assessment 2013/14 were conducted during year</p> <p>Quarter 4, 2013/2014 - 26 Aug 2014,</p> <p>Quarter 1, 14 October 2014</p> <p>Quarter 2, 08 Jan 2015</p> <ul style="list-style-type: none"> • Quarter 3, 19 May 2015 • Mid - Term Review 2014/15, 16 Jan 2015 • Annual Assessment 2013/14 - 04 Sep 2014

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
IDT/21/15		Coordination of Strategic Planning Sessions	No. of strategic Sessions convened by 31 Jan 2015	N/A	N/A	2	2			1	2	1	-			Target achieved , two sessions were convened as follows: 22 – 24 October 2014 And 19 – 21 November 2014
IDT/25/15		To Monitor Performance of Municipal Service Providers iro <ul style="list-style-type: none"> • Internal Auditing • Financial Statements • Asset Register • General Valuation Roll • Information Technology • Financial System(Pastel) 	No. of Performance Assessment Reports in terms of signed contract.	4	2	2	2			1	1			1	1	Target achieved , the Service Providers were assessed in Q2 and were be assessed again in Q4

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		<ul style="list-style-type: none"> Consulting Engineering Service 														
KPA 02: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT																
BSD/01/15	Improved access to Basic Services of water, sanitation electricity & refuse removal	To facilitate access to basic services of water & sanitation by the uMkhanyakude District Municipality.	Submission of needs analysis report to the uMkhanyakude District Municipality by 31 March 2015			31 March 2015						31 March 2015	-			Target not achieved , however numerous correspondence was undertaken with uMkhanyakude and CoGTA on their core competency service(water & sanitation) for Big 5
BSD/02/15		Facilitation of access to Electricity	Number of new Households with access to electricity in ward 02 & 04 by 31 March 2015			176	176					176	176			Target achieved 176 households were provided with electricity connections.
BSD/03/15			Average number of existing households with access to Free	327	344	327	327	327	327	327	327	327	338	327	338	Target achieved the average number of households provided with free basic electricity for 2014/15 were 327

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
			Basic Electricity.														
BSD/06/15		Improved access to refuse Removal	Number of existing households with access to refuse removal by 30 June 2015.	N/A	N/A	862	862	862	862	862	862	862	862	862	862	862	Target achieved, 862 households are provided with refuse removal
BSD/11/15		Upgrade and maintenance of ward 03 street lights	Number of street lights upgraded and maintained by 31 Dec 2014	130	-	168				168							Target achieved as scheduled achieved, 168, streetlights were upgraded
BSD/13/15	Improved Maintenance and development of municipal infrastructure	Maintenance of ward 03 access roads	Number (in Kilometres) of municipal roads maintained by 31 Dec 2014			2km	2.5km										Target achieved, 2.5km Roads maintenance was done in Q2.
BSD/14/15			m ² of repairs to potholes on urban tarred roads by 31 Dec 2014			100 m ²	150m ²			100 m ²	150m ²						Target achieved and it was achieved, 150m ² repairs to pothole was undertaken.

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
BSD/15/15		Construction of Mngobokazi Creche	Date of completion			30 June 2015											Target achieved , the project is complete practical completion certificate was signed on the 13 th May 2015.
BSD/16/15		Construction of Nyathi Community hall	Date of completion			30 June 2015								30 June 2015	-		Target not achieved , the project is 80% complete and the completion date has been revised to 25 Sep 2015, this was due to additional work for ablution facility. The work still outstanding is plumbing, ancillary works and ablution facility.
BSD/17/15		Construction of Nibela Sportfeild	Date of completion			30 June 2015								30 June 2015	-		Target not achieved , due to project site challenges the project was moved to another site. Currently the project expenditure is 44.43% construction is 11%
BSD/01/14		Completion of Phumlani Township access roads	Date of completion			30 June 2015								30 June 2015	-		The project was 90% complete end of January 2015. The service provider could not deliver as per the

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
																contract, the revised completion date is 31 st July 2015 and the outstanding work is Signage and v-drains	
KPA 03: SOCIAL AND LOCAL ECONOMIC DEVELOPMENT																	
SED/01/1/5	Enhance LED & Tourism Development within the municipal area neighbouring municipalities	Development of Investment Strategy	Tabling of a Draft Investment Strategy to MANCO by 31 March 2015.			31 March 2015							31 March 2015	-		29 June 2015	Target partially achieved the Draft Investment Strategy is in place however, tabling to MANCO delayed it was tabled to MANCO on the 29 th of June 2015. It will be work-shopped in the 1 st quarter and submitted to Council for approval by 31 st December 2015.
SED/01/1/15			Tabling of Investment Strategy to Council by 30 April 2015			30 April 2015							N/A	N/A			Target not achieved, Investment Strategy will be submitted to Council by 31 st December 2015.
SED/02/1/5		Promote Government led programmes of EPWP &	Number of EPWP jobs created by 30 June 2015			35	59						N/A	N/A			Target achieved, (twenty six) 26 jobs were created by the 1 st of August 2014 and further thirty three (33)

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		CWP														jobs were created in the 3 rd quarter in January 2015.
SED/03/15			Number of jobs created through CWP by 30 June 2015			15										Target not achieved , this target will not be achieved, however application was made to CoGTA on the 22 nd of June 2015
SED/04/15			Tourism ambassador programme in place by 30 April 2015			30 April 2015	01 st October 2014							30 April 2015		Target achieved in Q1 , , thirty (30)youth were employed under this programme
SED/05/15	To promote and enhance agricultural and forestry potential with the municipal area	Establishment of Agricultural Forum	Date of establishment			31 Dec 2014	02 Dec 2014									Target achieved as scheduled , the Agricultural Forum was established on the 02 nd of Dec 2014
SED/06/15			Tabling of a Draft Agricultural Development Plan to MANCO by 31 May 2015			31 May 2015								31 May 2015	-	Target not achieved , due to personnel constraints there has been engagements with the Dept. of Agriculture for support, Draft will be in place by 31 Dec 2015

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
SED/06/1/15			Tabling of a final Draft Agricultural Development Plan to Council by 30 June 2015			30 June 2015									30 June 2015	-	Target not achieved, due to personnel constraints there has been engagements with the Dept. of Agriculture for support, Draft will be in place by 31 Dec 2015
SED/07/15		To coordinate support to existing commercial farmers	Number of existing commercial farmers supported by 31 Dec 2014			1	-			1	-						Target not achieved, however through engagements with DTI .National Cleaner Production Centre(NCPC) has confirmed funding support which might be realized by end December 2015
SED/08/15		Coordination support to emerging commercial farmers	No. of emerging commercial farmers supported by 30 June 2015.			4									4	2	Target not achieved <ul style="list-style-type: none"> Izinyosi Cooperative was support with business skills workshop on 24 June 2015 One Cooperative - Idongolwethu Poultry Project was supported with

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
																<p>purchase of garden equipment on the 23 June 2015</p> <ul style="list-style-type: none"> of cooperatives was conducted on the 25th of March 2015 by EDTEA. the registration of cooperatives was conducted on the 25th of March 2015 by EDTEA.

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
SED/09/15	To promote rural development subsistence farming	Community gardens supported in all wards	Number of community gardens supported per ward by 30 June 2015			2									2		<p>Target not achieved, however drought relief programme was coordinated by LED unit in Sep 2014 – February 2015 for all wards.</p> <p>Essential oils community garden in ward 01 were supported with transportation of their produce</p> <p>Irrigation support for ward 04</p>
SED/10/15		Facilitation of sectorial food security programmes	Number of projects per ward implemented by 30 June 2015			2											<p>Target achieved, however projects on landcare, poultry and maize production is provided.</p>
SED/11/15	SMME's development & empowerment	To coordinate SMME Training sessions	Number of training sessions coordinated by 30 June	4	4	4		1		1		1	-	1	1	<p>Target achieved, it was realised that some of the SMMEs do not reside within the</p>	

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4				
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
			2015													municipal jurisdiction; verification of SMME members was conducted in March 2015. <u>Quarter 1</u> <ul style="list-style-type: none"> • 02 July 2014, liquor license workshop • 10 July NCPC & DTI training • 29 July 2014, Pineapple processing enterprise • 04 Sep Pineapple agri – process • 12 Sep 2014, Fishers Meeting • 11 Sep 2014, Poultry workshop <u>Quarter 2</u> 09 Dec 2014, agri-

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
																process workshop <u>Quarter 3</u> <ul style="list-style-type: none"> • 25 March 2015 – Community garden • 23 March 2015 – community gardens workshop • 21 January fisheries <u>Quarter 4</u> <ul style="list-style-type: none"> • 08 April 2015, poultry • 20 April 2015 - Poultry • 23 April 2015 small scale fisheries workshop • 24 June 2015 cooperative workshop
SED/12/15	Unleash youth potential	Promote Youth Development programmes(S	Number of youth development			1	1	1	1							Target achieved , 100 youth are trained on the Computer Programme

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		kills Dev)	programmes supported by 31 March 2015													since the beginning of Sep 2014.
SED/16/15	To ensure safer sexual practices for sexual active people	HIV/AIDS awareness campaigns	No. of campaigns coordinated by 30 June 2015			1	1			1	1					Target achieved , a campaign was held on the 5 th of Dec 2014 as scheduled.
SED/18/15	To promote Safety & Security within the municipal jurisdiction	Development of Community Safety Plan	Tabling of a Draft Community Safety Plan to MANCO by 31 May 2015			31 May 2015	-							31 May 2015	-	Target not achieved , due to budget constraints it be will developed in 2015/16
SED/20/15		Establishment & Operation of Drivers Licence Testing Centre(DLTC)	Date of approval from DoT(Department of Transport) for DLTC	30 June 2014	-	30 April 2015	-							30 April 2015	-	Target not achieved , several visits by the DoT have been undertaken, approval is expected from the department and follow-up e-mails were sent
SED/20/15			Number of learners licence classes	N/A	N/A	20	-							20	-	Target not achieved , the municipality has not yet received the approval from DoT, so

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
			conducted by 30 June 2015													the Centre cannot be completed to operate pending approval from DoT, however follow-up are made.
SED/20/2/15		Training of Traffic Services Trainees	Number of Traffic Trainees enrolled by 30 Sep 2014	N/A	N/A	9	9	9	9							Target achieved , nine(9)Traffic Trainees were enrolled for Traffic by 30 Sep 2014
KPA 04: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																
GG/01/15	To promote community participation	Development of Ward Committee Policy	Submission to Council for approval by 30 June 2015	N/A	N/A	30 June 2015								30 June 2015	-	Target not achieved the Draft Ward Committee Policy is in place and will be submitted to Council for approval by 30 Sep 2015
GG/02/15		To coordinate ward Committee Meetings	Average Number of ward committees meetings convened in each ward by 30 June 2015	N/A	N/A	12		4		4		4		4		Target not achieved , the membership at ward 01 was 40% as a result of resignation, new members were elected in the 04 th quarter and meetings were convened as follows: : Quarter 01

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
																<p>Ward 03 – 04 July 2014 22 July 2014 17 Aug 2014</p> <p>Ward 04 – 17 July 2014 14 Aug 2014 18 Sep 2014</p> <p>Quarter 3</p> <ul style="list-style-type: none"> ward 04 is fully functional ward committee meetings were convened in Jan, Feb & March Ward 01 is not functional at all no meetings were convened in the 3rd quarter <p>Ward 02 and 03 only met in March 2015</p> <p>Quarter 4 Ward 01 – 28 April</p>

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
																26 May 30 June 2015 Ward 02 - 29 April 2015 27 May 2015 24 June Ward 03 – 24 April 2015 29 May 2015 26 June 2015 Ward 04 - 24 April 2015 28 May 2015 26 June 2015
GG/03/15		Development of ward operational plans	No. of ward operational plans submitted to Council for approval by 30 June 2015			4										Target not achieved, the Draft operational Plans for Ward 04 and 02 and 03 are in place and have been submitted to CoGTA for inputs after incorporation of inputs from CoGTA submission for consideration and approval will be made to Council for approval by 30 June 2015.
GG/04/15		Implementation of ward operational	No. of quarterly reports			4		1		1		1	-	1	1	Target not achieved, implementation of ward operational plans are

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014/15

IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		Plans	submitted by each ward by 30 June 2015													supposed to be submitted to the Speaker on quarterly basis by each Ward Councillor, however it has been realised that no submissions were made in quarter 1, 2 and 3 however submissions were realized in the 4 th quarter
GG/05/15		Attendance of ward committee meetings	% attendance of meetings by ward committee members in all wards			70%						70%	75%			Target partially achieved, the percentage achievement is above 75% in ward 02, 03, and 04 except ward 01. The ward committee in ward 01 is not functional, there has been high resignations and membership is below 50%. More members will be nominated to address this challenge.
GG/07/15	To revive the functionality	Adherence to the Municipal IGR	% attendance of IGR			70%		70%		70%		70%	50%	70%	50%	Target partially achieved, out of two meetings one meeting

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
	of IGR	events calendar	meetings as per invites received.													on the 09 th of April 2015. There was a meeting scheduled for June 2015 and could not be attended to due operational arrangements challenge caused by sudden vacant position of the MM.
GG/08/15	To strengthen the functionality of Audit Structures	Coordination of Audit committee meetings convened	Number of meetings coordinated by 30 June 2015	4	4	4	6	1	2	1	2	1	1	1	1	Target achieved above expectation meetings were convened as follows: 29 Jul 2014 27 Aug 2014 05 Nov 2014 03 Dec 2014 23 Jan 2015. 29 April 2015
GG/09/15		Implementation of Audit Committee Resolutions	% of AC resolutions implemented by 30 June 2015 within a stipulated period			100%		100%			100%			100%		Target not achieved This target cannot be measured timeframes are not provided on AC resolution register and considerations will be made to amend the AC resolution register.

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
GG/10/15		Review of Audit committee chatter	Council approval by 31 August 2014			31 Aug 2014	29 Jan 2015									Target achieved, but not as projected the Audit Committee Chatter was approved by Council on the 29 th of Jan 2015
GG/11/15		Development of Internal Audit Plan	Submission to Audit Committee for approval	30 Sep 2015	21 Jan 2015	31 August 2014										Annual target not achieved , however the Internal Audit Plan was submitted to AC in the 2 nd quarter for approval
GG/12/15		To conduct Internal auditing on quarterly basis	Number of Internal Audit Reports submitted to the Audit Committee quarterly	4	4	4		1	1	1	1	1	1	1	1	Target achieved , Internal Audit Reports were submitted to Audit Committee on the 23 rd of January 2015
GG/13/15	To promote effective & Efficient Records Management	Annual review of Records Management Policy and Procedure Manual	Council approval by 31 March 2015			31 March 2015	26 March 2015					31 March 2015	26 March 2015			Target achieved Records Management Policy and Procedure Manual was approved on the 26 th of March 2015
GG/14/15		Disposal of non-functional Records	Disposal Authority obtained from KZN			31 Dec 2014										Target achieved and the disposal authority was obtained in the 2 nd quarter.

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
			Archives by 31 Dec 2014													
GG/15/15		Annual Records Management Inspections	Submission of Inspection report to MANCO by 30 June 2015			30 June 2015	-							30 June 2015	-	Target not achieved , however the report was submitted to the MM on the 17 th of March 2015, the report will be submitted to MANCO by 30 Sep 2015.
GG/16/15	To ensure accountable and transparent governance	To obtain favourable audit opinion	Clean audit obtained by 31 Dec 2014	unqualified Audit opinion	unqualified Audit opinion	Clean Audit by 31 Dec 2015	Unqualified Audit opinion by 31 Dec 2015									Target achieved ; the municipality obtained Unqualified Audit Opinion.
GG/17/15		To coordinate risk assessment	Risk Assessment workshop convened by 30 Sep 2014	31 Aug 2013	10 Oct 2013	30 Sep 2014	01 Oct 2014					N/A	N/A			Target not achieved as scheduled, however the workshop was convened on the 01 st October 2014
GG/18/15		Development of Annual Report	Submission to council for approval by 31 Jan 2015	31 Jan 2014	28 Feb 2014	31 Jan 2015	29 Jan 2015					31 Jan 2015	29 Jan 2015			Target achieved , annual report was submitted to Council and adopted on the 29 th of January 2015
GG/19/15		Development of Oversight Report	Council approval by 31 March 2015	31 March 2014	27 March 2014	31 March 2015	26 March 2015					31 March 2015	26 March 2015			Target achieved , the Oversight Report was tabled and adopted by Council on the 26 th of

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014/15

IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
						Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
																March 2015	
KPA 05: FINANCIAL VIABILITY & MANAGEMENT																	
FVM/01/15	To ensure Prudent financial management	Implementing sound management of budgets to avoid irregular, unauthorized, fruitless and wasteful	No of reports submitted to council by 30 June 2015	4	4	4	4	1	1	1	1	1	1	1	1	1	Target achieved, Reports were submitted to Council as follows: Q4 – 31 July 2014 Q1 – 30 Oct 2014 Q2 – 29 Jan 2015, Q3 – 30 April 2015
FVM/02/15		Compliance with GRAP standards and other applicable standards in preparation of financial statements.	% compliance with GRAP standards	80%	80%	80%	80%					80%	80%				Target achieved, the AFS were 80% compliant with GRAP standards.
FVM/03/15		Development of Service Delivery and budget Implementation plan(SDBIP)	Date of approval by the mayor	28 Jul 2014	28 July 2014	28 June 2015	25 June 2015							28 June 2015	25 June 2015		Target is for Q4, the Draft SDBIP is in place and incorporated to the Draft IDP which was submitted to Council for noting on the 26 th of March 2015

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
FVM/04/15	To ensure a Corruption free environment	Signing of code of conduct by all officials involved in the procurement process for SCM	% of staff that have signed code of conduct by 31 July 2014			100%	100%									Target achieved the Code of Conduct were signed on the 1 st of July 2014.
FVM/05/15	Improved internal controls	Review of the following financial policies and procedures <ul style="list-style-type: none"> • S&T Policy • Property Rates Policy • Tariffs Policy • Fixed Assets Policy • Property Rates • Anti – Corruption 	Council approval by 31 May 2015			31 May 2015	28 May 2015							31 May 2015	28 May 2015	Target achieved the following Financial Policies were adopted by Council on the 28 th of May 2015. The following policies are at stage: <ul style="list-style-type: none"> • S&T Policy • Property Rates Policy • Tariffs Policy • Fixed Assets Policy • Property Rates • Anti – Corruption Strategy

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		Strategy														
FVM/06/15	To ensure Municipal Accountability and timely reporting and compliance with MFMA	Compliance with the reporting requirements of MFMA sec 71	Number of reports submitted to Provincial Treasury by 30 June 2015	12	12	12	3	3	3	3	3	3	3	3	3	Target achieved reports are submitted to Provincial Treasury on monthly basis
FVM/07/15		Compliance with the reporting requirements of MFMA sec 72	Submission of Sec 72 report to AC, Council & Provincial Treasury(PT) by 25 Jan 2015	25 Jan 2014	25 Jan 2014	25 Jan 2015	23 Jan 2015					25 Jan 2015	23 Jan 2015			Target partially achieved, Sec 72 report was submitted to PT on the 23 rd of January 2015 and tabled to Council on the 29 th of January 2015
FVM/08/15	Compliance with MFMA legislative requirements	Preparation of Budget Process Plan	Date Budget Process Plan completed and submitted to council for approval and to Provincial	30 Sep 2013	31 Aug 2013	31 Aug 2014	28 Aug 2014									Target is for Q1 and was achieved as planned, the Budget Process Plan was adopted by Council On the 28 th of August 2014 and submitted to Provincial on the 1 st of Sep 2014.

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
			Treasury													
FVM/09/15		Review of indigent register	Date of indigent register completed and submitted to council for approval	30 June 2014	30 June 2014	30 June 2015	-							30 June 2015	-	Target not achieved , however the Draft Indigent Register , due to imminent merger the grant has been allocated to do a consolidated indigent register with Hlabisa.
FVM/10/15		Review of General Valuation roll (GV)	Submission of GV to council for approval by 30 June 2015	31 May 2014	29 May 2014	30 June 2015								30 June 2015	-	Target not achieved , due objections and therefore the process was delayed, however, the draft is in place it will be opened for objections in July 2015 and should be complete by 30 Sep 2015
FVM/11/15		Compilation of annual budget	Submission to council for approval by 30 May 2015	30 May 2014	29 May 2014	30 May 2015	28 May 2015							30 May 2015	28 May 2015	Target not achieved the Draft Annual Budget is in place and was tabled to Council on the 26 th of March 2015 it will be submitted to Council for adoption on the 28 th of May 2015.
FVM/12/15	To ensure compliance with	Development of annual procurement	Submission to MANCO for approval			31 Aug										Target not achieved , the process of procurement planned

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
	requirements of the Supply Chain Management regulation	plan	by 31 Aug 2014			2014										commenced in June and the draft will be in place by 31 July 2015 and be approved thereof
FVM/13/15		Quarterly reports on implementation of SCM policy	Number of reports submitted to Council by 30 June 2015	4	4	4		1		1		1	1	1	1	Target achieved Reports were submitted as follows: Q4 - 31 July 2014 Q1 - 30 Oct 2014 Q2 - 29 Jan 2015 Q3 - 30 April 2015
FVM/14/15		Monthly reporting to PT on contract awards above R 100 000.00 deviation	Number of reports submitted to Provincial Treasury (PT) by 30 June 2015	12	12	12	10	3	5	3	2	3	2	3	1	Target not achieved , contract awards above R 100 000.00 deviation were only for two months in the 3 rd quarter and reports were submitted to PT
FVM/15/15	To ensure Maintenance of an effective Payroll management system	Payment of salaries and benefits accurately and on time	No. of signed remuneration list by the 25 th of every month			12	12	3	3	3	3	3	3	3	3	Target achieved , salaries are paid timeously.
FVM/16/15	Compliance with MFMA	Timely payment of	No. of Monthly			12	12	3	3	3	3	3	3	3	3	Target achieved , creditors are paid

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
	legislative requirements	Creditors	signed account age analysis by 30 June 2015														timeously
FVM/17/15	To ensure an improved budget implementation in the municipality	Optimize the expenditure of capital budget	Percentage Capital expenditure budget implementation (actual capital expenditure/ budget capital expenditure x 100)\			90%	86%	90%		90%		90%	52%	90	111%		Target achieved, targets have been revised for capital projects to quarter 4 due to project delays.
FVM/18/15		Optimize expenditure of operational budget	Percentage operating expenditure budget implementation (actual operating expenditure/ budget operating expenditure x 100)			90%	91.45%	90%		90%	70%	90%	96%	90%	96%		Target achieved, monthly expenditure for Q3 was 96%

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
FVM/19/15		Optimize revenue of operational budget	Percentage of operating revenue budget implementation (actual operating expenditure/ budget operating revenue x 100			90%		90%	90%	90%	91%	90%	72%	90%	89%	Target not achieved, the monthly operating revenue is not as per planned budget
FVM/20/15		Optimize actual service charges and property rates revenue	Percentage service charges and property rates revenue budget implementation (actual service charges and property rates revenue/ budget service charges and property			90%						90%	75%			Target not achieved , Rates and Refuse billing is not in accordance with the planned target

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
			rates revenue x 100													
KPA 06: CROSS CUTTING INTERVENTIONS																
CCI/01/15	Facilitate increased population densities in selected nodes	To conduct Municipal Land Audit	Completed land audit report by 31 March 2015	N/A	N/A	31 March 2015						31 March 2015	31 March 2015			Target achieved, Land Use Audit is complete for Hluhluwe Town and Phumlani Township, Draft document is pending submission to Council by 30 May 2015
CCI/03/15	Focus on transformation of spatial settlement of nodal areas	To facilitate housing Development in Makhasa node	Submission of Progress Reports to Council by 30 June 2015			2						1	-			Target not achieved, approximately fifty (50) units were completed by 31 st March 2015, the KPI will have to be revised, housing progress reports are submitted to Housing Forum.
CCI/05/15		To facilitate housing Development in Mngobokazi node	Submission of Progress Reports to Council by 30 June 2015			2						1	-			Target not achieved, beneficiaries have been submitted to Human Settlement for approval, the KPI will have to be revised, and housing progress reports are submitted to Housing Forum.

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4		
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
CCI/07/15		Review of Town Planning Scheme	Council approval by 31 March 2015	N/A	N/A	31 March 2015	30 May 2015					31 March 2015	-		30 May 2015	Annual Target achieved, the Town Planning Scheme was adopted by Council on the 30 th of May 2015.
CCI/07/15		Review of Housing Sector Plan	Submission to Council for approval by 30 April 2015	30 Sep 2013	30 Aug 2013	30 April 2015								30 April 2015	-	Target not achieved, due to personnel capacity constraints the Housing Sector Plan cannot be reviewed, however arrangements will be made with Department of Human Settlement to assist.
CCI/08/15		Establishment of MPT (Municipal Planning Tribunal)	Council approval 30 June 2015	N/A	N/A	30 June 2015						N/A	N/A			Target achieved, however the item to Council will be prepared for Establishment of MPT, the recruitment arrangements will then follow, the achievement of the target might then be realized in Q1.
CCI/13/15		Development of Integrated Waste Management Plan(IWMP)	Council approval by 30 June 2015			30 June 2015										Target not achieved however the draft is in place for comments and will consideration will be made to submit it to Council for tabling however issues of the

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IDP REF.	Strategic Objective	Measurable Objective	Performance Measure (KPI)	2013/2014		2014/2015										COMMENTS/CORRECTIVE MEASURE	
				Target	Actual	Annual Target		Quarter 1		Quarter 2		Quarter 3		Quarter 4			
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
																	imminent merger between Big 5 and Hlabisa will guide the decisions.
CCI/15/15	To ensure a credible Integrated Development Planning	Development of IDP Process Plan	Submission to council for approval by 30 Sep 2014			30 Sep 2014							N/A	N/A			Target achieved , the IDP Process Plan was adopted on the 28 th of August 2014
CCI/16/15		Annual review of IDP 2012/2013 – 2016/2017	Council approval by 30 June 2015	30 June 2014	29 June 2014	30 June 2015	25 June 2015						N/A	N/A			Target achieved , the IDP was adopted by Council on the 25 th of June 2015
CCI/17/15		To finalise the development of a Disaster Management Plan	Date of completion and submission to council for approval			31 May 2015							N/A	N/A			Target not achieved the Draft Document is in place it will be adopted by Council by 30 June 2015.

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ASSESSMENT OF EXTERNAL SERVICE PROVIDERS TEMPLATE IN TERMS OF SECTION 46 OF THE MUNICIPAL SYSTEMS ACT 32 OF 2000

DEPARTMENT: FINANCIAL SERVICES

	ASSESSMENT KEY
Good (G)	The service has been provided at an acceptable standards and within the time frames stipulated on the SLA/ Contract
Satisfactory(S)	The service has been provided at acceptable standards and outside of the time frames stipulated in the SLA/ Contract
Poor (P)	The services has been provided below acceptable standards

EXTERNAL SERVICE PROVIDER	IDP REF.	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TARGET/ TIME-FRAMES	ASSESSMENT OF SERVICE PROVIDER'S PERFORMANCE	PoE AND CORRECTIVE MEASURE IN CASE OF UNDUE PERFORMANCE	DATE APPOINTED	AMOUNT
Ntshidi & Associates	IDT/25/14	Internal Auditing	Quarterly	Good	N/A	01 July 2013	R 370 519.43
Sizeka Financial Management Solutions		Preparation of AFS	Quarterly	Good	N/A	01 July 2013	
		Asset Register	Quarterly	Good	N/A	23 April 2013	
CAMELSA		Financial System	Quarterly	Good	N/A	15 July 2013	
Qhubeka Business Solutions		Annual Report	Quarterly	Good	N/A	22 July 2013	

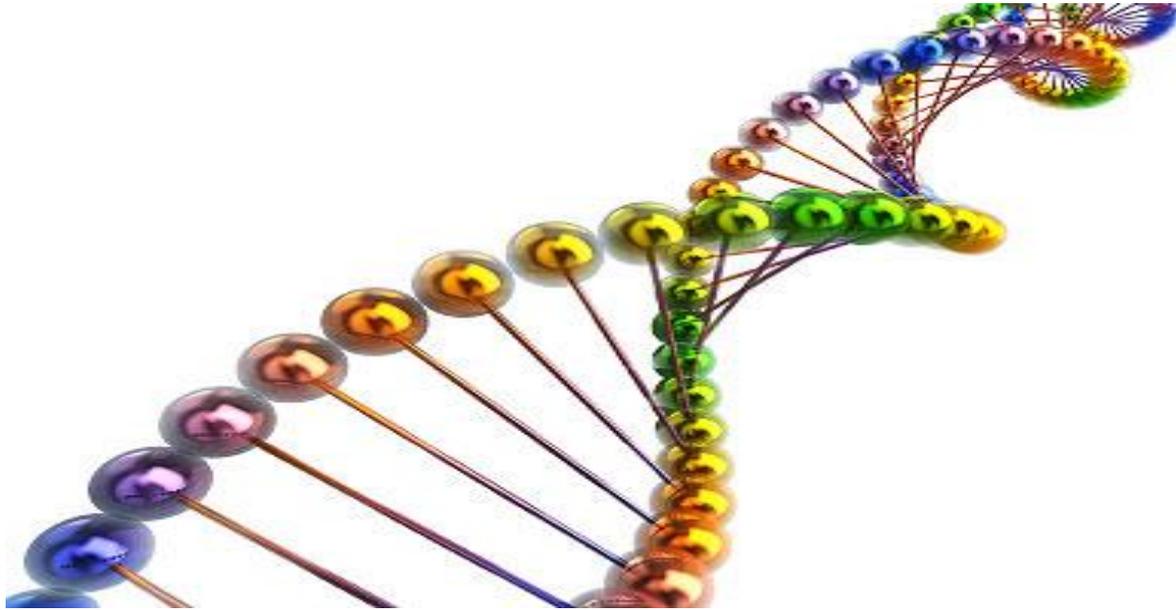
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ASSESSMENT OF EXTERNAL SERVICE PROVIDERS TEMPLATE IN TERMS OF SECTION 46 OF THE MUNICIPAL SYSTEMS ACT 32 OF 2000

DEPARTMENT: FINANCIAL SERVICES

ASSESSMENT KEY	
Good (G)	The service has been provided at an acceptable standards and within the time frames stipulated on the SLA/ Contract
Satisfactory(S)	The service has been provided at acceptable standards and outside of the time frames stipulated in the SLA/ Contract
Poor (P)	The services has been provided below acceptable standards

EXTERNAL SERVICE PROVIDER	IDP REF.	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TARGET/ TIME-FRAMES	ASSESSMENT OF SERVICE PROVIDER'S PERFORMANCE	PoE AND CORRECTIVE MEASURE IN CASE OF UNDUE PERFORMANCE	DATE APPOINTED	AMOUNT
	IDT/25/14	Preparation of Annual Financial Statements(AFS)	Yearly	Good	N/A		R189 000,00
		Compilation of Asset Register	Yearly	Good	N/A		R 307 300,00
		Preparation of General Valuation roll	Yearly	Good	N/A		R 2 622 000,00



CHAPTER 4- ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

INTRODUCTION TO MUNICIPAL PERSONNEL

The Municipal Manager and four Directors are appointed on a fixed term contract in terms of Section 57 of the Municipal Systems Act 32 of 2000. The municipality has not been able to fill critical positions but, progress has been made. The imminent merger between Big 5 False Bay Municipality and Hlabisa Municipality has posed some challenges. The position for Director Community & Development Planning and Technical Services will be filled in the beginning of 2015/16 upon approval by change Management Committee.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Management Team

POSITION	FILLED	EMPLOYMENT CONTRACTS IN PLACE AS AT 1 JULY 2014	PERFORMANCE CONTRACT IN PLACE BY 31 JULY 2014
Municipal Manager	Yes	Yes (Fixed term contract)	Yes
Chief Financial Officer	Yes	Yes (Fixed term contract)	Yes
Director Corporate Services	Yes	Yes (Fixed term contract)	Yes
Directorate Social & Economic Development Services	No	No	No
Director: Technical Services	No	No	No

Turnover rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2012/2013	15	12	19%
2013/2014	17	5	7%
2014/2015			

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COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Section 67 of the Local Government Municipal Systems Act, Act 32 of 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act, Act 55 of 1998.

HUMAN RESOURCE POLICIES AND PLANS

There are a number of policies and plans in place to regulate personnel matters. Some matters are regulated in terms of collective agreements and legislation. The following Human Resource Policies and plans are in place:

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%		2011/2012
2	Attraction and Retention	0%		In progress
3	Code of Conduct for employees	100%		2014/2015
4	Delegations, Authorisation & Responsibility	0%		
5	Disciplinary Code and Procedures	0%		
6	Essential Services	0%		
7	Employee Assistance / Wellness	0%		
8	Employment Equity	100%		2011/2012
9	Exit Management	0%		In progress
10	Grievance Procedures	0%		
11	HIV/Aids	100%	0%	2006/2007
12	Human Resource and Development	100%		Under Review
13	Information Technology	0%	0%	In progress
14	Job Evaluation			
15	Leave	100%		
16	Occupational Health and Safety			To be developed
17	Official Housing			
18	Official Journeys	100%		2011/2012
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime	100%		2009/2010
21	Organisational Rights			
22	Payroll Deductions			To be developed
23	Performance Management and Development			To be developed
24	Recruitment, Selection and Appointments	100%		2009/2010
25	Remuneration Scales and Allowances	0%		
26	Resettlement	0%		
27	Sexual Harassment	0%		
28	Skills Development	100%		2011/2012
29	Smoking	0%		
30	Special Skills	0%		

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31	Work Organisation	0%		
32	Uniforms and Protective Clothing	0%		
33	S&T Policy	100%		2014/2015

COMPONENT C CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the Local Government Municipal Systems Act, Act 32 of 2000 requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. The Human Resources personnel deals with matters concerning the training of the staff of the Municipality.

4.3 SKILLS DEVELOPMENT AND TRAINING

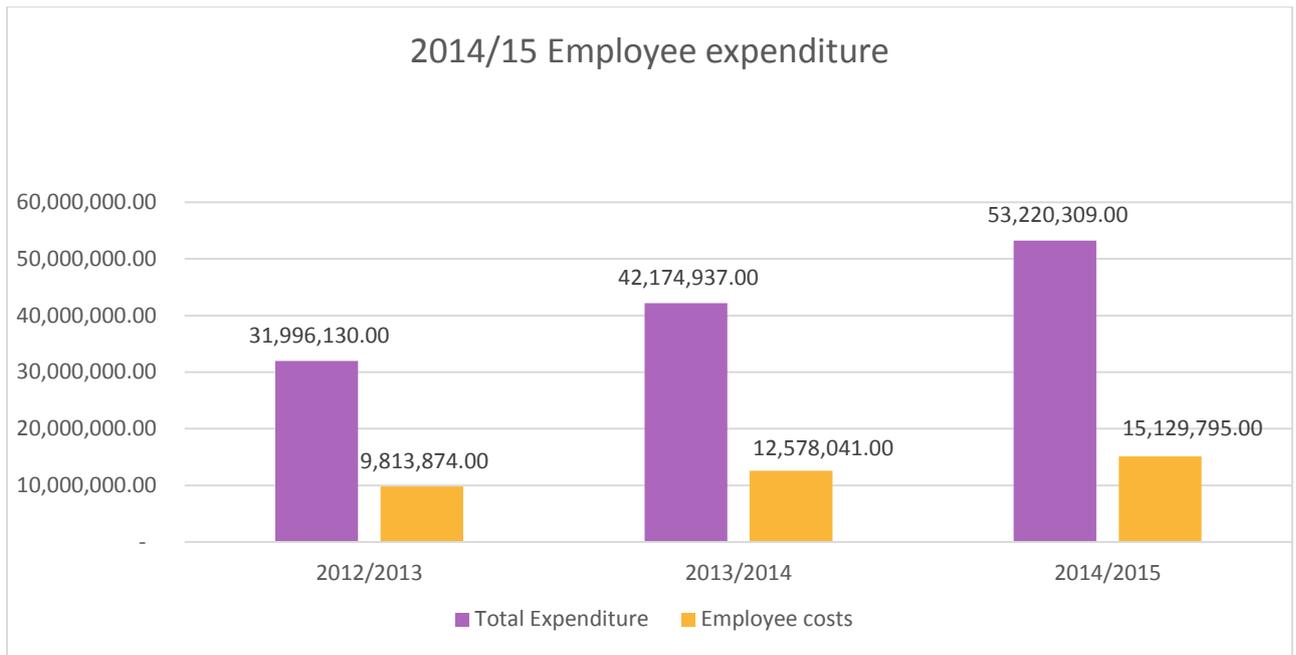
One of our development priorities is the development of our work force. This section contains an overview of skills development that took place on each level of the organisation and progress in terms of the Minimum Municipal Competency Regulations (2007). A total of R 772 105 was spent on training compared to R 320 297 in the previous year

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Section 66 of the Local Government Municipal Financial Management Act 56 Of 2003, states that the accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure.

4.4 EMPLOYEE EXPENDITURE

The Municipality's employee costs for the year totalled an amount of R 15 129 795 for the year. This constitutes 28% of the total operational expenditure in 2014/15. The percentage personnel expenditure to total expenditure is higher for small municipalities as the same legal requirements for budgetary reporting, internal audit, strategic planning, performance management and intergovernmental relations and working groups apply to all municipalities irrespective of their size.



4.5 DISCLOSURES OF FINANCIAL INTERESTS

All Councillors and senior management have declared financial interest. Refer to disclosures made by officials and councillors as set out in **Appendix J**.



CHAPTER 5- FINANCIAL PERFORMANCE



COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

The following table provides a summary of the Municipality's financial performance as at 30 June 2014.

	Year 2014/15				2014/15 Variance	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Actual outcome	Original Budget %	Adjustments Budget %
Financial Performance						
Property rates	9 745	–	9 745	10 620	109%	109%
Service charges	1 566	–	1 566	1 465	94%	94%
Investment revenue	–	150	150	121	0%	81%
Transfers recognised - operational	33 874	–	33 874	45 024	133%	133%
Other own revenue	156	(6)	150	195	125%	130%
Total Revenue (excluding capital transfers and contributions)	45 341	144	45 485	57 425		
Employee costs	(16 715)	586	(16 129)	(15 130)	91%	94%
Remuneration of councillors	(1 760)	–	(1 760)	(1 812)	103%	103%
Debt impairment	(2 000)	(4 500)	(6 500)	(3 961)	198%	61%
Depreciation & asset impairment	(2 000)	(1 500)	(3 500)	(2 990)	149%	85%
Finance charges	(150)	(50)	(200)	(576)	384%	288%
Repairs & maintenance	(3 700)	1 700	(2 000)	(1 629)	44%	81%
Transfers and grants	(180)	–	(180)	(9 828)	5460%	5460%
Other expenditure	(25 130)	(3 870)	(29 000)	(17 294)	69%	60%
Total Expenditure	(51 635)	(7 635)	(59 269)	(53 220)		
Surplus/(Deficit)	(6 294)	(7 491)	(13 785)	4 205		
Transfers recognised - capital	11 156	–	11 156	11 156	0	100%
Contributions recognised - capital & contributed assets	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	4 862	(7 491)	(2 629)	15 361		
Share of surplus/ (deficit) of associate	–	–	–	–		–
Surplus/(Deficit) for the year	4 862	(14 982)	(5 257)	30 722		
Capital expenditure & funds sources						
Capital expenditure			–			
Transfers recognised - capital	11 156	–	11 156	11 156	100%	100%
Total sources of capital funds	11 156	–	11 156	11 156	100%	100%
Cash flows			–			
Net cash from (used) operating	9 885	2 920	12 805	13 755	139%	107%
Net cash from (used) investing	(9 256)	1 650	(10 906)	(12 355)	133%	113%
Net cash from (used) financing	(500)	–	(500)	(1 886)	377%	377%
Cash/cash equivalents at the year end	1 602	4 570	2 872	(486)	-30%	-17%

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5.2 GRANTS

The Municipality received the following operating transfers and grants during the financial year:

Grant Performance						
R' 000						
Description	2013/2014	2014/2015			2014/2015 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	29 308	43 375	22 297	43 372	100%	51%
Equitable share	14 141	22 485	1 407	22 484	100.00%	6%
Municipal Systems Improvement	800	934	934	934	100.00%	100%
INEG (Electrification Program Grant)	2 700	7 000	7 000	6 998	100.03%	0%
Municipal Infrastructure Grant (MIG)	10 167	11 156	11 156	11 156	100.00%	0%
Financial Management Grant (FMG)	1 500	1 800	1 800	1 800	100.00%	0%
Provincial Government:	855	–	–	655	0.00%	0%
Sports and Recreation	255					
Library Grant	600	–	–	655	0.00%	0%
District Municipality:	–	–	–	–		
<i>[insert description]</i>	–	–	–	–	0.00%	0%
Other grant providers:	–	–	–	–		
<i>[insert description]</i>						
Total Operating Transfers and Grants	30 163	43 375	22 297	44 027	99%	51%

The municipality applied operating transfers and grants as provided from National, Provincial and Local Government effectively during the 2014/15 financial year.

5.3 ASSET MANAGEMENT

Assets are managed and maintained by the Directorate under which they resort and provision is made under their respective operational budgets for maintenance over the life cycle of the asset. The Asset Unit is responsible for maintaining the asset register, annual asset counts, capturing of newly acquired assets on the asset register and the removal of obsolete or written off assets from the asset register.

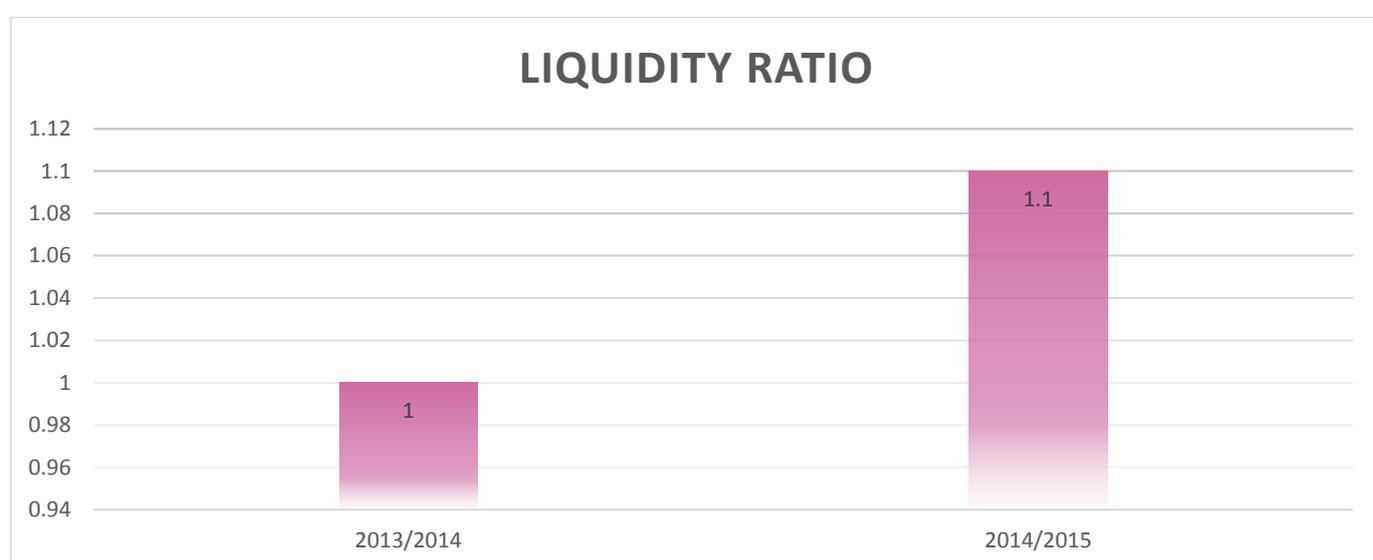
The Municipality's asset register is GRAP 17 compliant and is linked to the Municipality's financial system Patel Evolution.

5.4 FINANCIAL RATIOS AND INDICATORS

Big Five False Bay municipality make use of a number of operating ratios and indicators to enable to benchmark financial performance. The following are of particular importance:

5.4.1 LIQUIDITY

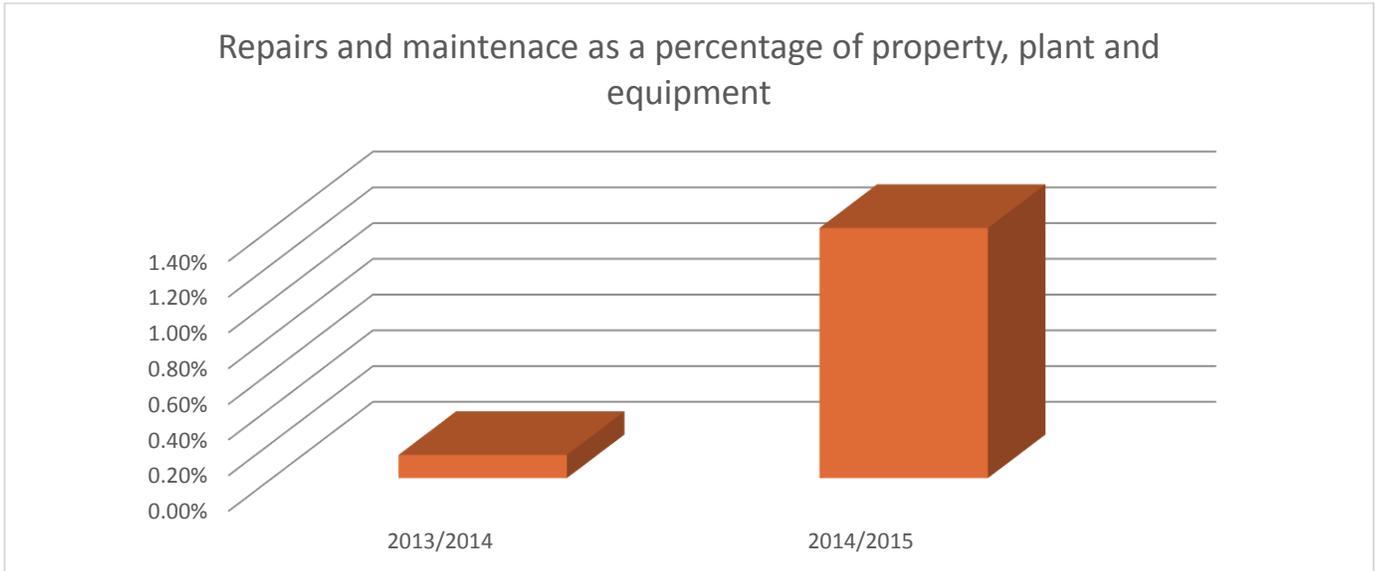
The liquidity ratio is calculated on the basis of current assets divided by current liabilities. The ratio is used to assess the Municipality's ability to pay back its short term liabilities (Debt and payables) with its short term assets (Cash, Inventory, Receivables). Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.



As can be seen from the graph above, the Municipality has a liquidity ratio of 1.1 in the 2014/15 year (a ratio of 1 for 2013/14). This indicates that the Municipality is capable of meeting its short-term obligations as and when they fall due.

5.4.2 REPAIRS AND MAINTENANCE AS A PERCENTAGE OF PROPERTY, PLANT AND EQUIPMENT

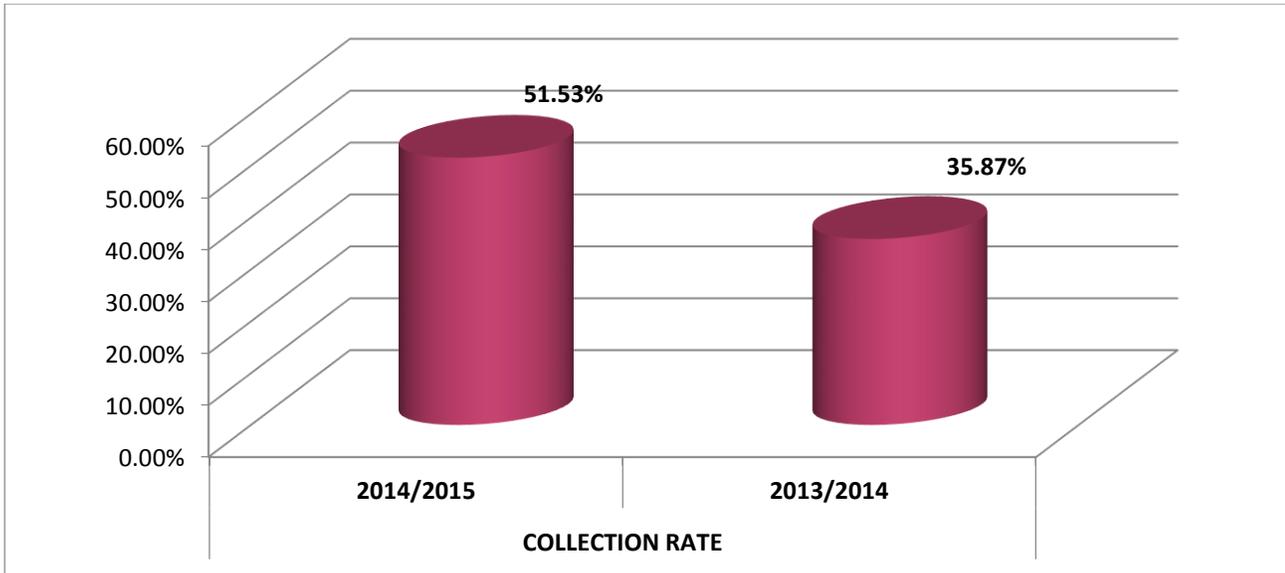
The purpose of this ratio is to measure the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of the Municipal assets is required to ensure the continued provision of services.



The above graph indicates that the repairs and maintenance ratio as a percentage of property, plant and equipment for 2014/15 is 1.40% and 0.13% for 2013/14. This reflects that insufficient monies were spent on repairs and maintenance to the extent that it could increase impairment of useful assets as the norm is 8%. However, the Municipality has ensured that all assets requiring repairs and maintenance have been repaired and of the total value of Property, plant and equipment the current year's impairment only amounted to R123.00

5.4.3 DEBTORS COLLECTION RATE

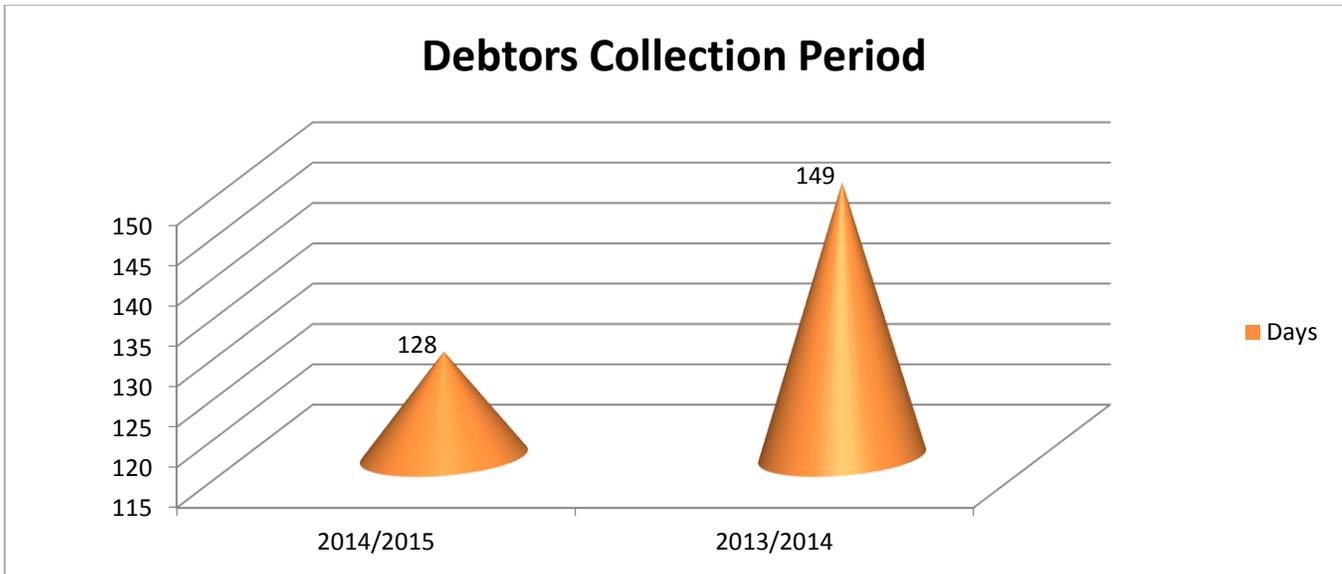
Debtors collection rate indicate the level of payments. It measures increases or decreases in debtors relative to annual billed revenue.



As can be seen on the above graph the municipality has seen an improvement in the collection rate from 35.87% in the 2013/14 year to 51.53% in the 2014/15 year.

5.4.4 Debtors Collection Period

The Debtors Collection period refers to the average number of days required for a municipality to receive payments from its customers for bills/invoices issued to them for services. The norm is 30 days.



As the collection period 2014/15 is 128 days which is above the norm. This is an indication that the municipality is experiencing challenges in the collection of outstanding amount due to it. It further indicates that a significant amount of potential is tied up in customer debtors. Despite the collection period being 128 days, the municipality has seen an improvement from the previous year's collection period of 149 days.

5.4.5 REPAIRS AND MAINTENANCE

Repair and Maintenance Expenditure: 2014/15				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3,700	2,000	1,629	56%

The municipality has spent 56% of the adjusted budget of repairs and maintenance costs. This excludes repairs and maintenance on infrastructure assets which is capitalized on the asset.

PART B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

The total capital budget for 2014/15 was R 12 562 944. During the adjustment budget, this amount was not increased. The actual expenditure at the end of the year was R 12 562 944.

5.6 SOURCES OF FINANCE

The capital expenditure funding source is commonly grants and subsidies (MIG), due to municipality's low income base.

5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The municipality has infrastructure development backlogs and therefore commits itself to reduce backlogs by 2030. The municipality has on annual basis allocate budget from the equitable share to address the backlog relating to basic services.

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.8 CASHFLOW

It must be emphasised that cash flow management is crucial to any operation. During the year the cash flow of the municipality was under pressure.

Description	2014/15				
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	12,520	1,727	14,247	14,247	59,840
Government - operating	33,874	(1,407)	32,467	32,467	
Government - capital	11,156	–	11,156	11,156	
Interest	–	150	150	150	121
Payments					
Suppliers and employees	(47,335)	2,500	(44,835)	(44,835)	(46,032)
Finance charges	(150)	(50)	(200)	(200)	(173)
Transfers and Grants	(180)	–	(180)	(180)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	9,885	2,920	12,805	12,805	13,755
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	2,300	–	2,300	2,300	
Decrease (Increase) in non-current debtors	–	–	–	–	
Decrease (increase) other non-current receivables	–	–	–	–	
Decrease (increase) in non-current investments	–	–	–	–	
Payments					
Capital assets	(11,556)	(1,650)	(13,206)	(13,206)	(12,355)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(9,256)	(1,650)	(10,906)	(10,906)	(12,355)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					

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Short term loans					
Borrowing long term/refinancing					
Increase (decrease) in consumer deposits					
Payments					
Repayment of borrowing	(500)	–	(500)	(500)	(1,886)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(500)	–	(500)	(500)	(1,886)
NET INCREASE/ (DECREASE) IN CASH HELD	129	1,270	1,399	1,399	(486)
Cash/cash equivalents at the year begin:	1,473	(2,828)	(1,355)	(1,355)	(1,355)
Cash/cash equivalents at the year end:	1,602	(1,558)	44	44	(1,841)

5.9 BORROWINGS AND INVESTMENTS

The Municipality did not have any borrowings during the year under review with the exception of finance lease relating to vehicles, and no investments were held at 30 June 2015.

5.10 PUBLIC PRIVATE PARTNERSHIPS

The municipality have not entered into any public private partnership.

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management Unit in place, however the structure does not give effect to the following areas of SCM:

- Demand
- Acquisition
- Logistics
- Disposal and
- Performance management.

The Municipality has a fully functional Bid Committee System in place and no Councillor is a member of any committee handling SCM processes. Three SCM officials have reached the required prescribed levels for their positions and one is still busy and has not yet reached the necessary competency level.

5.12 GRAP COMPLIANCE

Big 5 municipality has fully implemented the standards of Generally Recognised Accounting Practice and has reported in terms of these accounting standards for the year ended 2014/15

CHAPTER 6- AUDITOR GENERAL AUDIT FINDINGS



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INTRODUCTION

The financial statements were audited by the Auditor General in terms of section Public Audit Act of south Africa,2004 (Act No. 25 of 2004) PPA. The results were therefore included below:

AUDITOR GENERAL OPINION ON FINANCIAL STATEMENTS YEAR 2014/15

6.1 AUDITOR GENERAL REPORT YEAR 2014/15

Auditor-General Report on Financial Performance: Year -2014/15	
Audit Report Status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Mid year budget assessment not performed	
Material Adjustments to Financial statements	
Payments not made within 30 days of receiving invoice.	
Expenditure Management	

Auditor-General Report on Service Delivery Performance: Year-2014/15	
Audit Report Status:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Strategic Planning and Performance Management	

Auditor-General Report on Annual Performance Year - 2014/15	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
Material Adjustments to Financial statements	
Payments not made within 30 days of receiving invoice.	

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6.2 AUDIT ACTION PLAN 2014/15 FINANCIAL YEAR

Par.	Finding	Root Course	Planned Management Activity	Target Date	Means of verification	Responsible Person
MATTERS ON AUDIT REPORT- ANNEXURE A						
	No evidence has been provided to confirm that these reports and submissions were made for the Municipal Infrastructure Grant, Financial Management Grant and the Municipal Systems Infrastructure Grant.	Management did not ensure compliance with the related laws and regulations.	Current and outstanding Performance evaluation for conditional grants will be prepared and submitted to The Municipal Manager for review and approval. The similar reports will be submitted to relevant departments.	31 January 2016 and ongoing	Monthly reports reviewed and approved by AMM Proof of submission to relevant department	Acting Chief financial Officer/ AMM
	During audit it was noted that the bidder/s with the least number of points was appointed by the municipality and reasons for appointing a bidder who has scored least number of points were also not clearly documented by the adjudication committee.	Management did not ensure that the appropriate processes for compliance with laws and regulations are followed. There is not compliance checklist to ensure that all SCM related compliance is met.	(a) Training/ capacity building of all Bid Committee members. (b) Ensure that all reasons/ minutes of meeting of all committees are kept and all decisions taken are documented.	31 March 2016	Appointment letter of service provider and training report. Minutes of each committee meeting attached to committee report.	AMM, ACFO
	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 statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit	Poor internal controls over the review of financial statements and failure to implement the recommendations of internal audit and audit committee.	The Mid-term Financial Statement will be prepared and submitted to Internal Audit and Audit Committee for Review.	28 February 2016	<ul style="list-style-type: none"> - Interim financial statements. - Internal Audit GRAP compliance review report - 2014/15 AFS - 2014/15AG report findings. - Audit file. 	Chief Financial Officer

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	opinion.					
	<p>The municipality has not ensure that all reasonable steps to prevent irregular expenditure have been put in place as there was irregular expenditure disclosed and further irregular expenditure identified in the audit process.</p> <p>The accounting officer did not submit the reports regarding the unauthorised, irregular, fruitless and wasteful expenditure to the MEC for local government in the department and the Auditor General as required by legislation</p>	Sufficient monitoring controls were not in place to ensure that the municipality complies with all applicable laws and regulations.	<p>Identified UIFWE will be reported to council from time to time for consideration.</p> <p>2015/16 UIFWE register will be updated from time to time. The updated register will be tabled to Council adoption. And be submitted to the relevant stakeholders as required by legislation.</p>	Quarterly	<p>Council Resolutions</p> <p>Proof of submission of the UIFWE register to all stakeholders as required.</p>	AMM
OTHER IMPORTANT MATTERS- ANNEXURE B						
	During review of vat 201 files the following discrepancies were identified with regard to the composition of vat 201 returns:	Leadership oversight not performed to improve the related compliance and internal control.	Management will ensure the all VAT 201 are meticulously reviewed before submission.	Monthly	Proof of review on the each VAT 201 submitted.	ACFO
	The municipality has not considered the requirements of the VAT 419 Guide for Municipalities and as a result has not performed the apportionment calculation in terms of the Binding General Ruling.	Management has not adequately reviewed and monitored compliance with applicable laws and regulations.	Management will ensure timely preparation of the annual financial statements to allow proper reviews.	31 July 2016	Annual Financial Statements submitted to Internal Audit for Review.	ACFO
	During Audit it was noted that accumulated depreciation for in the FAR differs with the recalculation exists (on a sample basis). The differences are mostly in the infrastructure assets section	Lack of review of formulas used to calculate the accumulated depreciation.	- Early appointment of service provider to prepare fixed asset register and ensure that prior year adjustments are made accordingly.	30 May 2016	<ul style="list-style-type: none"> _ Appointment of service provider _ Report from service provider _ Proposed journals to rectify prior year errors 	ACFO

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	List of assets could not be verified as the related assets were not presented	Management did not ensure that the related officials were notified to ensure that the assets are presented to confirm existence in support of items disclosed in the asset register.	<ul style="list-style-type: none"> - Management will ensure that quarterly asset count is performed. - Reconciliation of Asset count and fixed asset register will be performed on a quarterly bases. 	1 April 2016	<p>Quarterly Asset count reports signed by person responsible for the use of the asset & Asset Officer</p> <p>Quarterly reconciliations signed by acting CFO</p>	ACFO
	Repairs which meet the definition of an asset but not capitalised	Management has not prepared regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management will ensure that on a monthly bases, general ledger review is performed.	31 January 2016	Signed general ledger with review comments by Acting CFO	ACFO
	During the audit of expenditure, it was established that the municipality made payments to the following creditors/suppliers after 30 days of invoice.	Management did not implement an effective expenditure management processes	<p>Management will ensure the systematic process of receiving invoices to ensure monitoring of creditors. The following will be regularly maintained:</p> <ul style="list-style-type: none"> - Invoice register - Monthly supplier reconciliation - Weekly review of creditors age analysis 	1 February 2016 ongoing	<ul style="list-style-type: none"> - Invoice Register - Monthly supplier reconciliations - Proof of weekly reviews of age analysis. 	ACFO
	Formula not used to calculate and evaluate the price quotes for prospective suppliers	Processes are not in place to prevent and detect unauthorised, irregular and fruitless and wasteful expenditure.	Management will develop a comprehensive SCM checklist for all procurement made within the municipality	1 February 2016	SCM Checklist	SCM Manager

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	During the audit, it was established that the municipality traded with the following suppliers who are deregistered and in the process of deregistering from CIPC.	The suppliers' list/database is not frequently updated as required by Supply Chain Regulation 4(2)	Management will ensure that Supplier database is reviewed on a yearly bases.	30 May 2016	Reviewed Supplier Database	SCM Manager
	Upon inspection of expenditure incurred by the Municipality during the period under review it was noted that Municipality conduct business with suppliers whose directors or members are in service of state:	Management did not ensure compliance with the related laws and regulations.	Management will develop the SCM check list to ensure the elimination of suppliers without declarations	1 February 2016	SCM Checklist	SCM Manager
	For all construction contracts procured during the current year there is no evidence to suggest that the contracts were advertised on the CIDB website, that the invitation for tenders be advertised for at least 10 working days before the closing date and 5 working days before any compulsory site meetings or that the project was registered in the register of construction contracts with the CIDB within 21 working days as required by the related CIDB requirements.	The accounting officer does not review and monitor compliance with applicable laws and regulations	Management will extend the compliance checklist to include CIDB requirements.	31 March 2016	Compliance checklist including CIDB requirements	AMM
	SCM Policy not aligned to SCM regulations. There are no measures to ensure that appropriate action is taken against any official or other role player who commits a breach of the code of ethical standards.	Documented policies and procedures (relevant to both the financial and non-financial environment) are not adequate to guide the operations of the entity to comply with supply chain regulations.	Management will ensure that SCM policy is reviewed in line with SCM regulations.	31 May 2016	Council Resolution approving reviewed SCM Policy	AMM
	Contrary to the VAT legislation	Management did not	Management will ensure that	Ongoing	Payment Checklist on all	ACFO

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requirement, we have noted during the review of payment vouchers that vat registration number of the Municipality or Supplier were not shown on the tax invoices.	perform proper reviews to ensure that tax invoices submitted by the Suppliers to the Municipality are tax compliant.	payment checklist is attached to each payment made and that it is scrupulously completed before the payment is made.		payments	
Payments to third parties not on a timely basis	There is a lack of monitoring by management to ensure payments to third parties are done on time.	Management will ensure that third party payments are done before the 7 th of every month.	Ongoing	Proof of payments for third party payments	ACFO
AoPO- reported target performance information not valid, accurate or complete	There are no sufficient reviews of performance reports (monthly, quarterly bi-annual and annual reports) to ensure that there are valid, complete, accurate and to ensure reported performance information is supported by reliable source documentation.	The municipal manager on a quarterly bases will review the performance reports from each section together with PoE files. The reports & PoE's will then be forwarded to internal auditors.	09/01/15 - Q1 20/01/16- Q2 20/04/16 - Q3 30/06/16 - Q4	Internal Audit reports	Municipal Manger
Through inspection of page 56 of the 2014/15 IDP review and enquiry with the IDP Manager (Ms NG Khumalo) confirmed that the municipality does not have a disaster management plan.	The Director: Corporate did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place.	The Draft Disaster Management Plan is in place and has been developed in house through support from CoGTA. The final document should be available in the 2016/17 IDP	31 March 2016	Approved Disaster management plan	Municipal Manager
Through inspection of the monthly budget statement for July, August and September it was confirmed that the monthly budget statements do not include an explanation	Sufficient monitoring controls were not in place to ensure that municipality complies	Management will ensure that all tables (MBRR) are fully completed before submission to NT and PT. Each table submitted will be	28 February 2016	Completed Tables with checklist	CFO

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	for material variances.	with all applicable laws and regulations.	accompanied by a checklist of requirements.			
	AoPO- No evidence that the prior year report was considered on Mid-year budget and performance assessment	Sufficient monitoring controls were not in place to ensure that municipality complies with all applicable laws and regulations.	The municipality will extend compliance checklist which will include all laws and regulations that apply to the municipality.	31 March 2016	Reviewed Compliance checklist approved by MANCO	MM
	IT - No designated information security official and no monitoring of Service Level Agreements (SLAs)	The Director Corporate Services did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place.	Management will ensure the prioritisation of the position of the IT security personnel in the organogram to ensure the implementation of the IT policies. Management will also ensure that contract register is in place and regular reviews of contract/ SLA is performed.	31 March 2016	Organogram Contract register	Director Corporate services
	<ul style="list-style-type: none"> • No processes are in place to ensure that users' access and privileges on all financial systems would periodically be reviewed to confirm that such access and privileges are still commensurate with their job responsibilities. • No processes are in place for the independent review of activities of the person responsible for granting users access to financial systems. • No formal access request documentation is completed for registering users, changing access rights, password resets and termination of access for all VIP system users. • There is no process in place to ensure that security of all systems is up to date. 	The Director Corporate Services did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place.	<p>Management will ensure the prioritisation of the position of the IT security personnel in the organogram to ensure the implementation of the IT policies.</p> <p>Management will ensure that all approved IT policies are workshopped to all users and system administrators are well trained to monitor the implementation of policies.</p>	31 May 2016	Formal workshop of IT polices Formal training to system administrators	Director Corporate services
	Through inspection of the Big 5 council	The User Access	Management will ensure that	31 May 2016	Council resolution	Director

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	approved User Account Management Policy (draft), it was noted that the policy needs to be revised and aligned to the Big 5 current IT environment.	Management Policy in place is not relevant to guide the operations of the entity	Information Security Policy is reviewed and approved by Council, as part of the proposed IT governance and security management consultant's responsibilities will be to define all relevant and supporting policies and standards (including the User Account Management Policy) to be in line with the municipality's IT security intent.		approving IT related policies.	Corporate services
	<ul style="list-style-type: none"> • No road infrastructure policy in place • No road maintenance plan in place • No Road Asset Management System in place 	Management did not exercise adequate oversight responsibility to ensure that policies, plans and systems governing the effective service delivery responsibilities were in place, approved and implemented.	Management will ensure the development of road infrastructure policy, maintenance plan and infrastructure asset management system	31 May 2016	Council resolution approving policies and maintenance plan	Municipal Manager
	From the above it is evident that the municipality does not budget adequately for repairs and maintenance of road infrastructure.	Management did not exercise adequate oversight responsibility over the preparation of the budget to ensure adequate budget is allocated for the renewal of road infrastructure and maintenance to improve service delivery.	Management will ensure that during strategic planning session, all core competencies of local government are aligned with municipal KPAs.	31 January 2016	Strategic planning report (KPA review for the IDP review i.e. 2016/17 FY)	Municipal Manager
	SCM policy of the municipality it does not	- Management	Management will determine the	Ongoing	Proof of needs analysis for	CFO

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	<p>include measures to address over reliance on consultants, neither does the municipality have a consultancy reduction plan.</p> <ul style="list-style-type: none"> - Evidence of management reviews, at least on an annual basis, whether the objectives of the institution are better achieved through use of consultants or permanent staff was not provided. An example would be an analysis of the cost effectiveness of training/ up skilling current capacity/employing additional staff versus using a consultancy, while ensuring continuity and service delivery. - No evidence of management information was provided by management to analyse the extent of the use of consultants. 	<p>have not taken adequate measures to action weaknesses identified previously from re-occurring</p> <ul style="list-style-type: none"> - Management did not understand the risk associated with not including a contract performance measures and methods whereby it is monitored to ensure effective contract management of the vendor's services within the SLA. - Management did not understand the risk associated with the SLA not including a penalty clause and terms on conditions for the termination of the contract in cases of non or poor performance. - The municipality lacks a system to store information that can readily be provided for audit purposes. 	<p>need to use consultant, and all contracts entered onto with thereafter include the transfer of skills to existing personnel.</p>		<p>all consultant used.</p>	
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Report on the financial statements

Introduction

1. I have audited the financial statements of the Big 5 False Bay Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information 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 the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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 the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Big 5 False Bay Municipality as at 30 June 2015 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.

Additional matter

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

Unaudited disclosure notes

8. 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.

Report on other legal and regulatory requirements

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

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for basic service delivery and infrastructure development and social and local economic development presented in the annual performance report of the municipality for the year ended 30 June 2015.
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. 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 development priorities. 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* (FMPPPI).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following development priorities basic service delivery and infrastructure development and social and local economic development.

Additional matters

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matters:

Achievement of planned targets

16. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on 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

19. 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 expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

20. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1) (f) of Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000).

Expenditure management

21. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA.

Conditional grants

22. The municipality did not evaluate its performance in respect of programmes or functions funded by the Municipal Infrastructure Grant, Municipal Systems Improvement Grant and Local Government Financial Management Grant allocations, as required by section 12(5) of the DoRA.

Internal control

23. I considered internal control relevant to my audit of the financial statements, 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 compliance with legislation included in this report.

Leadership

24. Leadership did not implement effective oversight over the review of the financial statements and did not ensure that management effectively and timeously monitored compliance with laws and regulations throughout the financial year.

Financial management

25. Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial and compliance reporting due to management not timeously addressing control deficiencies identified. In this regard, senior management did not ensure regular, accurate and complete financial reports were prepared and supported by reliable information. This resulted in material corrections to the financial statements and repeat compliance findings.

Pietermaritzburg

27 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



GLOSSARY

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in- year and Annual Reports
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ what we do”.
Adequacy indicators	The quality of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include Annual Financial Statements as submitted to and approved by the Auditor-General
Approved Budget	The Annual Financial Statements of a municipality as audited by the Auditor General approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health safety or the environment.
Budget year	The financial year of which an annual budget is to be approved-means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specific quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial statements	includes at least a statement of financial position, statement of performance, cash-flow statement, note to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Ministers may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All resources that contributes to the production and delivery of outputs. Inputs are “what use to do the work”. They include finances, personnel, equipment building.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

National Key performance areas	<ul style="list-style-type: none"> • Service delivery & Infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequences of achieving specific output. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "whats we wish to achieve"
Outputs	The final products, or goods and services produced for delivery. Outputs may be define as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance indicator	Indicators should be specified to measure performance in a relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirement and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factors.
Performance Targets	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period
Service Delivery Budget Implementation Plan (SDBIP)	Detailed plan approved by the Mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included
Vote	<p>One of the main segment into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies total amount that is appropriate for the purpose of a specific department or functional areas.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"> A) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and B) Which specifies the total amount that is appropriated for the purpose of the department or functional areas concerned

APPENDICES

APPENDICES

APPENDIX A-COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
CC Gumede	P/T		Ward 2 - NFP	100%	0%
MS Msane	P/T	MPAC	Ward 1 - ANC	100%	0%
CT Khumalo	P/T	MPAC	Ward 2 - IFP	100%	0%
Vacant		MPAC	Ward 3		
F Zulu	P/T	MPAC	Ward 4 - IFP	100%	0%
NR Thethwayo	P/T	MPAC	PR - IFP	100%	0%
NF Bukhosini	P/T		PR - ANC	100%	0%

APPENDIX B- COMMITTEES AND PURPOSES OF COMMITTEES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees			
Municipal Committees			Purpose of Committee
Municipal Committee	Public Accounts		To monitor good governance where there is optimal utilisation of municipal resources to enhance and sustain service delivery and financial management.
Audit Committee			Plays an oversight role on Financial Management and Performance monitoring on behalf of the municipal council in terms of s166 of MFMA.

APPENDIX C- THIRD TIER STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Mr. NN Shandu
Chief Financial Officer	Mr. MP Phakathi
Corporate Services	Mr. MA Mngadi
Community services	Vacant

APPENDIX D- FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	Yes
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	Yes	Yes
Firefighting services	Yes	Yes
Local tourism	Yes	No
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	No	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	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	Yes
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	No
Beaches and amusement facilities	No	Yes
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	No	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	Yes
Facilities for the accommodation, care and burial of animals	No	Yes
Fencing and fences	No	Yes
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	No
Pounds	No	Yes
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	Yes Eskom
Traffic and parking	Yes	No

APPENDIX E- FUNCTIONALITY OF WARD COMMITTEES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	NMS Msane	Yes	1	1	Monthly
2	CT Khumalo	Yes	1	1	Monthly
3	Vacant	Yes	1	1	Monthly
4	F Zulu	Yes	1	1	Monthly

APPENDIX F.1- WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2014/15 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
4	Madolweni Creche	May	2013/14	R2.1 milliom
1	KwaGiba Hall	May	2013/14	R2.8 million
2	Mahongoza Creche	May	2013/14	R2.1 million
3	Plhumali Road	2010/2011	2013/14	R3.95 million

APPENDIX F.2 - BASIC SERVICES PROVISION

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	6369	6369	6369	6369	
Households without minimum service delivery	1629	1629	1629	1629	
Total Households*					
Houses completed in year					
Shortfall in Housing units					

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APPENDIX F.3 TOP FOUR SERVICES DELIVERY PRIORITIES FOR WARD (HIGHEST PRIORITY FIRS)

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 2014
	Phumlani	The project is complete as at 30 June 2014
	Madolweni Creche	The project was completed by 30 June 2014
	KwaGiba Hall	The project was completed by 30 June 2014 and practical handover has been done
	Mahongoza Creche	The project was completed by 30 June 2014 and practical handover has been done

APPENDIX G- RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2014/2015

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE BIG 5 FALSEBAY LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2014

The Audit Committee has been established as an independent Committee, in terms of section 166 of the MFMA Act (Act 56 of 2003). The Committee has adopted a formal terms of reference, which is regularly updated and approved by Council.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee's terms of reference requires a minimum of three members and consists of the members listed below. During the year under review, five Audit Committee meetings were held. The Auditor-General is invited and is in attendance at some of the Audit Committee meetings.

Name of member	Number of meetings attended
	In 2014/15 FY
Mr. NT Dlodla - Chairperson (Appointed 01 March 2013)	05
Mr. BM. Thusi (Appointed 01 March 2013)	01
Dr. Thabethe (Appointed 01 March 2013)	03
Dr. Buthelezi (Appointed 01 March 2013)	03
Mr. ZI. Ngcobo (Appointed 01 November 2014)	None

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has, as far as possible, discharged its responsibilities arising from its terms of reference, including relevant legislative requirements.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee is pleased that the Auditor-General issued an unqualified audit opinion on the Financial Statements of Big 5 False Bay Municipality for the year ended 30 June 2014. These financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa (Act 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa (Act 1 of 2010) (DORA).

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The Committee draws attention to the “emphasis of matters” and other paragraphs contained in the Auditor-General’s report.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committee:

- reviewed and approved the annual internal audit plans and evaluated the independence, effectiveness and performance of the internal audit function
- considered the reports of the internal auditors on the Council’s systems of internal control including financial controls, risk management and maintenance of effective internal control systems
- reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto
- assessed the adequacy of the performance of the internal audit function and found it satisfactory;
- The results of audits performed during the year under review indicated either a lack of documented policies and procedures, inadequacy of existing policies, and policies being poorly understood, therefore not properly implemented;

The Audit Committee concluded that there were no material breakdowns in internal control.

COMBINED ASSURANCE

The committee reviewed the plans and reports of the internal and external auditors and including management and concluded that these were adequate to address all significant financial risks facing the business.

PERFORMANCE MEASUREMENT

Reports were submitted to Council reporting on the Committee’s assessment of the Municipality’s Performance Management System for 2013/14, following consideration of the quarterly reports presented by Internal Audit and the review of the quarterly performance results reported by management.

The Committee’s review of the Performance Management System highlighted a lack of conformance with the SMART criteria as defined by the Framework for Managing Programme Performance Information in respect of performance targets as well as a lack of reliable evidence to support performance information reported.

The Committee recommended that management addresses the deficiencies in the performance information process as highlighted by Internal Audit and the Auditor-General.

RISK MANAGEMENT

The Municipality has made great strides in the development of risk management in partnership with the Provincial Treasury. This includes the development of risk management frameworks and policies, which enabled the formulation of detailed risk registers for the Municipality.

Further initiatives are required to ensure further drive of risk management in the Municipality’s processes. This would include developing clear guidelines and documented procedures to incorporate risk management into the Municipality’s strategic planning processes and the development of performance measurements on an operational level to promote the integration of risk management into the day-to-day operations.

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

Risk Management Committee did not function properly throughout the year under review. The Chairperson of the Audit Committee is currently not a member of the Risk Committee.

The Audit Committee has recommended that the Risk Management Committee be re-established composed of Managers below the Managers directly accountable to the Municipal Manager. The MANCO be invited to the committee to provide capacity. Urgent formal training on risk assessment and management shall be provided to all members of the Risk Management Committee for purposes of capacity building.

INFORMATION TECHNOLOGY GOVERNANCE

The corporate governance on information and communication technology policy framework (CGICTPF) developed for government and approved by cabinet has not yet been implemented.

The Municipality is still required to adopt and implement the CGICTPF and related guidelines for local government in phases, 2013/14 being identified for phase 1.

Security management

A secure IT environment ensures the confidentiality, integrity and availability of critical IT systems and business processes.

The Municipality still experienced challenges in this area due to a lack of adequately designed security policies and procedures. The lack of adequately designed and implemented security policies and procedures contributes to IT security parameters not being effectively configured to protect the IT infrastructure from unauthorised access.

CONCLUSION

The Committee is pleased with the progress made by the Municipality in improving overall governance, internal control, risk management and performance management.

The Committee concurs and accepts the conclusions of both Internal Audit and the Auditor-General. The Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the Report of the Auditor-General.

The Committee fully supports the Municipality in its vision, as embodied in the IDP and in its journey of improved service delivery to the residents of Big 5 False Bay Municipality.

N.T. Dlodla

Chairperson of the Audit Committee

Date: 15 December 2014

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

APPENDIX H.1-2 LONG TERM CONTRACTS

Long Term Contracts (20 Largest Contracts Entered into during 2014/15)					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value

Public Private Partnerships Entered into during Year 2014/2015S					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value

APPENDIX J- DISCLOSURE OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2014 to 30 June of 2015		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	CC Gumede	Nil
Member of MayCo / Exco		
Councillor	MS Msane	Nil
	CT Khumalo	Nil
	F Zulu	Nil
	NR Thethwayo	Nil
	NF Bukhosini	Nil
		Nil
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials	Dr. TK Mdluli	Nil
	Miss. A Van Zyl	Nil

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

APPENDIX K.1 REVENUE COLLECTION BY VOTE

Revenue Collection Performance by Vote							R' 000
Vote Description	2013/14	Current: 2014/15			2014/15 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Vote 1 - Executive & Council	947	9 499	-	1 077	-782%	100%	
Vote 2 - Budget & Treasury Office	23 457	11	150	21 408	45%	99%	
Vote 3 - Corporate Services	23	4 414	-	42	-10527%	100%	
Vote 4 - Planning Services	19	2 571	-	19 029	86%	100%	
Vote 5 - Community Services	630	8 002	-	9 817	18%	100%	
Total Revenue by Vote	25 076	36 203	150	51 372		0	

APPENDIX K.2-REVENUE COLLECTION BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2013/14	Current: 2014/15			2014/15 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	8 503	9 745	-	10 620	8.24%	100%	
Property rates - penalties & collection charges	866	739	-	1 696	56%	100%	
Service Charges - refuse revenue	1 368	1 566	-	1 465	-7%	100%	
Rentals of facilities and equipment	71	106	-	55	-92%	100%	
Interest earned - external investments	377	-	150	121	100%	-24%	
Fines	10 020	4 000	6 000	4 870	18%	-23%	
Transfers recognised - operational	30 020	33 874	-	45 025	25%	100%	
Other revenue	148	156	-	195	20%	100%	
Total Revenue (excluding capital transfers and contributions)	51 372	50 186	6 150	64 048	21.64%	90.40%	

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

APPENDIX L: CONDITIONAL GRANTS: EXCLUDING MIG

Conditional Grants: excluding MIG					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
Neighbourhood Development Partnership Grant					
Public Transport Infrastructure and Systems Grant					
<i>Other Specify:</i>					
Library Grant	655	655	655	100%	100%
Sport & Recreation Expenditure	200	200	167	100%	100%
Municipal System Improvement	890	890	934	100%	100%
INEG(Electrification Programme)	5 000	-	6 998	100%	100%
Total	6 745	1 745	8 754		

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APPENDIX O : CAPITAL PROGRAMME BY PROJECT BY WARD : 2014/2015

Capital Programme by Project by Ward: 2014/2015		
Capital Project	Ward(s) affected	R' 000
		Works completed (Yes/No)
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Eletrification Project	Ward 01,02,04	NO
Housing		
Refuse removal		
Roads and Stormwater		
Phumlani Road Phase 1	Ward 03	10 000 000.00
Economic development		
Sports, Arts & Culture		
Kwa-Giba Community Hall	Ward 01	2 506 354.64
Nibela Sportfield	Ward 04	NO
Nyathini Hall	Ward 02	NO
Environment		
Health		
Safety and Security		
ICT and Other		
Madolweni Creche		2 500 000.00
Mahongoza Creche	Ward 02	2 500 000.00
Mnqobokazi Creche	Ward 01	NO

APPENDIX P: SERVICE BACKLOGS: SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHER OF GOVERNMENT IS THE PROVIDER (WHERE MUNICIPALITY WHETHER OR NOT ACT ON AGENCY BASIS)

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		

VOLUME II: ANNUAL FINANCIAL STATEMENTS

**Attached herewith are 2014/15 Annual Financial
Statements (AFS) audited by Auditor -General**

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Abbreviations

GRAP	Generally Recognised Accounting Practice
UIF	Unemployment Insurance Fund
SDL	Skill Development Skills
IDP	Integrated Development Plan
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
INEG	Electrification Program Grant
EPWP	Expanded Public Works Programme
LED	Local Economic Development

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in notes of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Office Bearers Act and the Minister of Local Government's determination in accordance within this act.

NN Shandu
Acting Accounting Officer

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Current Assets			
Receivables from exchange transactions	4	37,676	90,750
Receivables from non-exchange transactions	5	6,761,289	4,597,164
VAT receivable	6	487,884	889,504
Consumer debtors	7	10,575,638	8,198,163
Cash and cash equivalents	8	116,668	558,094
		17,979,155	14,333,675
Non-Current Assets			
Property, plant and equipment	2	116,100,919	106,140,383
Intangible assets	3	62,271	90,356
		116,163,190	106,230,739
		134,142,345	120,564,414
Total Assets			
Liabilities			
Currents Liabilities			
Finance lease obligation	9	309,019	548,826
Payables from exchange transaction	12	13,505,549	10,598,823
Payables from non-exchange transaction	13	423,530	213,115
Unspent conditional grants and receipts	10	147,814	1,549,908
Bank overdraft	8	1,957,429	1,912,628
		16,243,341	14,823,300
Non Current Liabilities			
Finance lease obligation	9	0	244,076
Provisions	11	5,140,649	4,737,925
		5,140,649	4,982,001
		21,383,990	19,805,301
Total Liabilities			
Net Assets		112,758,355	100,759,113

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Revenue from exchange transactions			
Service charges	16	1,465,419	1,368,236
Rental of facilities and equipment		55,215	70,921
Other income		194,846	147,886
Interest received-investment		120,808	376,773
Total revenue from exchange transactions		1,836,288	1,963,816
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	15	10,619,853	8,502,732
Property rates-penalties imposed	15	1,696,469	865,823
Donation		647,404	-
Transfer revenue			
Government grants and subsidies	17	45,025,094	30,020,092
Fines		4,869,897	10,019,750
Total revenue from non-exchange transactions		62,858,717	49,408,397
Total revenue	14	64,695,005	51,372,213
Expenditure			
Employee related costs	19	15,446,976	12,859,611
Remuneration of councillors	20	1,812,347	1,707,472
Depreciation and amortisation	23	2,993,429	3,241,550
Impairment loss	24	-	123
Finance costs	25	575,935	608,966
Debt impairment	21	3,961,346	6,136,826
Repairs and maintenance		1,890,131	143,024
Contracted services	27	1,019,041	881,889
Conditional grants (operational)	28	10,189,369	3,857,172
General Expenses	18	14,807,195	13,238,304
Total expenditure		52,695,769	42,674,937
Surplus for the year		11,999,236	8,697,276

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Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	93,511,546	93,511,546
Adjustments		
Correction of errors, refer to note 32	(1,449,709)	(1,449,709)
Balance at 01 July 2013 as restated	92,061,837	92,061,837
Changes in net assets		
Restated surplus for the year	8,697,276	8,697,276
	<u>8,697,276</u>	<u>8,697,276</u>
Total changes	100,759,119	100,759,119
Balance as 01 July 2014		
Changes in net assets		
Surplus for the year	11,999,236	11,999,236
Total Changes	<u>11,999,236</u>	<u>11,999,236</u>
Balance at 30 June 2015	112,758,355	112,758,355

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts		55,883,398	44,366,669
Cash receipts from ratepayers, government grants and other		120,808	376,773
Interest income			
Payments			
Cash paid to suppliers and employees		(42,045,887)	(38,400,978)
Finance costs		(173,211)	(608,966)
		<u>(42,219,098)</u>	<u>(44,743,442)</u>
Total receipts		56,004,206	44,743,442
Total payments		(42,219,098)	(39,009,940)
Net cash flows from operating activities	29	<u>13,785,108</u>	<u>5,733,502</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(12,374,356)	8,792,333)
Purchase of other intangible assets	3	(10,000)	(5,100)
Net cash flows from investing activities		<u>(12,384,356)</u>	<u>(8,797,433)</u>
Cash flows from financing activities			
Movement in Unspent conditional Grant		(1,402,094)	1,549,908
Movement in finance leases		(483,883)	(434,384)
Net cash flows from financing activities		<u>(1,885,977)</u>	<u>1,115,524</u>
Net increase/(decrease) in cash and cash equivalents		(485,225)	1,948,407)
Cash and cash equivalents at the beginning of the year		(1,354,534)	592,873
Cash and cash equivalents at the end of the year	8	<u>(1,839,759)</u>	<u>(1,355,534)</u>

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Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,566,00	-	1,566,00	1,465,419	(100,581)	Appendix F
Rental of facilities and equipment	106,000	-	106,000	55,215	(50,785)	Appendix F
Other income	156,200	-	156,200	194,846	38,646	Appendix F
Interest received - investment	-	150,000	150,000	120,808	(29,192)	Appendix F
Total revenue from exchange transactions	1,828,200	150,000	1,978,200	1,836,288	(141,912)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	9,745,000	-	9,745,000	10,619,853	874,853	Appendix F
Property rates - penalties imposed	739,000	-	739,000	1,696,469	957,469	
Donation	-	-	0	647,404	647,405	
Government grants and subsidies	33,874,000	-	33,874,000	45,025,094	11,151,094	Appendix F
Transfer revenue						
Fines	4,000,000	6,000,000	10,000,000	4,869,897	(5,130,103)	Appendix F
Sale on property, plant and equipment	2,000,000	-	2,000,000	-	(2,000,000)	Appendix F

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Total revenue from none-exchange transactions	50,358,000	6,000,000	56,358,000	62,858,717	6,500,717	
Total revenue from exchange transactions	1,828,200	150,000	1,978,200	1,836,288	(141,912)	Appendix F
Total revenue from none-exchange transactions	50,358,000	6,000,000	56,358,000	62,858,717	6,500,717	Appendix F
Total revenue	52,186,200	6,150,000	58,336,200	64,695,005	6,258,805	
Expenditure						
Employee related costs	(16,714,582)	585,621	(16,128,961)	(15,446,976)	681,985	Appendix F
Remuneration of councillors	(1,759,996)	-	(1,759,996)	(1,812,347)	(52,351)	Appendix F
Depreciation and amortisation	(2,000,000)	(1,500,000)	(3,500,000)	(2,993,429)	506,571	Appendix F
Finance costs	(150,000)	(50,000)	(200,000)	(575,935)	(375,935)	Appendix F
Debt impairment	(2,000,000)	(4,500,000)	(6,500,000)	(3,961,346)	2,538,654	Appendix F
Repairs and maintenance	(3,700,000)	1,700,000	(2,000,000)	(1,890,131)	109,869	Appendix F
Contracted Services	(14,991,000)	(760,000)	(15,751,000)	(1,019,041)	14,731,959	Appendix F
Conditional Grant	(180,000)	-	(180,000)	(10,189,369)	(10,009,369)	Appendix F
General Expenses	(10,139,000)	(3,110,215)	(13,294,215)	(14,807,195)	(1,557,980)	Appendix F
Total expenditure	(51,634,578)	(7,634,594)	(59,269,172)	(52,695,769)	6,557,980	
Surplus for the year	551,622	(1,484,594)	(932,972)	11,999,236	12,932,208	

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The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Basis of presentation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 11 - Provisions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

VAT

VAT Receivable is the Net Receivable from all VAT Control Account.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

1.4 Property, plant and equipment

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 reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Roads and paving	30
Buildings	30
Pedestrian Malls	30
Electricity	10 - 50
Furniture and fixtures	7 - 10
Motor vehicles	
• Specialist vehicles	7 - 10

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Accounting Policies

1.4 Property ,plant and equipment (continued)

• Other vehicle	5 – 7
Office equipment	3 - 7
Watercraft	15
Recreational facilities	20 – 30
Bins and containers	5
Specialised and plant and equipment	7 - 15
Other items of plant and machinery	2 - 5
Landfill sites	20

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property, plant and equipment which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from a municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Intangible assets (continued)

arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised 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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	2 - 5years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Financial instruments (continued)

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Financial instruments (continued)

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

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Accounting Policies

1.9 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. However, if the lease term has expired the actual amount incurred is recognised as an expense and commitments will be one years worth of expenditure estimated from the current information available.

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

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Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating

unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.11 Impairment of non-cash-generating assets

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

1.10 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating 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.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating 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 a non-cash-generating 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. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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Accounting Policies

1.12 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 recognise 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

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Accounting Policies

1.12 Provisions and contingencies (continued)

Provisions are not recognised for future operating deficits.

If a municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when a municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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Accounting Policies

1.13 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the 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 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 is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied. The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Collection charges and penalties

Collection charges and penalty interest is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

- the amount of the revenue can be measured reliably; and

- to the extent that there has been compliance with the relevant legal requirements (if applicable).

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year Refer to note 33 for details.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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Accounting Policies

1.20 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the financial statements.

1.21 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.22 Budget information

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2014 to 30/06/2015.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Grants in aid

The Municipality receives money from other sector departments to spend on free basic services and other expenses relating to the grant received.

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

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Notes to the Annual Financial Statements

Figures in Rand	2015			2014		
2. Property ,plant and equipment						
	2015			2014		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	24,080,400	-	24,080,400	24,080,400	-	24,080,400
Building	48,240,057	(7,531,879)	40,708,178	48,179,080	(5,918,443)	42,260,637
furniture and fixtures	311,833	(81,138)	230,695	302,393	(182,434)	119,959
Motor vehicle	3,494,898	(1,894,519)	1,600,379	2,847,495	(1,610,603)	1,236,892
Office equipment	817,550	(652,398)	165,152	1,074,080	(804,566)	269,514
IT equipment	2,315,401	(646,973)	1,668,428	923,079	(566,292)	346,787
Infrastructure	27,316,336	(7,269,430)	20,046,906	27,316,336	(6,549,788)	20,766,547
Community	8,000	(3,467)	4,533	8,000	(3,201)	4,799
Assets under construction	27,596,248	-	27,596,248	17,044,847	-	17,044,847
Total	134,180,723	(18,079,804)	1166,100,919	121,775,710	(15,635,327)	106,140,383

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Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals / Assets written off	Depreciation	Impairment (loss) / gain	Total
Land	24,080,400	-	-	-	-	24,080,400
Buildings	42,260,637	60,976	-	(1,613,435)	-	40,708,178
Furniture and fixtures	119,959	180,947	(31,250)	(38,988)	-	230,695
Motor vehicles	1,236,892	647,404	-	(283,917)	-	1,600,379
Office equipment	269,514	-	(50,075)	(54,287)	-	165,152
IT equipment	346,787	1,582,007	(25,505)	(244,984)	123	1,668,428
Infrastructure	20,766,547	-	-	(719,642)	-	20,046,906
Community	4,799	-	-	(266)	-	4,533
Assets under construction	17,044,847	10,551,404	-	-	-	27,596,248
	106,140,383	13,022,762	(106,830)	(2,955,519)	123	116,100,919

Reconciliation of property, plant and equipment – 2014

	Restated opening balance	Additions	Newly identified assets	Disposals / Assets written off	Transfers	Depreciation	Impairment (loss) / gain	Total
Land	24,079,400	1,000	-	-	-	-	-	24,080,400
Buildings	36,767,192	280,031	-	-	6,624,561	1,411,147	-	42,260,637
Furniture and fixtures	164,593	6,550	1,459	(6,853)	-	(45,790)	-	119,959
Motor vehicles	1,490,152	-	-	-	-	(253,260)	-	1,236,892
Office equipment	349,008	15,696	30,097	(6,737)	-	(118,550)	-	269,514
IT equipment	337,750	120,978	21,020	(2,826)	-	(120,012)	(123)	356,787
Infrastructure	21,971,490	-	-	-	-	(1,204,942)	-	20,766,548
Community	5,066	-	-	-	-	(267)	-	4,799
Assets under construction	15,353,906	8,315,502	-	-	(6,624,561)	-	-	17,044,847
	100,518,557	8,739,757	52,576	(16,416)	-	(3,153,968)	(123)	106,140,383

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Note(s)	2015			2014		
3. Intangible Assets						
	2015			2014		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software ,other	539,385	(477,114)	62,271	530,875	(440,519)	90,356
Reconciliation of intangible assets - 2015						
		Opening balance	Additions	Disposal /Assets written off	Amortisation	Total
Computer software ,other		90,356	10,000	(174)	(37,911)	62,271
Reconciliation of intangible assets - 2014						
Computer software, other		173,432	5,100	(594)	(87,582)	90,356
Other information						
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality						
4. Receivables from exchange transactions						
Consumer debtors				8,707		7,747
Prepaid expenses				2,230		54,687
Sundry debtors				26,739		28,316
				37,676		90,750
5. Receivables from non-exchange transactions						
Gross fines				13,522,578		9,137,853
Less: Allowance for impairment				(6,761,289)		(4,540,689)
Net balance				6,761,289		4,597,164
Reconciliation of provision for impairment of receivables from non-exchange transactions						
Opening balance				4,540,689		-
Provision for impairment				2,220,600		4,540,689
				6,761,289		4,540,690
6. VAT receivable						
VAT				487,884		889,504

The Big 5 False Bay Municipality

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Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
Gross balances			
Consumer debtors		17,425,222	13,307,001
Less: Allowance for impairment			
Consumer debtors		(6,849,584)	(5,108,838)
Net balance			
Consumer debtors		10,575,638	8,198,163
Summary of debtors by customer classification			
Consumers and place of worship			
Current (0 - 30 days)		258,149	219,901
31 - 60 days		247,945	213,656
61 - 90 days		143,323	201,765
91 - 120 days		222,286	199,586
121 - 150 days		217,723	126,181
> 151 days		8,013,757	6,126,145
		9,103,183	7,087,234
Less: Allowance for impairment		(4,255,548)	(3,547,912)
		4,847,635	3,539,322
Agriculture and commercial			
Current (0 - 30 days)		480,915	499,870
31 - 60 days		287,007	350,317
61 - 90 days		198,565	289,564
91 - 120 days		207,403	272,201
121 - 150 days		201,015	205,733
> 151 days		4,700,229	2,960,763
		6,075,134	4,578,448
Less: Allowance for impairment		(2,594,036)	(1,811,741)
		3,481,098	2,766,707
National and provincial government			
Current (0 - 30 days)		40,960	39,271
31 - 60 days		63,895	62,588
61 - 90 days		27,249	58,326
91 - 120 days		59,272	56,031
121 - 150 days		58,350	47,933
> 151 days		1,997,179	1,377,166
		2,246,905	1,641,315
Total		780,024	759,042
Current (0 - 30 days)		598,847	626,561
31 - 60 days		369,137	549,656
61 - 90 day		488,961	527,819
91 - 120 days		477,088	279,846
121 - 150 days		14,711,165	10,564,076
> 151 days		17,425,222	13,307,000
		(6,849,584)	(5,108,837)
		10,575,638	8,198,163

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
7. Consumer debtors (continued)			
Reconciliation of allowance for impairment		(5,108,838)	(4,218,058)
Balance at beginning of the year		<u>(1,740,746)</u>	<u>(890,780)</u>
Contributions to allowance		<u>(6,849,584)</u>	<u>(5,108,838)</u>
8. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand		4,295	1,990
Call account		43,680	332,239
Other bank balances		13,765	170,037
Short Term Investment		54,928	8 53,828
Bank overdraft		<u>(1,957,429)</u>	<u>(1,912,628)</u>
		<u>(1,840,761)</u>	<u>(1,354,534)</u>
Current assets		116,668	558,094
Current liabilities		<u>(1,957,429)</u>	<u>(1,912,628)</u>
		<u>(1,840,761)</u>	<u>(1,354,534)</u>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
First National Bank (Primary bank account) - 62022340385	(1,957,429)	(1,912,628)	6,403	(1,957,429)	(1,912,628)	6,403
First National Bank (Call account) – 62075347396	13,765	170,037	14,199	13,765	170,037	14,199
First National Bank (Money market account) - 62214360068	43,680	332,239	15,723	43,680	332,239	15,723
First National Bank (Money market account) - 62191984949	-	-	345	-	-	345
First National Bank (Money market account) - 62196695533	-	-	4,673	-	-	4,673
First National Bank (Money market account) - 62174958276	-	-	3,972	-	-	3,972
ABSA Bank (Short Term Investment) – 9109586760	54,928	53,828	547,558	54,928	53,828	547,558
Total	<u>(1,845,056)</u>	<u>(1,356,524)</u>	<u>592,837</u>	<u>(1,845,056)</u>	<u>(1,356,524)</u>	<u>592,837</u>

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
9. Finance lease obligation			
Minimum lease payments due			
within one year		309,019	548,826
in second to fifth year inclusive		-	244,076
Present value of minimum lease payments		<u>309,019</u>	<u>792,902</u>
Present value of minimum lease payments due			
within one year		309,019	548,826
in second to fifth year inclusive		-	244,076
		<u>309,019</u>	<u>792,902</u>
Non-current liabilities		-	244,076
Current liabilities		309,019	548,826
		<u>309,019</u>	<u>792,902</u>

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 11% (2014: 11%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 2.

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

MIG Grants	-	1,406,944
EPWP Grant	145,863	-
INEG (Electrification Programme Grant)	1,951	-
Intergrated Development Plan Grant	-	142,964
	<u>147,814</u>	<u>1,549,908</u>

11. Provisions

Reconciliation of provisions - 2015

	Opening balance	Additions	Total
Land fill site Provision	4,737,925	402,724	5,140,649

Reconciliation of provisions - 2014

	Opening balance	Additions	Total
Land fill site Provision	4,366,751	371,174	4,737,925

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 8.5%, over an average period of 8 years.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
12. Payables from exchange transactions			
Trade payables		6,428,665	4,514,413
Site deposit		2,513,925	2,513,925
Retention		1,891,767	1,190,808
Provision for leave pay		1,269,857	1,223,490
13th cheque accrual		319,907	304,409
Unallocated deposits		1,118	1,118
Other creditors		980,310	850,660
		13,405,549	10,598,823
13. Payables from non-exchange transactions			
Deposits received		5,897	3,529
Debtors paid in advance		417,633	209,586
		423,530	213,115
14. Revenue			
Service charges		1,465,419	1,368,236
Rental of facilities and equipment		55,215	70,921
Other income		194,846	147,886
Interest received - investment		120,808	376,773
Property rates		10,619,853	8,502,732
Property rates - penalties imposed		1,696,469	865,823
Donations		647,404	-
Government grants and subsidies		45,025,094	30,020,092
Fines		4,869,897	10,019,750
		64,695,005	51,372,213
The amount included in revenue arising from exchanges of goods or services are as follows:			
Service charges		1,465,419	1,368,236
Rental of facilities and equipment		55,215	70,921
Other income		194,846	147,886
Interest received - investment		120,808	376,773
		1,836,288	1,963,816
The amount included in revenue arising from non-exchange transactions is as follows:			
Taxation revenue			
Property rates		10,619,853	8,502,732
Property rates - penalties imposed		1,696,469	865,823
Donations		647,404	-
Transfer revenue			
Government grants and subsidies		45,025,094	30,020,092
Fines		4,869,897	10,019,750
		62,858,717	49,408,397

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
15. Property rates			
Rates received			
Residential, Commercial and Government		<u>10,619,853</u>	<u>8,502,732</u>
		10,619,854	8,502,733
Property rates - penalties imposed		<u>1,696,469</u>	<u>865,823</u>
		<u>12,316,322</u>	<u>9,368,555</u>
16. Service charges			
Refuse removal		<u>1,465,419</u>	<u>1,368,236</u>

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
17. Government grants and subsidies			
Operating grants			
Equitable share		22,484,944	17,275,000
Financial Management Grant		1,800,000	1,650,000
Expanded Public Work Programme Grant		854,137	-
Municipal Systems Improvement Grant		934,000	890,000
Library Grant		655,000	630,000
Electrification Program Grant		6,998,049	-
Intergrated Development Plan Grant		142,964	57,036
		<u>33,869,094</u>	<u>20,502,036</u>
Capital grants			
Municipal Infrastructure Grant		11,156,000	9,518,056
		<u>45,025,094</u>	<u>30,020,092</u>
Municipal Infrastructure Grant			
Balance unspent at beginning of year		1,406,944	-
Current - year receipts		11,156,000	10,925,000
Transfer to Equitable share		(1,406,944)	(9,518,056)
Condition met - transfer to revenue		11,156,000	-
conditions still to be met		-	<u>1.406,944</u>
Financial Management Grant			
Current - year receipts		1,800,000	1,650,000
Conditions met - transferred to revenue		(1,800,000)	(1,650,000)
Conditions still to be met		-	-
Municipal Systems Improvement Grant			
Current - year receipts		934,000	890,000
Conditions met - transferred to revenue		(934,000)	(890,000)
Conditions still to be met		-	-
EPWP - Expanded Public Work Programme Grant			
Current - year receipts		1,000,000	-
Conditions met - transferred to revenue		(854,137)	-
Conditions still to be met		<u>145,863</u>	-
The grant was not fully spent due to late arrival of grant. The grant is fully committed.			
Library Grant			
Current - year receipts		655,000	630,000
Conditions met - transferred to revenue		(655,000)	(630,000)
Conditions still to be met		-	-

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
17. Government grants and subsidies (continued)			
INEG - Electrification Programme Grant			
Current - year receipts		7,000,000	-
Conditions met - transferred to revenue		(6,988,049)	-
Conditions still to be met		1,951	-
The unspent portion is due to short claim by service provider.			
Intergrated Development Plan Grant			
Balance unspent at beginning of year		142,964	-
Current - year receipts		-	200,000
Conditions met - transferred to revenue		(142,964)	(57,036)
Conditions still to be met		-	142,964
18. General expenses			
Publicity		257,229	253,312
Audit remuneration		2,295,474	1,592,735
Bank charges		61,695	69,923
Consumables		58,011	22,751
Upliftment programme		-	10,790
Audit committee		273,041	224,949
Entertainment		79,993	37,270
Insurance		122,041	104,185
Legal fees		94,305	33,590
Computer expenses		92,676	424,159
Lease rentals on operating lease		566,817	923,797
Scrapping loss		106,830	17,011
Disaster management		566,949	984,362
Fuel and oil		521,206	374,135
Courier and postage		205,680	164,422
License fees - vehicles		86,994	61,972
Printing and stationery		158,607	91,090
Traffic warden programme		802,450	-
Security		3,653,709	2,315,801
Sport and recreation		10,500	4,500
Subscriptions and membership fees		507,951	500,526
Telephone and fax		345,189	308,037
Training		732,664	320,297
Local travel and subsistence		931,958	712,533
Minor assets		150,275	40,536
Electricity		319,707	333,648
Uniforms		14,098	22,657
Events and social projects		182,979	214,899
Bursaries		5,413	35,354
Council support		-	4,000
Sports and recreation		272,023	-
Consultant fees		305,200	636,265
Valuation roll		115,000	2,263,000
IDP Review		175,613	14,400
Grants and donations		112,195	20,000
Communication strategy		174,298	-
LED Projects		195,800	5,000
Other expenses		252,625	96,398
		14,807,195	13,238,304

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
19. Employee related costs			
Basic		11,522,426	9,925,743
Bonus		657,573	449,667
Medical aid and pension - company contributions		2,241,816	1,506,968
UIF		83,260	70,443
SDL		124,504	103,070
Leave pay provision charge		442,423	522,762
Overtime payments		57,793	-
SALBC		-	20,413
Group life		317,181	260,545
		15,446,976	12,859,611
Remuneration of municipal manager			
Annual Remuneration		692,333	679,833
Car Allowance		110,000	120,000
Contributions to UIF, Medical and Pension Funds		11,149	9,591
		813,482	809,424
Remuneration of chief financial officer			
Annual Remuneration		594,476	594,476
Car Allowance		179,962	170,056
Contributions to UIF, Medical and Pension Funds		9,183	8,643
		783,621	728,493
Remuneration of corporate services director			
Annual Remuneration		774,438	719,850
Contributions to UIF, Medical and Pension Funds		9,543	8,983
		783,981	728,833
Remuneration of director community services			
Annual Remuneration		99,579	531,794
Car Allowance		32,994	188,056
Contributions to UIF, Medical and Pension Funds		2,691	8,643
		135,264	728,493

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2015	2014
20. Remuneration of councillors			
Councillors		1,079,741	1,036,456
Chairperson of Section 79 Committee		179,851	308,193
Mayor		552,775	362,823
		<u>1,812,347</u>	<u>1,707,472</u>
In-kind benefits			
The Mayor is provided with an office and secretarial support at the cost of the Council.			
The Mayor has use of a Council owned vehicle for official duties.			
The Mayor has two full-time bodyguards.			
21. Debt impairment			
Debt impairment - consumers debtor		1,740,746	1,596,137
Debts impairment - Traffic fines		2,220,000	4,540,689
		<u>3,961,346</u>	<u>6,136,823</u>
22. Interest earned			
Interest revenue			
External investments		<u>120,808</u>	<u>376,773</u>
23. Depreciation and amortisation			
Property, plant and equipment		2,955,518	3,153,968
Intangible assets		37,911	87,582
		<u>2,993,429</u>	<u>3,241,550</u>
24. Impairment of assets			
Impairments			
Property, plant and equipment		<u>-</u>	<u>123</u>
25. Finance costs			
Interest paid - Finance leases		65,943	112,864
Other interest		107,258	124,928
Discounting factor on provisions		402,734	371,174
		<u>575,935</u>	<u>608,966</u>
26. Auditors' remuneration			
Fees		<u>2,295,474</u>	<u>1,592,735</u>
27. Contracted services			
Other Contractors		<u>1,019,041</u>	<u>881,889</u>

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
28. Conditional Grants (operational)		
Library Grant expenditure	621,937	399,242
Municipal System Improvement Grant	842,263	885,514
Financial Management Grant	1,630,136	1,835,638
Sport and Recreation expenditure	-	166,603
INEG (Electrification Programme Grant)	6,138,640	570,175
EPWP (Expanded Public Work Programme Grant)	831,305	-
Integrated Development Plan Grant	125,088	-
	10,189,369	3,857,172
29. Cash generated from operations		
Surplus	11,999,236	8,697,276
Adjustments for:		
Depreciation and amortisation	2,993,429	3,241,550
Finance costs - Finance leases	-	608,966
Intangible assets written off	174	-
Property, Plant and equipment written off	106,830	-
Gain(loss): Property, Plant and equipment	-123	-
Impairment loss	-	(123)
Contribution: Land fill site provision	402,724	-
Donated assets	(647,404)	-
Movements in provisions	-	371,174
Investment income	-	(376,773)
Other non-cash items	-	374,606
Scrapping loss	-	17,011
(Increase)/decrease in consumer debtors	(2,377,475)	(2,889,224)
(Increase)/decrease in non-exchange receivables	(2,164,125)	(4,597,164)
(Increase)/decrease from receivables from exchange transactions	53,081	328,594
(Increase)/decrease in VAT receivable	401,620	420,890
Increase/(decrease) in payables from non-exchange transactions	210,415	135,242
Increase/(decrease) payables from exchange transactions	2,806,726	(598,769)
	13,785,108	5,733,502
30. Operational commitments		
Operating leases - as lessee (expense)		
Minimum lease payments due		
-within one year	708,427	661,879

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable. The lease payments are recognised as an expense in the statement of financial performance over the lease term on a straight-line basis.

31. Related parties

Relationships

Members of key management. Refer to notes 19 and 20.

Related party transactions

There were no related party transactions that occurred during the financial year.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
32. Prior period errors		
Adjustments were made for the following reasons:		
1. Trust consumer debtors was erroneously billed within 10 year period, which contradicts with Municipal Property Rates Act, which states that Trust should not be billed in the 10 years.		
2. An invoice for R500 000 from Salga was erroneously omitted in the 2013/2014 year.		
Statement of financial position		
Consumer debtors		(1,900,978)
Accounts payable		(500,000)
Accumulated depreciation		104,468
Land		260,000
Accumulated Surplus or Deficit		
2013 year effect (1,449,709)		(1,449,709)
2014 year effect on property rates (606,801)		(606,801)
Accumulated Surplus or Deficit		<u>(2,056,510)</u>
33. Comparative figures		
Budget information in accordance with GRAP 1 and 24, has been provided in the statement of comparison of budget and actual to these financial statements and forms part of the audited annual financial statements.		
When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.		
The effects of the reclassification are as follows:		
Group life		
Previously disclosed		372,660
Reclassification to printing and stationery		(91,090)
Restated balance		<u>281,570</u>
Printing and stationery		
Previously disclosed		-
Reclassification - printing and stationery from Group life		91,090
Restated balance		<u>91,090</u>
Consumer debtors		
Previously disclosed		10,099,140
Prior period error		(1,900,978)
Restated balance		<u>8,198,162</u>
Accumulated surplus		
Previously disclosed		103,315,623
Prior period error		(2,556,504)
Restated balance		<u>100,759,119</u>
Employee costs		
Previously disclosed		12,578,041
Reclassification - printing and stationery from Group life		281,570
Restated balance		<u>12,859,611</u>
Repairs and maintenance		
Previously disclosed		133,150
Reclassification from other expenses		9,874
Restated balance		<u>143,024</u>

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
33. Comparative figures (continued)		
Property rates		
Previously disclosed	9,109,533	
Correction of an error	(606,801)	
Restated balance	<u>8,502,732</u>	
Valuation roll		
Previously disclosed	-	
Reclassification from other expenses	2,263,000	
Restated balance	<u>2,263,000</u>	
IDP review		
Previously disclosed	-	
Reclassification from other expenses	14,400	
Restated balance	<u>14,400</u>	
Grants and donations		
Previously disclosed	-	
Reclassification from other expenses	20,000	
Restated balance	<u>20,000</u>	
LED project		
Previously disclosed	-	
Reclassification from other expenses	5,000	
Restated balance	<u>5,000</u>	
Other expenses		
Previously disclosed	2,408,672	
Reclassification to valuation roll	(2,263,000)	
Reclassification to IDP review	(14,400)	
Reclassification to grants and donation	(20,000)	
Reclassification to LED project	(5,000)	
Reclassification to Repairs and maintenance	(9,874)	
Restated balance	<u>96,398</u>	
Payables from exchange transactions		
Previously disclosed	10,098,823	
Correction of an error	500,000	
Restated balance	<u>10,598,823</u>	

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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34. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks; market risk (including risk, fair value interest rate risk, cash flow interest rate risk), credit and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (municipality treasury) under policies approved by the accounting officer. Municipal treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas' such as foreign exchange risk, interest rate risk, credit risk, use derivative financial instruments and non derivative financial instruments, and investment of excess liquidity.

Liquidity risk

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

Credit risk

Credit risk consist mainly cash deposits, cash equivalent, derivative financial instruments and trade debtors. The municipality onlu deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these rating are used. Otherwise, if there is no independent rating, risk control assesses the quality of the customer, taking into account financial position, past experience and other factors. Individual risk limits are set based on internal or external rating in accordance with limits set by the board. The utilisation of credit limit is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of a (PTY) Ltd. Refer to note for additional details.

35. Going concern

The municipality will be financially viable in the 2015/16 financial year. Unspent conditional grants will be banked on a separate bank account as per the provision of Division Of Revenue Act. In the adjusted budget the Municipality will make provision for previous years unspent provisional grants.

36. Events after reporting date

There were no reportable events after the reporting date.

37. Unauthorised expenditure

Opening balance	-	1,711,806
Unspent conditional grant not cash back	31,146	1,217,669
Over expenditure in current year	-	4,349,937
Condoned by Council	-	(7,279,412)
	<u>31,146</u>	<u>-</u>

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
38. Fruitless and wasteful expenditure		
Opening balance	993,983	523,684
Interest paid	106,951	178,122
Gestetner and Canon	-	292,177
Canon	61,892	-
Condoned by Council	<u>(1,147,098)</u>	<u>-</u>
	<u>15,728</u>	<u>993,983</u>
39. Irregular expenditure		
Opening balance	542,293	180,200
Suppliers in the services of state	212,747	179,000
Expired contracts - Current year	-	48,120
No contract	1,370,379	41,464
No formal SCM	-	59,079
No formal quotation	-	40,430
False declaration of interest	-	3,000
Contracts not awarded to bidder with highest points	9,623,663	-
Less: Council written off	<u>(1,936,940)</u>	<u>-</u>
	<u>9,812,142</u>	<u>542,293</u>
40. Deviation from supply chain management regulations		
Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.		
Repairs of Road - as part of strategic planning resolutions - Jeb Trading		39,220
Repairs of Road - as part of strategic planning resolutions - Jeb Trading		73,554
Salga Games accomodation limited spaces - Edladleni Lodge		14,300
Emergency Power Generator - due to load shedding - Veritas Engineering		1,650,000
Supply of postage envelopes - sole supplier - SA Post office		62,720
41. Capital Commitments		
Approved but not yet contracted for		
Property Plant and Equipment	<u>6,064,249</u>	8,132,495
Contracts entered into		
Property Plant and Equipment	<u>5,354,751</u>	<u>3,023,505</u>
The above capital expenditure will be financed from:		
Government Grants	<u>11,419,000</u>	<u>11,156,000</u>

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
42. Contingent Liabilities		
<p>A litigation claim against the municipality from Automated office Technology estimated at R1 900 000 has been received for non payment for use of the photocopiers. The Attorney of the Municipality, stated that it is the propable that the Municipality will not be found liable.</p>		
43. MFMA Compulsory Disclosure		
In terms of MFMA section 125(1)(c)	356,292	543,183
SARS amount due	86,884	82,125
Medical aid contributions due	605,037	185,095
Pension contributions due	458,978	775,557
Auditor general amount due	<u>950,000</u>	<u>450,000</u>
SALGA contributions due	<u>2,457,191</u>	<u>2,035,958</u>

THE BIG 5 FALSE BAY MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

APPENDIX B

	Cost / Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals/ Written Off	Transfers	Closing Balance	Opening Balance	Current Year Impairment / Amortisation	Disposals/ Written Off	Current Year Depreciation	Closing Balance	
Land and Buildings											
Land	24 340 400	-	-	-	24 340 400	-	-	-	-	-	24 340 400
Buildings	48 179 081	60 976	-	-	48 240 057	(5 858 132)	-	-	(1 613 436)	(7 471 568)	40 768 489
	72 519 481	60 976	-		72 580 457	(5 858 132)	-	-	(1 613 436)	(7 471 568)	65 108 889
Infrastructure											
Roads	27 316 336	-	-		27 316 336	(6 714 974)	-	-	(719 642)	(7 434 616)	19 881 720
	27 316 336	-	-		27 316 336	(6 714 974)	-	-	(719 642)	(7 434 616)	19 881 720
Community Assets											
Assets under construction	17 044 847	10 551 402	-	-	27 596 249	-	-	-	-	-	27 596 249
Other Assets	8 000	-	-	-	8 000	(3 201)	-	-	(267)	(3 468)	4 532
	17 052 847	10 551 402	-		27 604 249	(3 201)	-	-	(267)	(3 468)	27 600 781
Intangible Assets											
Computer Software, Other	530 876	10 000	(1 491)	-	539 385	(440 452)	-	1 317	(37 908)	(477 043)	62 342
	530 876	10 000	(1 491)		539 385	(440 452)	-	1 317	(37 908)	(477 043)	62 342

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

Other Assets											
Furniture and Fittings	302 393	1 628 343	(171 533)	-	1 759 203	(182 435)	-	140 284	(153 984)	(196 135)	1 563 068
Motor Vehicles	2 847 495	647 404	-	-	3 494 899	(1 610 603)	-	-	(283 916)	(1 894 519)	1 600 380
Computers	923 079	104 636	(189 684)	-	838 031	(565 953)	123	164 179	(126 224)	(527 875)	310 156
Office Equipments	1 074 080	-	(256 530)	-	817 550	(804 565)	-	206 454	(54 289)	(652 400)	165 150
410 725	5 147 047	2 380 383	(617 747)		6 909 683	(3 163 556)	123	510 917	(618 413)	(3 270 929)	3 638 754
TOTAL	122 566 587	13 002 761	(619 238)		134 950 110	(16 180 315)	123	512 234	(2 989 666)	(18 657 624)	116 292 486

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THE BIG 5 FALSE BAY MUNICIPALITY

SEGMENTAL ANALYSES OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

SEGMENTS	COST				Accumulated Depreciation				Carrying Value
	Balance 30 June 2014	Additions	Disposals/ Write Off	Balance 30 June 2015	Balance 30 June 2014	Additions	Disposals/ Write Off/ Impairment	Balance 30 June 2015	
Executive and Council	24 340 400	-	-	24 340 400	-	-	-	-	24 340 400
Finance & Admin	1 061 752	2 451 358	(171 533)	3 341 577	880 904	75 816	(512 232)	444 367	2 897 210
Technical, Planning & Development	24 340 400	-	-	24 340 400	-	-	-	-	24 340 527
Community & Social Services	27 316 336	-	-	27 316 336	6 766 720	802 856	-	7 569 576	19 746 760
Library	720 884	-	-	720 884	497 526	87 705	-	585 231	135 653
Corporate & Human Resources	112 384	-	-	112 384	73 612	21 095	-	94 707	17 677
	77			80					71
	892	2 451	(171	171	8 218	987	(512	8 693	478
	156	358	533)	981	762	472	232)	881	227

**THE BIG 5 FALSE BAY MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED**

APPENDIX D

2014 Actual Income	2014 Actual Expenditure	2014 Surplus / (Deficit)	SEGMENTS	2015 Actual Income	2015 Actual Expenditure	2015 Surplus / (Deficit)
R	R	R		R	R	R
11 682 112	11 985 660	(303 548)	Executive & Council	11 644 983	9 579 656	2 065 328
14 836 832	9 372 529	5 464 303	Finance & Administration	14 879 701	11 740 671	3 139 030
36 104	4 320 980	(4 284 876)	Corporate & Human Resources	5 822 492	4 791 527	1 030 965
14 223 890	7 477 959	6 745 931	Technical and Planning	16 173 588	13 305 077	2 868 511
9 963 275	8 887 809	1 075 466	Community & Social Services	15 519 242	12 650 077	2 869 165
630 000	630 000	-	Library Services	655 000	655 000	-
51 372 213	42 674 937	8 697 276	Sub Total	64 695 005	52 722 008	11 972 997

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

THE BIG 5 FALSE BAY MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

APPENDIX E

Name of Grants	Name of organ of state	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reason for delayed/withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework	Reasons for non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
Equitable Share Grant	National Treasury	8 900 000	7 495 598	6 090 000		8 900 000	7 494 944	6 090 000		-	1 406 945	-	-	Unspent	Yes	
Municipal Infrastructure Grant	COGTA	4 787 000	3 393 000	2 976 000		813 817	5 417 325	1 447 047	3 477 810	-	-	-	-		Yes	
Financial Management Grant	National Treasury	1 800 000				318 260	957 213	204 776	319 751	-	-	-	-		Yes	
Municipal Systems Improvement Grant	COGTA	934 000				433 100	118 500	223 626	158 774	-	-	-	-		Yes	
Intergrated development Plan Grant	COGTA	-						142 964		-	-	-	-		Yes	
Library Provincialisation Grant	Art & Culture	393 000		262 000		141 400	134 423	201 090	178 277	-	-	-	-		Yes	
Intergrated National Electrification Grant	DOE	-	5 000 000	2 000 000		2 559 617	915 785	1 897 771	1 624 876							
Expanded Public Works Programme Grant	DPW	400 000	300 000	300 000		114 400	183 215	336 985	219 540							
		17 214 000	16 188 598	11 628 000	-	13 280 594	15 221 405	10 544 259	5 979 028	-	1 406 945	-	-			

THE BIG 5 FALSE BAY MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

APPENDIX F

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 566 000	-	1 566 000	1 465 419	(100 581)	
Rental of facilities and equipment	106 000	-	106 000	55 215	(50 785)	Decrease in the use of municipal amenities by communities
Other income	156 200		156 200	194 846	38 646	Unexpected increase in other revenue from community
Interest received - investment	-	150 000	150 000	120 808	(29 192)	Due negative cash flows during the year, no investments were made
Total Revenue from exchange transaction	1 828 200	150 000	1 978 200	1 836 288	(141 912)	
Revenue from non - exchange transactions						
Donation				647 404	647 404	Asset donated by service provider
Property rates	9 745 000	-	9 745 000	10 619 853	874 853	
Property rates - penalties imposed	739 000	-	739 000	1 696 469	957 469	Increase in debtors caused the increase in interest charged
Government grants and subsidies	33 874 000	-	33 874 000	45 025 094	11 151 094	Revenue recognised from MIG meet recognition criteria
Land sale	2 000 000	-	2 000 000	-	(2 000 000)	Unexpected delays in the transfer of land
Fines	4 000 000	6 000 000	10 000 000	4 869 897	(5 130 103)	delays in the maintainance of speed camera
Total Revenue from non - exchange transaction	50 358 000	6 000 000	56 358 000	62 858 717	6 500 717	
Total revenue from exchange transaction ¹	1 828 200	150 000	1 978 200	1 836 288	(141 912)	
Total Revenue from non - exchange transaction ¹	50 358 000	6 000 000	56 358 000	62 858 717	6 500 717	
Total revenue	52 186 200	6 150 000	58 336 200	64 695 005	6 358 805	
Expenditure						
Employee related costs	(16 714 582)	585 621	-16 128 961	(15 446 976)	681 985	
Remuneration of councillors	(1 759 996)	-	-1 759 996	(1 812 347)	(52 351)	
Depreciation and amortisation	(2 000 000)	(1 500 000)	-3 500 000	(2 989 666)	510 334	Overbudgeting
Finance costs	(150 000)	(50 000)	-200 000	(575 935)	(375 935)	Landfill Site (Discounting Factor)
Debt impairment	(2 000 000)	(4 500 000)	-6 500 000	(3 961 346)	2 538 654	Decrease in revenue resulted in the decrease in provision
Repairs and maintainance	(3 700 000)	1 700 000	-2 000 000	(1 905 604)	94 396	Some repairs were done by other spheres of Government
Contracted Services	(14 991 000)	(760 000)	-15 751 000	(1 350 482)	14 400 518	Some services were not contracted
Conditional Grant (operational)	(180 000)	-	-180 000	(9 827 923)	(9 647 923)	Budget was distributed to other line items
General Expenses	(10 139 000)	(3 110 215)	-13 249 215	(14 851 729)	(1 602 514)	Other expenditures were budgeted in contracted services
Total Expenditure	(51 634 578)	(7 634 594)	-59 269 172	(52 722 008)	6 547 164	
Surplus for the year	551 622	(1 484 594)	(932 972)	11 972 997	12 905 969	

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

THE BIG 5 FALSE BAY MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR END 30 JUNE 2015

Statements of Comparison of Budget and Actual Amounts

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Comments
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	980 000	-	980 000	37 675	(942 325)	Budget prepared on non-reclassified amount
Receivables from Non-exchange transactions				6 761 289	6 761 289	Budget prepared on non classified amounts
VAT receivable	-		-	487 884	487 884	Year end creditors, due to SARS on cash bases
Consumer debtors	5 582 000	12 718 000	18 300 000	10 575 638	(7 724 362)	Amount in budget includes amount classified as
Cash and cash equivalents	2 116 000	(2 072 000)	44 000	116 668	72 668	
	8 678 000	10 646 000	19 324 000	17 979 154	(1 344 846)	
Non-Current Assets						
Property, plant and equipment	116 872 547	(1 117 211)	115 755 336	116 230 146	474 810	
Intangible assets	168 000	-	168 000	62 338	(105 662)	Budget prepared before preparation of fixed asset register
	117 040 547	(1 117 211)	115 923 336	116 292 484	369 148	
Current Assets	8 678 000	10 646 000	19 324 000	17 979 154	(1 344 846)	
Non-Current Assets	117 040 547	(1 117 211)	115 923 336	116 292 484	369 148	
Total Assets	125 718 547	9 528 789	135 247 336	134 271 638	(975 698)	
Liabilities						
Current Liabilities			-		-	

BIG 5 FALSE BAY MUNICIPALITY ANNUAL REPORT 2014-2015

Finance lease obligation	1 050 000		1 050 000	309 019	(740 981)	All was included in non provisions in the Budgeted
Payables from exchange transactions	4 000 000	8 775 789	12 775 789	13 405 549	629 760	
Payables from non-exchange transactions				423 530	423 530	This was included with exchange transaction in budget
Unspent Conditional Grants				147 814	147 814	Unexpected delays in EPWP programme
Bank Overdraft				1 957 429	1 957 429	Decrease in creditors resulted in the outflow of Cash
Provisions	-	-	-	-	-	
	5 050 000	8 775 789	13 825 789	16 243 341	2 417 552	
Non-Current Liabilities			-		-	
Finance lease obligation			-		-	
Provisions	4 200 000	244 000	4 444 000	5 140 649	696 649	Increase in landfill site provisions.
	4 200 000	244 000	4 444 000	5 140 649	696 649	
Total Liabilities	9 250 000	9 019 789	18 269 789	21 383 990	3 114 201	
Assets	125 718 547	9 528 789	135 247 336	134 271 638	(975 698)	
Liabilities	9 250 000	9 019 789	18 269 789	21 383 990	3 114 201	
Net Assets	116 468 547	509 000	116 977 547	112 887 648	(4 089 899)	
Reserves			-		-	
Accumulated surplus	116 468 547	509 000	116 977 547	112 887 648	(4 089 899)	

VOLUME III

OVERSIGHT COMMITTEE REPORT 2014/15