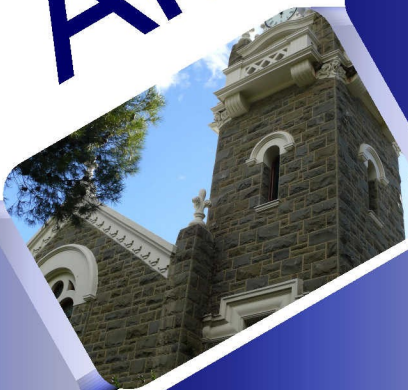


Laingsburg Municipality



Annual Report

2016/17



CONTENTS

CONTENTS

LIST OF TABLES.....	3	2.1	NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION.....	22
LIST OF FIGURES.....	7	2.2	PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	22
LIST OF GRAPHS.....	7	2.3	CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION.....	23
CHAPTER 1	8	2.4	GOVERNANCE STRUCTURE.....	23
COMPONENT A: MAYOR'S FOREWORD	8	2.4.1	POLITICAL GOVERNANCE STRUCTURE.....	23
COMPONENT B: EXECUTIVE SUMMARY	10	2.4.2	ADMINISTRATIVE GOVERNANCE STRUCTURE.....	25
I.1 MUNICIPAL MANAGER'S OVERVIEW.....	10	COMPONENT B: INTERGOVERNMENTAL RELATIONS		25
I.2 MUNICIPAL OVERVIEW.....	12	2.5	INTERGOVERNMENTAL RELATIONS.....	25
I.2.1 VISION AND MISSION.....	12	2.5.1	INTERGOVERNMENTAL STRUCTURES	25
I.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	12	2.5.2	JOINT PROJECTS AND FUNCTIONS WITH SECTOR DEPARTMENTS.....	26
I.3.1 POPULATION	12	COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION		27
I.3.2 HOUSEHOLDS	13	2.6.1	PUBLIC MEETINGS	28
I.3.3 SOCIO ECONOMIC STATUS.....	14	2.6.2	WARD COMMITTEES	28
I.3.4 DEMOGRAPHIC INFORMATION	14	2.6.3	FUNCTIONALITY OF WARD COMMITTEE.....	30
I.4 SERVICE DELIVERY OVERVIEW.....	18	2.6.4	REPRESENTATIVE FORUMS.....	31
I.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS.....	18	COMPONENT D: CORPORATE GOVERNANCE.....		31
I.4.2 BASIC SERVICES DELIVERY CHALLENGES.....	18	2.7	RISK MANAGEMENT	31
I.4.3 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES.....	18	2.8	ANTI-CORRUPTION AND ANTI-FRAUD	32
I.5 FINANCIAL HEALTH OVERVIEW.....	19	2.8.1	DEVELOPED STRATEGIES	32
I.5.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS).....	19	2.9	AUDIT COMMITTEE.....	32
I.5.2 FINANCIAL OVERVIEW.....	19	2.9.1	FUNCTIONS OF THE AUDIT COMMITTEE.....	33
I.5.3 TOTAL CAPITAL EXPENDITURE	20	2.9.2	MEMBERS OF THE AUDIT COMMITTEE.....	33
I.6 ORGANISATIONAL DEVELOPMENT OVERVIEW	20	2.10	PERFORMANCE AUDIT COMMITTEE	33
I.6.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS	20	2.11	INTERNAL AUDITING.....	35
I.6.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES.....	20	2.12	BY-LAWS AND POLICIES	35
I.7 AUDITOR GENERAL REPORT	20	2.13	COMMUNICATION	35
I.7.1 AUDITED OUTCOMES.....	20	2.14	WEBSITE	36
I.8 2016/17 IDP/BUDGET PROCESS	20	2.15	SUPPLY CHAIN MANAGEMENT.....	37
CHAPTER 2	22	2.15.1	COMPETITIVE BIDS IN EXCESS OF R200 000.....	37
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	22	2.15.2	DEVIATION FROM NORMAL PROCUREMENT PROCESSES	38

CONTENTS

CHAPTER 3	40	3.9.3	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	76
3.1	OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION	40	3.9.4	PROCUREMENT SERVICES.....
3.1.1	LEGISLATIVE REQUIREMENTS.....	40	3.10	COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2017/18
3.1.2	ORGANISATION PERFORMANCE	41	3.10.1	CREATE AN ENVIRONMENT CONDUCIVE FOR ECONOMIC DEVELOPMENT
3.1.3	THE PERFORMANCE SYSTEM FOLLOWED FOR 2016/17	41	3.10.2	DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES.....
3.2	INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2016/17	42	3.10.3	EFFECTIVE MAINTENANCE AND MANAGEMENT OF MUNICIPAL ASSETS AND NATURAL RESOURCES
3.2.1	STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)	42	3.10.4	IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG.....
3.2.2	SERVICE PROVIDERS STRATEGIC PERFORMANCE.....	51	3.10.5	PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS.....
3.2.3	MUNICIPAL FUNCTIONS.....	53	3.10.6	TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS.....
3.3	COMPONENT A: BASIC SERVICES	54	3.10.7	TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES
3.3.1	WATER SERVICES.....	54	CHAPTER 4.....	81
3.3.2	WASTE WATER (SANITATION) PROVISION	56	4.1	NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT.....
3.3.3	ELECTRICITY SERVICES	58	4.2	INTRODUCTION TO THE MUNICIPAL WORKFORCE.....
3.3.4	WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING).....	60	4.2.1	EMPLOYMENT EQUITY
3.3.5	HOUSING.....	62	4.2.2	VACANCY RATE.....
3.3.6	FREE BASIC SERVICES AND INDIGENT SUPPORT	62	4.2.3	STAFF TURNOVER RATE
3.4	COMPONENT B: ROAD TRANSPORT	64	4.3	MANAGING THE MUNICIPAL WORKFORCE
3.4.1	ROADS.....	64	4.3.1	INJURIES
3.4.2	WASTE WATER (STORMWATER DRAINAGE).....	65	4.3.2	SICK LEAVE.....
3.5	COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT (LED).....	66	4.3.3	HR POLICIES AND PLANS.....
3.5.1	PLANNING.....	66	4.4	CAPACITATING THE MUNICIPAL WORKFORCE.....
3.5.2	LED (INCLUDING TOURISM AND MARKET PLACES).....	66	4.4.1	SKILLS MATRIX.....
3.6	COMPONENT D: COMMUNITY AND SOCIAL SERVICES.....	68	4.4.2	SKILLS DEVELOPMENT – TRAINING PROVIDED.....
3.6.1	LIBRARIES.....	68	4.4.3	SKILLS DEVELOPMENT - BUDGET ALLOCATION.....
3.6.2	CEMETERIES.....	70	4.4.4	MFMA COMPETENCIES.....
3.6.3	CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	70	4.5	MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE.....
3.7	COMPONENT E: SECURITY AND SAFETY	71	4.5.1	PERSONNEL EXPENDITURE.....
3.7.1.	PUBLIC SAFETY.....	71	CHAPTER 5.....	90
3.8	COMPONENT F: SPORT AND RECREATION	73		
3.8.1	INTRODUCTION TO SPORT AND RECREATION	73		
3.9	COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	75		
3.9.1	FINANCIAL SERVICES.....	75		
3.9.2	HUMAN RESOURCES	75		

CONTENTS

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	90
5.1 FINANCIAL SUMMARY.....	90
5.1.1 OVERALL FINANCIAL SUMMARY.....	90
5.1.2 REVENUE COLLECTION BY VOTE.....	93
5.1.3 REVENUE COLLECTION BY SOURCE.....	93
5.1.4 OPERATIONAL SERVICES PERFORMANCE.....	94
5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION.....	95
5.2.1 WATER SERVICES.....	95
5.2.2 WASTE WATER (SANITATION) PROVISION.....	96
5.2.3 ELECTRICITY.....	96
5.2.4 WASTE MANAGEMENT.....	96
5.2.5 HOUSING.....	97
5.2.6 ROADS AND STORMWATER.....	98
5.2.7 PLANNING AND BUILDING CONTROL.....	98
5.2.8 FIRE SERVICES AND DISASTER MANAGEMENT.....	99
5.2.9 LIBRARIES.....	99
5.2.10 PUBLIC SAFETY (TRAFFIC AND LAW ENFORCEMENT).....	99
5.2.11 SPORT AND RECREATION.....	100
5.2.12 COMMUNITY FACILITIES AND THUSONG CENTRES.....	101
5.2.13 OFFICE OF THE MUNICIPAL MANAGER.....	101
5.2.14 ADMINISTRATION.....	101
5.2.15 FINANCIAL SERVICES.....	102
5.3 GRANTS.....	103
5.3.1 GRANT PERFORMANCE.....	103
5.3.2 CONDITIONAL GRANTS.....	104
5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES.....	104
5.4 ASSET MANAGEMENT.....	104
5.4.1 REPAIRS AND MAINTENANCE.....	104

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	105
5.5.1 LIQUIDITY RATIO.....	105
5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS.....	105
5.5.3 EMPLOYEE COSTS.....	105
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	106
5.6 CAPITAL EXPENDITURE: SOURCES OF FINANCE.....	106
5.7 CAPITAL EXPENDITURE BY ASSET CLASS.....	107
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	108
5.8 CASH FLOW.....	108
5.9 GROSS OUTSTANDING DEBTORS PER SERVICE.....	109
5.10 TOTAL DEBTORS AGE ANALYSIS.....	109
5.12 BORROWING AND INVESTMENTS.....	110
5.12.1 MUNICIPAL INVESTMENTS.....	110
CHAPTER 6	111
COMPONENT A: AUDITOR-GENERAL OPINION 2015/16	111
6.1 AUDITOR GENERAL REPORT 2015/16.....	111
COMPONENT B: AUDITOR-GENERAL OPINION 2016/17	113
6.2 AUDITOR GENERAL REPORT 2016/17.....	113
LIST OF ABBREVIATIONS	115
ANNEXURE A: AUDITED FINANCIAL STATEMENTS	
ANNEXURE B: AUDITOR GENERAL REPORT	
ANNEXURE C: AUDIT COMMITTEE REPORT	

LIST OF TABLES

Table 1: Demographic Information of the Municipal Area – Total Population.....	12
Table 2: Total Number of Households.....	13
Table 3: Socio Economic Status.....	14
Table 4: Municipal Wards.....	15
Table 5: Key Economic Activities.....	18

Table 6: Basic Services Delivery Highlights.....	18
Table 7: Basic Services Delivery Challenges.....	18
Table 8: Households with Minimum Level of Basic Services.....	18
Table 9: National KPI's for Financial Viability and Management.....	19

CONTENTS

Table 10: Financial Overview.....	19	Table 36: Functions of the Internal Audit Unit.....	35
Table 11: Total Capital Expenditure	20	Table 37: Communication Activities	36
Table 12: Municipal Transformation and Organisational Development Challenges.....	20	Table 38: Website Checklist	37
Table 13: Audit Outcomes	20	Table 39: Bid Committee Meetings	37
Table 14: 2016/17 IDP/Budget Process.....	21	Table 40: Attendance of Members of Bid Specification Committee.....	37
Table 15: National KPIs - Good Governance and Public Participation Performance.....	22	Table 41: Attendance of Members of Bid Evaluation Committee.....	38
Table 16: Good Governance and Public Participation Performance Highlights.....	22	Table 42: Attendance of Members of Bid Adjudication Committee.....	38
Table 17: Good Governance and Public Participation Challenges	23	Table 43: The Highest Bid Awarded by Bid Adjudication Committee.....	38
Table 18: Council 2011-2016 Elective Period	23	Table 44: Details of Deviations for Procurement Services	39
Table 19: Council 2016-2021 Elective Period	24	Table 45: Top Layer SDBIP – Create an Environment Conducive for Economic Development.....	44
Table 20: Council Meetings.....	24	Table 46: Top Layer SDBIP – Developing a Safe, Clean, Healthy and Sustainable Environment for Communities	45
Table 21: Portfolio Committee Meetings.....	25	Table 47: Top Layer SDBIP – Effective Maintenance of Municipal Assets and Natural Resources.....	46
Table 22: Administrative Governance Structure.....	25	Table 48: Top Layer SDBIP –Improve the Standards of Living of All People in Laingsburg.....	47
Table 23: Intergovernmental Structures.....	26	Table 49: Top Layer SDBIP – Provision of Infrastructure to Deliver Improved Services to all Residents and Business	48
Table 24: Joint Projects and Functions with Sector Departments.....	27	Table 50: Top Layer SDBIP – To Achieve Financial Viability in Order to Render Affordable Services to Residents	50
Table 25: Public Meetings	28	Table 51: Top Layer SDBIP – To Create an Institution with Skilled Employees to Provide a Professional Service to its Clientele Guided by Municipal Values.....	51
Table 26: Ward 1 Committee Meetings.....	28	Table 52: Functional Areas.....	54
Table 27: Ward 2 Committee Meetings.....	29	Table 53: Water Services Highlights	54
Table 28: Ward 3 Committee Meetings.....	29	Table 54: Water Services Challenges.....	54
Table 29: Ward 4 Committee Meetings.....	30	Table 55: Water Service Delivery Levels: Households	55
Table 30: Functioning of Ward Committees	30	Table 56: Employees: Water Services.....	56
Table 31: IDP Forum.....	31		
Table 32: Top Five Risks	32		
Table 33: Anti-Corruption & Fraud Prevention Strategies	32		
Table 34: Members of the Audit Committee	33		
Table 35: Members of the Performance Audit Committee	34		

CONTENTS

Table 57: Waste Water (Sanitation) Provision Challenges	56	Table 83: Job Creation Through EPWP Projects	68
Table 58: Waste Water (Sanitation) Provision Service Delivery Levels	57	Table 84: LED Initiatives	68
Table 59: Employees Waste Water (Sanitation) Provision	58	Table 85: Libraries Highlights	68
Table 60: Electricity Challenges	58	Table 86: Libraries Challenges	69
Table 61: Electricity Challenges	58	Table 87: Service Statistics for Libraries	69
Table 62: Electricity Service Delivery Levels	59	Table 88: Employees: Libraries	69
Table 63: Waste Management Challenges	60	Table 89: Service Stats for Cemeteries	70
Table 64: Waste Management Service Delivery Levels	60	Table 90: Child Care; Aged Care; Social Programmes Highlights	70
Table 65: Employees: Solid Waste Services	61	Table 91: Child Care; Aged Care; Social Programmes Challenges	70
Table 66: Housing Waiting List	62	Table 92: Service Statistics for Child Care; Aged Care; Social Programmes	71
Table 67: Houses Built in 2016/17	62	Table 93: Public Safety Services Highlights	72
Table 68: Free Basic Services to Indigent Households	62	Table 94: Public Safety Services Challenges	72
Table 69: Free Basic Electricity Services to Indigent Households	63	Table 95: Service Statistics for Public Safety	72
Table 70: Free Basic Water Services to Indigent Households	63	Table 96: Employees: Public Safety	73
Table 71: Free Basic Sanitation Services to Indigent Households	63	Table 97: Highlights: Sport and Recreation	73
Table 72: Free Basic Refuse Removal Services to Indigent Households Per Type of Service	63	Table 98: Challenges: Sport and Recreation	73
Table 73: Gravel Road Infrastructure	64	Table 99: Additional Performance Information for Sport and Recreation	74
Table 74: Tarred Road Infrastructure	64	Table 100: Employees: Sport and Recreation	74
Table 75: Cost of Construction/Maintenance of Roads	64	Table 101: Employees: Financial Services	75
Table 76: Employees: Roads	65	Table 102: Employees: Human Resource Services	75
Table 77: Stormwater Infrastructure	65	Table 103: Highlights: ICT Services	76
Table 78: Cost of Construction/Maintenance of Stormwater Systems	65	Table 104: Challenges: ICT Services	76
Table 79: Service Delivery Statistics: Planning	66	Table 105: Highlights: Procurement Services	76
Table 80: LED Highlights	66	Table 106: Challenges: Procurement Services	77
Table 81: Challenges LED	66	Table 107: Service Statistics: Procurement Services	77
Table 82: LED Objectives and Strategies	67	Table 108: Service Delivery Priorities for 2017/18 – Create an Environment Conducive for Economic Development	77

CONTENTS

Table 109: Services Delivery Priorities for 2017/18 – Developing a Safe, Clean, Healthy and Sustainable Environment for Communities	78	Table 129: MFMA Competencies	87
Table 110: Services Delivery Priorities for 2017/18 – Effective Maintenance and Management of Municipal Assets and Natural Resources	78	Table 130: Personnel Expenditure	88
Table 111: Services Delivery Priorities for 2017/18 – Improve the Standards of Living of all People in Laingsburg	78	Table 131: Personnel Expenditure	89
Table 112: Services Delivery Priorities for 2017/18 – Provision of Infrastructure to Deliver Improved Services to All Residents and Business	79	Table 132: Financial Performance 2016/17	91
Table 113: Service Delivery Priorities for 2017/18 - To Achieve Financial Viability in Order to Render Affordable Services to Residents.....	80	Table 133: Revenue by Vote.....	93
Table 114: Service Delivery Priorities for 2017/18 - To Create an Institution with Skilled Employees to Provide a Professional Service to its Clientele Guided by Municipal Values	80	Table 134: Revenue by Source.....	94
Table 115: National KPIs– Municipal Transformation and Organisational Development.....	81	Table 135: Operational Services Performance	95
Table 116: 2016/17 EE Targets/Actual by Racial Classification	81	Table 136: Financial Performance: Water Services	95
Table 117: 2016/17 EE Targets/Actual by Gender Classification	81	Table 137: Financial Performance: Waste Water (Sanitation) Services	96
Table 118: Occupational Categories	82	Table 138: Financial Performance: Electricity.....	96
Table 119: Department – Race	82	Table 139: Financial Performance: Waste Management.....	97
Table 120: Vacancy Rate Per Post.....	83	Table 140: Financial Performance: Housing.....	97
Table 121: Critical Vacancies Per Salary Level.....	83	Table 141: Financial Performance: Roads and Stormwater	98
Table 122: Staff Turnover Rate	83	Table 142: Financial Performance: Planning and Building Control	98
Table 123: Injuries	84	Table 143: Financial Performance: Fire Services and Disaster Management	99
Table 124: Sick Leave.....	84	Table 144: Financial Performance: Libraries	99
Table 125: HR Policies and Plans.....	84	Table 145: Financial Performance: Traffic and Law Enforcement	100
Table 126: Skills Matrix	85	Table 146: Financial Performance: Sport and Recreation	100
Table 127: Skills Development	86	Table 147: Financial Performance: Community Services and Thusong Centres.....	101
Table 128: Budget Allocated and Spent For Skills Development.....	86	Table 148: Financial Performance: Office of the Municipal Manager	101
		Table 149: Financial Performance: Administration	102
		Table 150: Financial Performance: Financial Services	102
		Table 151: Grant Performance for 2016/17	103
		Table 152: Conditional Grant	104
		Table 153: Reliance on Grants.....	104
		Table 154: Repairs & Maintenance.....	104

CONTENTS

Table 155: Liquidity Financial Ratio	105	Table 161: Gross Outstanding Debtors per Service.....	109
Table 156: Financial Viability National KPAs	105	Table 162: Outstanding Debtor Age Analysis.....	109
Table 157: Employee Costs.....	105	Table 163: Municipal Investments	110
Table 158: Capital Expenditure by Funding Source	106	Table 164: AG Report 2015/16	113
Table 159: Capital Expenditure by Asset Class	108	Table 165: AG Report 2016/17	114
Table 160: Cash Flow	109		

LIST OF FIGURES

Figure 1.: Laingsburg Area map	15
Figure 2.: SDBIP Measurement Categories	42

LIST OF GRAPHS

Graph 1.: Total Population Growth	13
Graph 2.: Indigent Households	14
Graph 3.: Overall Performance Per Strategic Objective.....	43
Graph 4.: Water Service Delivery Levels	55
Graph 5.: Waste Water (Sanitation) Provision Service Delivery Levels	57
Graph 6.: Electricity Service Delivery Levels	59
Graph 7.: Waste Management Service Delivery Levels.....	61
Graph 8.: Revenue	92
Graph 9.: Operating Expenditure	92

COMPONENT A: MAYOR'S FOREWORD



This Annual Report is compiled in accordance with Section 46 of the Local government: Municipal Systems Act (No.32 of 2000) and Section 121 of the Local Government: Municipal Finance Management Act (No.56 of 2003).

It is with great appreciation and pleasure that I submit this Annual Report for the 2016/17 financial year. This is the first Annual Report of our Council's term of office and it is a privilege to convey the Council's message on our vision and achievements of the municipal Integrated Development Plan.

This report contains valuable information on the municipal area of Laingsburg as well as the functions and operations of the Municipality. The information is valuable for government, the Municipality, businesses and organisations who want to invest and do business in Laingsburg. It also serves to inform local business and community organisations in Laingsburg.

Our vision is "A municipality of choice where people comes first". Our mission is "To function as a community focused municipality by rendering effective basic services promoting local economic development, consulting communities in the processes of the Council creating a save social environment where people can thrive".








I am proud of the Laingsburg Municipality and our achievements during the year. The Municipality provides quality municipal services of very good standards that can be compared with the best in SA. New infrastructure is still being installed, with the objective of contributing to the general welfare of all our inhabitants, an also to make us proud "Laingsburgers". We might be a small town, but we can be a beautiful and the friendliest town.

The strategic objectives of our Municipality as set out in our Integrated Development Plan (IDP) ensures that the Municipality have an integrated service delivery approach which is aligned with the budget, and performance management system of the Municipality as it is simultaneously aligned with the relevant national, provincial and local strategies including the:

- 📋 Millennium Development Goals;
- 📋 National Development Plan;
- 📋 National Infrastructure Plan;
- 📋 Government outcomes 1-12;
- 📋 National Spatial Development Perspective (NSDP);
- 📋 Provincial Priorities (State of the Province Address);
- 📋 Western Cape Strategic Plan;
- 📋 MSCOA (Municipal Standard Chart of Accounts; and
- 📋 Provincial Growth and Development Strategy (PGDS)

The analysis phase of the IDP review for the 2016/17 financial year has been categorized according to the seven strategic goals as contained in the Provincial Growth and Development Strategy (PGDS), namely:

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

-  Job Creation;
-  Human Resource Development;
-  Human and Community Development;
-  Strategic Infrastructure;
-  Response to Climate Change;
-  Governance and Policy; and
-  Spatial Equity.

Laingsburg Municipality continuously pursues improvements in public participation and accountability. The IDP Representative Forum and the Ward Committee meetings remained the main institutional arrangements to ensure sound public participation in the review of the IDP and performance targets.

The past year we conducted monthly Ward Committee meetings, quarterly IDP representative forums as well as the IDP and Budget Roadshow counting to ±500 people. We have also implemented a Community Feedback section that takes place frequently to give feedback to the community of Laingsburg on arising matters.

The 2016/17 financial year has been a success for the Municipality as we now move forward in terms of strengthening our strategic plans and processes and in order to ensure that we adhere to our Municipality's vision of creating a desirable place to live invest and visit, where all people enjoy a sustainable quality of life.

In conclusion, I would like to express my appreciation and thanks to my fellow Councillors, the Municipal Manager and his staff for their hard work and in preparing this report, but more so for their dedication and hard work towards achieving our municipal vision. On behalf of Laingsburg Municipality, I also want to thank our ward committees, the IDP Representative Form and all members of the public for their support and participation in the affairs of our Municipality during this year.

Councillor A Marthinus

Executive Mayor

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT B: EXECUTIVE SUMMARY





I.1 MUNICIPAL MANAGER'S OVERVIEW

This Annual Report is for the 2016/17 financial year. The statutorily required Annual Report of municipalities contains information on the achievements of a Municipal Council's adopted Integrated Development Plan (IDP), annual Budget and its Service Delivery and Budget Implementation Plan (SDBIP).







As Municipal Manager, and Accounting Officer of the Laingsburg Municipality I am proud to be associated with Laingsburg Municipality, it is my privilege to provide an annual account of the Laingsburg Municipality's achievements for the year under review. It is a pleasure to indicate the outcomes of the collective efforts of the Council and Administration to deliver services to our community in accordance with the powers and functions as defined in the Constitution of the Republic of South Africa. The Laingsburg Municipality received a qualified audit opinion for the 2016/17 financial year, but we will work towards improving toward an unqualified audit opinion in 2017/18 financial year and thereafter a clean audit outcome.

It is our goal to provide municipal services in an equitable and sustainable manner. To achieve this, we engage with our communities and collaborate with private organisations and other spheres of government. In this regard the Western Cape Government Departments of Local Government, Housing and Finance (Provincial Treasury) are particularly mentioned. We also collaborate with all municipalities in the Central Karoo District Region. These endeavours contribute to the establishment of solutions to optimise our ability to provide quality services and support to all inhabitants of the Laingsburg Municipality as well as people visiting.

The following financial and governance achievements are proudly indicated:

-  The Municipality has no external loans and was able to pay all municipal debtors.
-  Our debtors remain a challenge for the municipality especially for debt older than 30 days, but we are constantly looking at innovative ways to improve credit control and debt collection.
-  We maintain effective, efficient and transparent systems for financial administration, risk management and internal control.
-  We managed to implement performance to all levels within the municipality.

We are also proud to report on the following achievements improving the quality of livelihoods in our community:

-  Housing
-  Infrastructure
-  Poverty relief
-  Sport
-  Greening
-  Recreation

I sincerely acknowledge the commitment made by the committed staff in our administration. Similarly, I wish to extend my heartfelt appreciation to the political leadership, The Mayor and Councillors for their constructive contributions and dedication in the pursuit of building sustainable Laingsburg Municipality.

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Laingsburg Municipality is blessed with a skilled and loyal work force and we had only one change during this financial year in our Top Management which was Petro Allan Williams, the municipal Manager, who left after 16 years of loyal service. The managers have permanent employment contracts and that supports stability and attracts better skills and experience. The Council values continuity and will ensure stability in the administration for the next term. As a Municipality we do risk assessments annually and have dedicated risk meetings quarterly to develop and implement mitigating measures. Our top 4 strategic risks with the highest residual ratings include the increase in population growth threatening our sustainable development, the impact on the natural environment caused by the increasing demand in natural resources, the implementation of mSCOA ready financial system by 1 July 2017 and financing for a Geographical Information System (GIS) for the Municipality.

Laingsburg Municipality is driven by the slogan "Together we can make Laingsburg a better place".

Again, I dedicate this Annual Report to the community of Laingsburg, with the pledge that we will in the years to come continue to search for innovative solutions to make this municipality an attractive space to live and develop.

Mr. S Pieterse

Municipal Manager

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

I.2 MUNICIPAL OVERVIEW

This report addresses the performance of the Laingsburg Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2016/17 Annual Report reflects on the performance of the Laingsburg Municipality for the period 1 July 2016 to 30 June 2017. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

I.2.1 VISION AND MISSION

The Laingsburg Municipality committed itself to the following vision and mission:

Vision:

"A destination of choice where people comes first"

Mission:

To function as a community-focused and sustainable municipality by:

-  Rendering effective basic services
-  Promoting local economic development
-  Consulting communities in the processes of Council
-  Creating a safe social environment where people can thrive

I.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

I.3.1 POPULATION

The municipality is estimated to have a population of **9 258** in the 2016/17 financial year. This shows a **1.9% increase** against the population of **9 085** in 2015/16.

A) TOTAL POPULATION

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

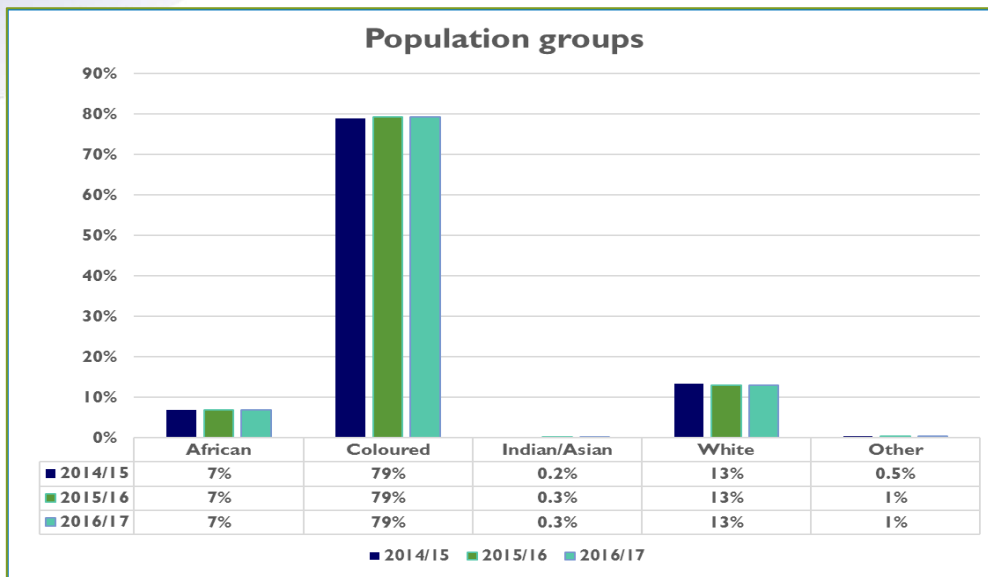
Year	Number of Households	Total Population	African	Coloured	Indian	White	Other
2014/15	2 447	8 889	620	7 019	22	1 183	45
2015/16	2 604	9 085	634	7 195	24	1 185	47
2016/17	2 862	9 258	646	7 331	25	1 208	48

Source: Stats SA Census, 2011

Table 1: Demographic Information of the Municipal Area – Total Population

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The graph below illustrates the yearly population growth for the municipal area.



Graph 1.: Total Population Growth

1.3.2 HOUSEHOLDS

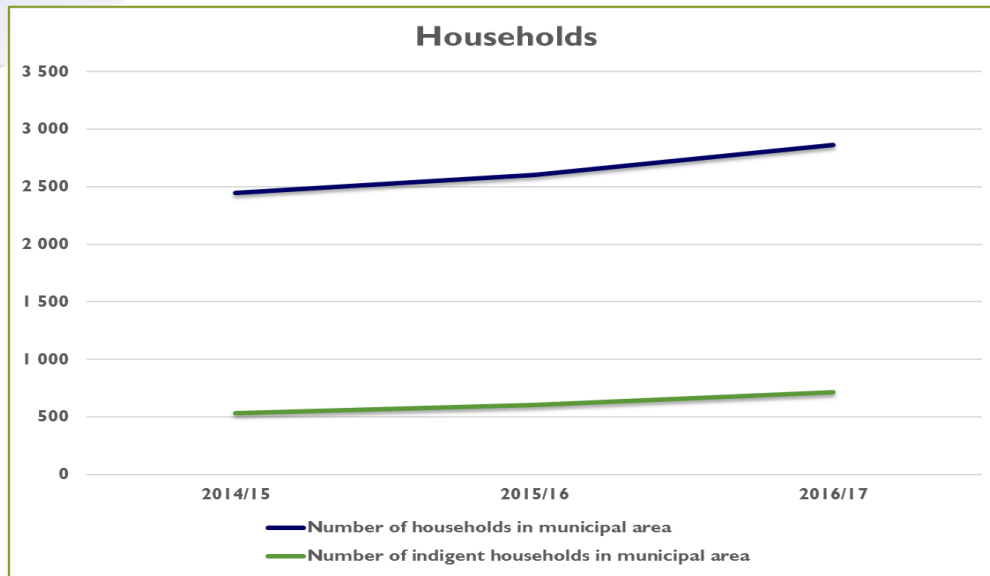
The total number of households within the municipal area **increased** to **2 862** households in the 2016/17 from **2 604** in the 2015/16 financial year.

Households	2014/15	2015/16	2016/17
Number of households in municipal area	2 447	2 604	2 862
Number of indigent households in municipal area	530	601	714

Table 2: Total Number of Households

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The graph below shows that the total number of indigent households **increased** from **601** households in 2015/16 to **714** households in the 2016/17 financial year:



Graph 2.: Indigent Households

1.3.3 SOCIO ECONOMIC STATUS

Financial year	Housing Backlog	Unemployment rate	Households with no Income	HIV/AIDS Prevalence 2010	Urban/rural household split
2014/15	626	22.4%	127 HH & 25.1%	1%	91%/9%
2015/16	469	17.9%	127 HH & 25.1%	1%	91%/9%
2016/17	524	18.8%	127 HH & 25.1%	1%	91%/9%

Table 3: Socio Economic Status

1.3.4 DEMOGRAPHIC INFORMATION

A) MUNICIPAL GEOGRAPHICAL INFORMATION

Laingsburg Local Municipality (LLM) is in the Central Karoo region of the Western Cape. It is the smallest municipality in South Africa with a total population estimate of 8 889 with (Stats 2011 projections for 2014) 2 447 households. The municipality's main socio-economic challenges include the municipal inability to attract investors to the town, high unemployment and a declining school enrolment. Agriculture has historically been the dominant sector in the region, but as there has been strong growth in finance, insurance, real estate and business services which is linked to various sectors within the Laingsburg Municipality environment, including wholesale and retail, trade, catering, and accommodation.

The municipality covers an area of approximately 8 800 square kilometres and the town of Laingsburg, 276 km from Cape Town, is the main centre which straddles the N1 National Road.

Historically, a village was established along the banks of the Buffels River in 1880, which was first called Buffalo, followed by Nassau and then Laingsburg. Thirty years ago, on Sunday 25th of January 1981, a devastating flood that laid Laingsburg waste, secured for this Karoo town a permanent place on the map and in the history of South Africa. Within a few hours the whole town was under

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

water (the water reached heights four times greater than any other flood over the previous two centuries). 104 Inhabitants lost their lives and 184 houses were destroyed.

B) WARDS

The municipality is structured into the following 4 wards:

Ward	Areas
1	Bergsig (Laingsburg) and Bo Dorp
2	Matjiesfontein and surrounding farms
3	Central Town (Laingsburg) and until Faberskraal
4	Göldnerville (Laingsburg) and Acacia Park (Laingsburg)

Table 4: Municipal Wards

Below is a map that indicates the Municipal Area in the Central Karoo District area:

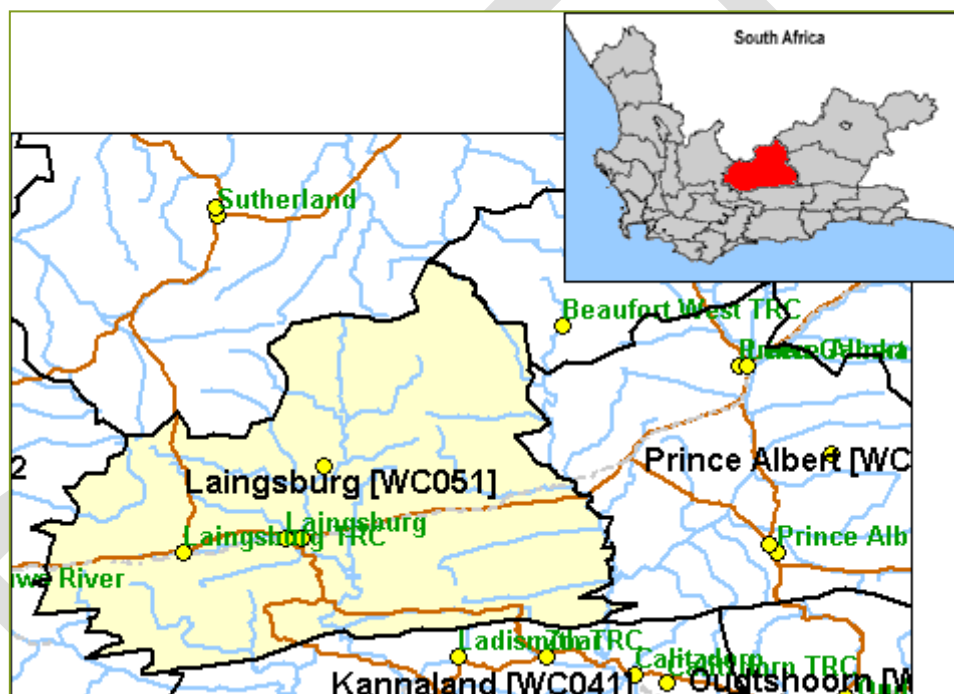


Figure 1.: Laingsburg Area map

Laingsburg

This friendly, modern Karoo village, only 280 km from Cape Town, was almost entirely destroyed by a huge flood only a century after it started. The town lies in a geologically fascinating area, steeped in history and tradition. It's a worthwhile and hospitable stop on the busy N1 highway through the Great Karoo.

The warm welcome that awaits tourists in Laingsburg dates back to the mid-1700's. In those years' farmers along the banks of the Buffels River offered hospitality to adventurers' brave enough to cross the mountains and venture out onto the arid plains of the Great Karoo. In exchange for news of Cape Town and the civilised world, as well as gossip garnered from other farms along the way, these isolated farmers of the interior offered accommodation, sustenance and fodder.

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Many early officials and explorers, such as Barrow, Lichtenstein, De Mist and Swellengrebel, wrote of the people they met in what was later to become the district of Laingsburg. They described the Karoo as "awesome, hot, dry, and dusty. An inhospitable land peppered with friendly outspans veritable jewels in the desert."

At tiny homesteads dotted about on the vast plains travellers found fresh, drinking water, safe outspans, "a true welcome, homely hospitality and a nourishing meal." Many wrote that "such comforts were offered by God-fearing but brusque men, their shy women and hoards of children."

Matjiesfontein

In 1884, young immigrant Scot, James Logan, purchased lands at "a place called Matjiesfontein", an insignificant railway halt in the depths of the Karoo. The Cape Government Railways had, by then, reached the Kimberley diamond fields, and - following Cecil Rhodes' vision of the "road to the North", his dream of a Cape to Cairo line - was extending into the Zambezi hinterland. Logan, whose meteoric rise was based on an energetic and meticulous efficiency, had been awarded the government catering contract at Touws River, which lies within the vast spaces of the Karoo.

In those days, dining cars were unheard of, and - aware that travelers needed sustenance on those interminable journeys to the interior - Logan saw the potential of this remote Matjiesfontein halt. He had already found the Karoo air beneficial for his weak chest; and, entranced by the lunar majesty of the landscape, resigned his post and set about creating a village, seemingly in the depths of nowhere, which would make his fortune and become for many what John Buchan (remember "Prester John" and "The 39 Steps"?) would have recognised as a "Temenos" - a special place of the spirit.

Logan purchased the farm Matjiesfontein and, with his thoroughly commercial instincts, three others which possessed plentiful water. He created what an enthusiast describes as an "Oasis"; planted trees (inevitably including the ubiquitous pepper) and a garden; built his own still-surviving residence, Tweedside Lodge; and established the famous Hotel Milner which was conveniently completed in 1899, and shortly thereafter served as the Headquarters of the Cape Western Command.

By early 1899, Matjiesfontein had become a fashionable watering place, attracting those who could afford to seek relief for chest complaints in the clear, bright air, entertaining distinguished visitors, some of whom were more parasite than patron. Lord Randolph Churchill is still remembered for "borrowing" a hunting dog which he never returned.

Olive Schreiner lived in her own cottage here for five years and published the book "Story of an African Farm", which brought her instant fame and an income to last her a lifetime. Olive later became one of the first voices of feminism in South Africa. Today her small three-roomed cottage is a landmark in the village; Logan, a cricket fanatic, entertained most of the famous early teams visiting the Colony. Rudyard Kipling, on his first call at the Cape, made a special journey inland specifically to visit her. During the Boer War, Matjiesfontein supported a base hospital, and Logan offered five of his villas as convalescent homes for soldiers.

Virtually all the British Army commanders - Lord Roberts, Douglas Haig, after his post as Commander-in-Chief of the BEF in France, and Edmund Ironside (Chief of the Imperial General Staff, 1940) - stayed or were entertained in the Village. Edgar Wallace - ex-trooper, war correspondent, thriller writer - sent his superb "Unofficial Despatches" from there.

All celebrated in their time and, even now, some are still remembered.

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Vleiland

There is a delightful short drive quite close to Laingsburg which offers some unbeatable mountain scenery. Follow the road past the railway bridge and drive to the small settlements of Vleiland and Rouxpos. Turn left and drive through the tiny, seemingly forgotten little village of Vleiland. It consists of little more than a post office and library which seem trapped in time. The road curves through this scenic historic spot and rejoins the main road. A little further along is a turn off to the right which takes the tourist through the awe-inspiring scenery of the Rouxpos settlement area of tiny historic thatched farms. Again the road curves along and meets the main road back to Laingsburg. This drive is truly a worthwhile experience.

If the tourist continues along the road from Vleiland he or she will reach the entrance to Seweweeks Poort. On the left the road goes down the Bosluiskloof Pass, which is in excellent condition and is a fine example of early roads in the Karoo. Breath-taking scenery causes one to climb out of the car to take it all in. Photographers will take shots of seemingly endless vistas of undulating valleys. Nature lovers will notice a variety of wildlife including antelope and baboons and birds such as Brown-hooded Kingfishers, which keep to dry areas of thorn bush and Rock Kestrels. This road ends at the Gamka Dam which is worth a visit.

If the traveller continues straight on with the gravel road into Seweweeks Poort he or she will be rewarded with 15 km of awe-inspiring mountain views. The level road winds on with high mountains towering over it, their slopes covered with indigenous trees and plants. Rock rabbits or dassies and other small game scurry over the road which crosses the Seweweeks Poort stream many times. In winter the mountain peaks may be covered with snow. Where the traveller meets the asphalt road at the tiny village of Amalienstein, he or she may turn right towards Ladismith and Montague or left to the Huis River Pass into Calitzdorp and on to Oudtshoorn.

C) KEY ECONOMIC ACTIVITIES

The municipality is dependent upon the following economic activities according to the Western Cape Government Socio-economic Profile:

Key Economic Activities	Description
Services Sector (Community)	Community services, consisting mainly of government departments, made up 16.3% of Laingsburg economic sector
Construction	Although the construction industry only makes up 4.7% of the economic activities of Laingsburg, this sector's growth more than doubled between the survey periods of 2009 and 2014 from 2% to 4.7%
Commerce	Laingsburg produces fruit and vegetables of exceptional sun ripe quality especially downstream from the Floriskraal dam. The region is known for its seasonal production of apricots, dried yellow peaches, pears, plums, quinces and tomatoes and produces 300t to 400t of apricots; 200t to 300t yellow peaches dried 200t; 100t pears, 50 t plums 20t quinces and 200t tomatoes
Manufacturing and mining	Manufacturing is the 5 th largest contributing sector to Laingsburg's Gross Domestic Product (GDPR) of Region with 13.6% in 2014. As expected, the smallest contributing sector to the GDPR is Mining and quarrying (0%)
Finance	The finance sector consists mainly of private sector business and services and is the biggest contributors to the GDPR of Laingsburg. The sector makes up around 21.2% of the economic sector of Laingsburg
Wholesale and Retail	This is the third largest sector in Laingsburg which contributes approximately 15.4% of the regional GDP. This sector includes the areas of catering and accommodation and also showed a positive growth. The N1 national road running through the town is the main contributor to this growth
Agriculture	Agriculture is one of the main sectors providing employment opportunities in the Laingsburg region. Processing is seen as a major opportunity for employment creation as raw materials are currently being exported to neighbouring regions such as the Cape Winelands Districts in the

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Key Economic Activities	Description
	Western Cape and Port Elizabeth in the Eastern Cape. Agriculture is also one of the leading economic contributors and makes up around 18.9% of the economic activities in the area. However, this sector is currently showing a decline due to the global recession, continuing drought, a shift from agriculture to game farming, and the underutilisation of agricultural land
Transport	This sector accounts for 3.9% of the regional GDP. This is attributed to the road traffic traversing the NI between Cape Town and Johannesburg. There is however concern that only a small portion of the population benefits from the business propelled by the traffic on the NI. This is directly related to all the current economic opportunities being concentrated on the NI. This is perceived to limit economic development in other sections of the town and thus promote skewed development

Table 5: Key Economic Activities

I.4 SERVICE DELIVERY OVERVIEW

I.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

Highlights	Description
Rehabilitate gabions in Storms River, Laingsburg	Damage to existing gabions have been repaired and new gabions have been installed
New high mast lighting in Matjiesfontein	One high mast light has been installed in Matjiesfontein
New high mast lighting at the sports field in Matjiesfontein - Phase I	Two high mast lights have been installed at the sports field in Matjiesfontein
Rehabilitate and expand Göldnerville cemetery	The cemetery has been expanded and gabion work has been done to prevent flooding of the cemetery
Boreholes in Matjiesfontein	Two boreholes have been drilled in Matjiesfontein

Table 6: Basic Services Delivery Highlights

I.4.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Water Provision	Upgrading the water network to provide sufficient potable water	To source the necessary funding
Waste Water (Sanitation)	Upgrading the waste water treatment works to comply with the requirements of the South African National Standards (SANS)	
Electricity	Insufficient funding to upgrade electrical infrastructure projects	
Waste Management	Extension of the existing landfill site	

Table 7: Basic Services Delivery Challenges

I.4.3 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

Description	2015/16	2016/17
	%	
Electricity service connections	100	100
Water - available within 200 m from dwelling	100	100
Sanitation - Households with at least VIP service	100	100
Waste collection - kerbside collection once a week	100	100

Table 8: Households with Minimum Level of Basic Services

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

I.5 FINANCIAL HEALTH OVERVIEW

I.5.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

The following table indicates the municipality's performance in terms of the **National Key Performance Indicators** required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the **National Key Performance Area** namely **Municipal Financial Viability and Management**.

KPA & Indicator	2015/16	2016/17
Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2016 {Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}	215.9	216%
Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2016 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt) / (revenue received for services) x 100}	9.50%	10%
Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2016 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	5	104

Table 9: National KPI's for Financial Viability and Management

I.5.2 FINANCIAL OVERVIEW

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	26 904	31 802	26 569
Taxes, Levies and tariffs	20 556	19 656	20 444
Other	39 134	38 219	27 580
Sub Total	86 594	89 677	74 593
Less Expenditure	95 338	96 864	80 646
Net surplus/(deficit)	(8 744)	(7 187)	(6 053)

Table 10: Financial Overview

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.5.3 TOTAL CAPITAL EXPENDITURE

Detail	2015/16	2016/17
	R'000	
Original Budget	28 748	14 703
Adjustment Budget	36 524	11 724
Actual	32 132	9 676
% Spent	88%	83%

Table 11: Total Capital Expenditure

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.6.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

The highlights for municipal transformation and organisational development are as follows:

- ▣ Review of the organisational structure
- ▣ Assessment of job descriptions
- ▣ Completion of TASK evaluation
- ▣ Promotion of staff members

1.6.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

Description	Actions to address
Rolling out of training programmes	Consult with LGSETA
Budget constraints in order to roll out programmes	Apply for grant funding

Table 12: Municipal Transformation and Organisational Development Challenges

1.7 AUDITOR GENERAL REPORT

1.7.1 AUDITED OUTCOMES

Year	2014/15	2015/16	2016/17
Opinion received	Unqualified	Unqualified	Qualified

Table 13: Audit Outcomes

1.8 2016/17 IDP/BUDGET PROCESS

The table below provides details of the key deadlines for the 2016/17 IDP/Budget process:

Activity	Responsible person	Date
IDP Time Schedule	Gwynne Harding	17 August 2016
Budget Process Plan	Alida Groenewald	17 August 2016
Approved Draft 2016/17 IDP	Gwynne Harding	29 March 2016
Approved Draft Budget 2016/17	Alida Groenewald	29 March 2016
Submission of IDP and Budget to MEC, PT and NT	Gwynne Harding and Alida Groenewald	1 April 2016

CHAPTER I: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Activity	Responsible person	Date
21 Days Public Comments on IDP and Budget	Gwynne Harding and Alida Groenewald	30 March 2016 – 29 April 2016
IDP & BUDGET Roadshow	Mayor Aubrey Marthinus	18-21 April 2016
Approved Final 2016/17 IDP	Gwynne Harding / Mayor Aubrey Marthinus	26 May 2016
Approved Final Budget 2016/17	Gwynne Harding / Mayor Wilhelm Theron	26 May 2016
Submission of Final IDP and Budget to MEC, PT and NT	Gwynne Harding / Alida Groenewald / Mayor Aubrey Marthinus	30 May 2016
SDBIP	Gwynne Harding and Mayor Aubrey Marthinus	6 June 2016

Table 14: 2016/17 IDP/Budget Process

CHAPTER 2: GOOD GOVERNANCE

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

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

KPA & Indicators	2015/16	2016/17
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll over projects)	95.19	65.81%

Table 15: National KPIs - Good Governance and Public Participation Performance

2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Highlight	Description
Second Municipality who established ward committees in the Western Cape after the elections in August 2016	Public Participation and Ward Committee Policy was approved and ward committees established by the end of September 2016
Implementation of block/street committees	The ward committee policy review made provision for a block/street committee system which improved the representation and accountability of ward committees to their constituencies
Training of ward committees	Municipal officials were trained to do induction and ward committee training instead of using a service provider. New members can be trained if the need arises.
"Know your ward" campaign	The "know your ward" campaign was done with the assistance of the Public Participation Unit at the Department of Local Government
Ward committees participated in the 5 year IDP process	Ward committees vigorously participated in the IDP process with the prioritisation of projects and setting of performance targets
Ward committees participated in the performance monitoring of section 56/57 employees	Ward committees participated in the performance evaluations, representing the community
Ward Committees represented on the municipal IDP representative forum	Three ward committee members per ward formed part of the IDP Representation Forum to strengthen their role in strategic planning
High attendance rate of ward committees in line with pre-determined meeting-cycle as per ward operational plans	Ward operational plans are developed in advance and a high attendance rate was recorded for the year

Table 16: Good Governance and Public Participation Performance Highlights

CHAPTER 2: GOOD GOVERNANCE

2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Description	Actions to address
Report back to respective constituencies due to ill attendance of community members of ward meetings	Door to door engagements by the Ward Councillor, ward committee members and municipal staff to mobilise the community, share information and give feedback
Ward Councillor feedback meetings to community	Door to door engagements by the Ward Councillor

Table 17: Good Governance and Public Participation Challenges

2.4 GOVERNANCE STRUCTURE

2.4.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

A) COUNCIL

Below is a table that categorized the Councillors within their specific political parties and wards for the elective period of 2011-2016:

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Wilhelm Theron	Executive Mayor	DA	3	17
Bertie van As	Deputy Mayor/Chairperson: Technical Portfolio Committee	DA	2	17
H Horn	Speaker/ Chairperson: Community Services Portfolio Committee	COPE	Proportional	17
Mike Gouws	Councillor	ANC	4	17
M Bobbejee	Councillor	ANC	1	17
P Botes	Councillor	DA	Proportional	17
J Botha	Councillor	ANC	Proportional	16

Table 18: Council 2011-2016 Elective Period

The Council comprise of 7 elected Councillors as at 30 June 2017, made up from 4 Ward Councillors and 3 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

Below is a table that categorized the Councillors within their specific political parties and wards for the 2016/17 financial year:

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Aubrey Marthinus	Mayor	KOP	PR	18
Irene Brown	Deputy Mayor	ANC	PR	20
Mike Gouws	Speaker	ANC	4	17

CHAPTER 2: GOOD GOVERNANCE

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Bennie Kleinbooi	Councillor	ANC	PR	19
Wilhelm Theron	Ward Councillor	DA	2	20
Bertie van As	Ward Councillor	DA	1	20
Lindie Potgieter	Ward Councillor	DA	3	19

Table 19: Council 2016-2021 Elective Period

Below is a table which indicates the Council meetings attendance for the 2016/17 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
19 July 2016	7	0
17 August 2016	7	0
13 September 2016	7	0
29 September 2016	6	1
27 October 2016	7	0
24 November 2016	7	0
12 December 2016	7	0
13 January 2017	5	2
24 January 2017	6	1
14 February 2017	7	0
23 February 2017	7	0
1 March 2017	7	0
23 March 2017	7	0
29 March 2017	7	0
12 April 2017	6	1
25 April 2017	7	0
15 Mei 2017	6	1
31 Mei 2017	7	0
13 Junie 2017	7	0
30 Junie 2017	7	0

Table 20: Council Meetings

B) EXECUTIVE MAYORAL COMMITTEE

Due to the size of the municipality and its Council, there is no Mayoral Committee as it would not be practical to have such a committee.

CHAPTER 2: GOOD GOVERNANCE

C) PORTFOLIO COMMITTEES

Below is a table which indicates the Portfolio Committee meetings attendance for the 2016/17 financial year

Portfolio Committee	Meeting dates	Council Meetings Attendance	Apologies for non-attendance
Finance and Administration Committee	23 March 2017	7	0
	27 March 2017	7	0
	29 March 2017	5	2
Technical Committee	23 March 2017	7	0
	27 March 2017	7	0
	11 April 2017	5	2

Table 21: Portfolio Committee Meetings

2.4.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

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

Name of Official	Department	Performance agreement signed
		Yes/No
Municipal Manager: Petro Allan Williams (until 28 February)	Office of the Municipal Manager	Yes
Municipal Manager: Stephanus Pieterse (from 1 June 2017)	Office of the Municipal Manager	Yes
Senior Manager Finance and Corporate Services: Alida Groenewald	Finance and Corporate Services	Yes
Manager Infrastructure Services: Jan Venter	Infrastructure Services	Yes
Manager Community Services: Neil Hendrikse	Community Services	Yes
Manager Development Services: Gwynne Harding	Development Services	Yes
Internal Auditor: Pieter Post	Auditing	Yes

Table 22: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTERGOVERNMENTAL RELATIONS

2.5.1 INTERGOVERNMENTAL STRUCTURES

To adhere to the principles of the Constitution as mentioned above the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
District IDP Managers Forum	Gwynne Harding and Arthur Abrahams	IDP
Provincial IDP Managers Forum	Gwynne Harding and Arthur Abrahams	IDP
District Public Participation and Communication Forum	Arthur Abrahams and Gwynne Harding	Public Participation and Communication
Provincial Public Participation and Communication Forum (PPPCOM)	Arthur Abrahams and Gwynne Harding	Public Participation and Communication









CHAPTER 2: GOOD GOVERNANCE

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
District LED Forum	Gwynne Harding and Arthur Abrahams	Local Economic Development
Provincial LED Forum (PLED)	Gwynne Harding and Arthur Abrahams	Local Economic Development
District Coordinating Forum (DCF)	Mayor Aubrey Marthinus and Stephanus Pieterse	District alignment, programmes and projects
Provincial Coordinating Forum / MINMAY	Mayor Aubrey Marthinus and Stephanus Pieterse	Provincial alignment, programmes and projects
PCF Tech / MINMAY Tech	Stephanus Pieterse	Planning and Development, Provincial programmes and projects
DCF Tech	Stephanus Pieterse	Planning and Development, Provincial programmes and projects
District EPWP Forum	Jan Venter, Johan Mouton and Gwynne Harding	Progress Report, District Alignment, Implementation, assistance and guidance
Municipal Managers Forum	Stephanus Pieterse	Provincial Planning, Alignment, Assistance, Guidance and By-in
CFO Forum	Alida Groenewald and Gert Bothma	Provincial Planning, Alignment, Assistance, Guidance and By-in
IDP Indaba	Gwynne Harding, Stephanus Pieterse, Alida Groenewald, Jan Venter, Neil Hendrikse and Arthur Abrahams	IDP, Projects and Programmes
Joint Planning Initiative (JPI)	Gwynne Harding, Stephanus Pieterse, Alida Groenewald, Jan Venter, Neil Hendrikse and Arthur Abrahams	Joint Planning: IDP, Projects and Programmes
Municipal Governance Review and Outlook (MGRO)	Gwynne Harding, Stephanus Pieterse, Alida Groenewald, Jan Venter, Neil Hendrikse and Pieter Post	Identification of areas of improvement, assistance and programmes
PDO Forum	Gwynne Harding and Pieter Post	Pre-determines Objective Improvement and achievements
ICT Forum	Realdo Pedro	ICT Initiatives, assistance and programmes
SCM Forum	Keith Gertse and Odette Noble	SCM Practices, assistance and programmes
SDF Forum	Noeline Gouws, Petronella Buys and H Jansen	SDF Assistance, guidance,
LGMTEC	Gwynne Harding, Stephanus Pieterse, Alida Groenewald, Jan Venter, Neil Hendrikse, Pieter Post and Lazola Matshanda	Assessment of draft IDP and Budget, Identification of areas of improvement, assistance and programmes

Table 23: Intergovernmental Structures

2.5.2 JOINT PROJECTS AND FUNCTIONS WITH SECTOR DEPARTMENTS

All the functions of government are divided between the different spheres namely national, provincial and local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Community Learning Programme	 Skills Development  Training (accredited and non-accredited)	 Laingsburg Municipality (Leading)  DoE  DSD  DoHE	 Funding  Technical Assistance and Support

CHAPTER 2: GOOD GOVERNANCE

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Improved Public Participation	<ul style="list-style-type: none"> Empowered families to participate in society and government programmes Public Participation Communication 	<ul style="list-style-type: none"> DLG(Leading) Laingsburg Municipality Government Information Systems 	<ul style="list-style-type: none"> Technical Assistance and Support Funding
Additional Access to Goldnerville	<ul style="list-style-type: none"> Approval from SANRAL Access Road from N1 national road to Goldnerville 	<ul style="list-style-type: none"> DTPW (Leading) DEDAT Laingsburg Municipality 	<ul style="list-style-type: none"> Assistance Motivation Technical Assistance and support Funding
Tarring of R315 and TR83/2	<ul style="list-style-type: none"> Elevate the need for the tarring of these economic roads Funding application for business case Tarred economic Roads 	<ul style="list-style-type: none"> DTPW(Leading) DEDAT Laingsburg Municipality 	<ul style="list-style-type: none"> Support and Approval Funding Tarring of Roads
Afterschool care support centers	<ul style="list-style-type: none"> MOD Centre at Matjiesfontein Primary Aftercare school centres / programmes Homework Hubs 	<ul style="list-style-type: none"> DCAS DoE DSD Laingsburg Municipality 	<ul style="list-style-type: none"> Funding Technical Assistance Aftercare centers and Homework hubs
Review and Implement of Crime Prevention Strategy	<ul style="list-style-type: none"> Functional and equipped Neighborhood watch Alignment of Strategy with NDP and PSP Substance Abuse forum in place 	<ul style="list-style-type: none"> DOCs SAPS Laingsburg Municipality 	<ul style="list-style-type: none"> Funding Technical Support Training Equipment Guidance

Table 24: Joint Projects and Functions with Sector Departments

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

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

CHAPTER 2: GOOD GOVERNANCE

2.6.1 PUBLIC MEETINGS

Nature and purpose of meeting	Date of events	Number of Community members attending
Ward 1 IDP Budget Roadshow	15 May 2017	42
Ward 2 IDP Budget Roadshow	23 May 2017	33
Ward 3 IDP Budget Roadshow	17 May 2017	25
Ward 4 IDP Roadshow	16 May 2017	52

Table 25: Public Meetings

2.6.2 WARD COMMITTEES

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation.

To this end, the Municipality constantly strives to ensure that all ward committees:

- function optimally with community information provision,
- convening of meetings,
- ward planning,
- service delivery and
- IDP formulation and performance feedback to communities.

A) WARD 1: BERGSIG (LAINGSBURG), BO DORP

Name of representative	Capacity representing	Dates of meetings held during the year
Councillor Bertie van As	Chairperson	1 November 2016 6 December 2016 8 February 2017 7 March 2017 4 April 2017 2 May 2017 6 June 2017
Marlene van Wyk	Secretary	
Celeste Nel	Youth	
Francis van Wyk	Health	
Juliet Pieterse	Businesses	
Lea Wagenstroom	Disabled	
Lorraine Pieterse	Women	
Willem Adams	Safety	
Mervyn Coakley	Small Farmers	
Eugene Pieterse	Sport	
Anna Marie de Kock	Schools	
Beverley Vorster	Community Development Worker	

Table 26: Ward 1 Committee Meetings

B) WARD 2: MATJIESFONTEIN AND SURROUNDING FARMS

Name of representative	Capacity representing	Dates of meetings held during the year
Councillor Wilhelm Theron	Chairperson	3 November 2016 1 December 2016 13 January 2017
Ben Herder	Deputy Chairperson	
Katie Mckeet	Secretary	

CHAPTER 2: GOOD GOVERNANCE

Name of representative	Capacity representing	Dates of meetings held during the year
Jerome Wylbach	Sport	10 February 2017 10 March 2017 6 April 2017 11 May 2017 1 June 2017
Andries le Roux	Agriculture	
Antoinette Bothma	Labour	
Eleanor du Toit	Schools	
Kerneels Solomons	Farmworkers	
Katriena Bandjies	Women	
Susanna Maritz	Disabled	
Jacobus Stadler	Youth	
Gloria Coakley	Community Development Worker	

Table 27: Ward 2 Committee Meetings

C) WARD 3: CENTRAL TOWN UP TO FABERSKRAAL

Name of representative	Capacity representing	Dates of meetings held during the year
Councillor Lindie Potgieter	Chairperson	17 November 2016 5 December 2016 11 January 2017 6 February 2017 13 March 2017 3 April 2017 11 May 2017 5 June 2017
Eunice van der Westhuizen	Churches	
Claudia Willemse	Youth	
Ronald Kleynhans	Labour	
Leana Smith	Disabled	
Estelle van der Westhuizen	Women	
Crisjan van der Vyver	Farmworkers	
Daleen Wall	Schools	
Flynn Harding	Safety	
Jaques Wall	Sport	
Rika Hendricks	Businesses	
Colleen Jantjies	Community Development Worker	

Table 28: Ward 3 Committee Meetings

D) WARD 4: GOLDNERVILLE (LAINGSBURG), ACACIA PARK (LAINGSBURG)

Name of representative	Capacity representing	Dates of meetings held during the year
Councillor Mike Gouws	Chairperson	25 October 2016 3 November 2016 12 December 2016 23 January 2017 14 February 2017 20 March 2017 18 April 2017 17 May 2017
Agnes van Niekerk	Elderly / Disabled	
Sharon Lucas	Labour	
Christiaan van der Westhuizen	Sport	
Margareth Pietersen	Women	
Elizabeth Louw	Schools/ Churches	
Douglas Horn	Youth	
Petronella Humphries	Businesses	

CHAPTER 2: GOOD GOVERNANCE

Name of representative	Capacity representing	Dates of meetings held during the year
Jacqueline Loggenberg	Taxes	
Louise Schalkwyk	Safety	
Francina Hermanus	Community Development Worker	

Table 29: Ward 4 Committee Meetings

2.6.3 FUNCTIONALITY OF WARD COMMITTEE

The purpose of a ward committee is:

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

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

The table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established Yes / No	Number meetings held during the year	Committee functioning effectively (Yes / No)	Actions to address
1	Yes	7	Yes	<ul style="list-style-type: none"> Job creation Skills development Housing
2	Yes	8	Yes	<ul style="list-style-type: none"> Housing Stormwater Recreational facility Job creation
3	Yes	8	Yes	<ul style="list-style-type: none"> Play parks Crime prevention Cemetery Upgrading of JJ Ellis sportsgrounds
4	Yes	8	Yes	<ul style="list-style-type: none"> Cemetery Stormwater Job creation Bridges Exit road Skills development

Table 30: Functioning of Ward Committees

CHAPTER 2: GOOD GOVERNANCE

2.6.4 REPRESENTATIVE FORUMS

A) IDP FORUM

The table below specifies the members of the IDP Forum for the 2016/17 financial year:

Name of representative	Capacity	Meeting dates
Carol Benadie	DSD	29 September 2016 23 November 2016 15 February 2017
Madre Walters	Tourism	
Lindie Potgieter	Ward Councillor	
Bertie van As	Ward Councillor / Speaker	
Mike Gouws	Ward Councillor	
Wilhelm Theron	Ward Councillor	
Johain Rooi	SAPS	
Juanita Matiso	EMS	
Shireen Gouws	LADAAG	
Gwynne Harding	Planning and Development	
Francina Hermanus	CDW	
Beverley Vorster	CDW	
Barbara Brown	Central Karoo District Municipality	
Sophia van Wyk	Churches	
Aubrey Marthinus	Mayor	
Liz Ann Schreeders	Department: Home Affairs	

Table 31: IDP Forum

COMPONENT D: CORPORATE GOVERNANCE

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

2.7 RISK MANAGEMENT

In terms of Section 62 (1)(c)(i) of the MFMA states “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;”...

CHAPTER 2: GOOD GOVERNANCE

The table below include the top risks of the municipality:

Risk	Department	Division
1. Water losses	Infrastructure Services	Water
2. Unauthorised, irregular, fruitless and wasteful expenditure	Finance and Corporate Services	SCM
3. Water shortages	Infrastructure Services	Water
4. Electricity Losses	Infrastructure Services	Electricity
5. Lack of funds to implement mandated services	Finance and Corporate Services	Budget and Treasury
6. Financial viability/sustainability	Finance and Corporate Services	Budget and Treasury

Table 32: Top Five Risks

2.8 ANTI-CORRUPTION AND ANTI-FRAUD

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

2.8.1 DEVELOPED STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted
Anti-corruption Strategy	Yes	2007
Fraud prevention Strategy	Yes	2011

Table 33: Anti-Corruption & Fraud Prevention Strategies

2.9 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –














- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance Management; and
- effective Governance.

The Audit Committee have the following main functions as prescribed in Section 166 (2) (a-e) of the MFMA and the Local Government Municipal and Performance Management Regulation.

CHAPTER 2: GOOD GOVERNANCE

2.9.1 FUNCTIONS OF THE AUDIT COMMITTEE

-  To advise the Council on all matters related to compliance and effective governance.
-  To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
-  Respond to the council on any issues raised by the Auditor-General in the audit report.
-  To review the quarterly reports submitted to it by the internal audit.
-  To evaluate audit reports pertaining to financial, administrative and technical systems.
-  The compilation of reports to Council, at least twice during a financial year.
-  To review the performance management system and make recommendations in this regard to Council.
-  To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
-  To review the annual report of the municipality.
-  Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
-  Provide support to the Internal Audit function.
-  Ensure that no restrictions or limitations are placed on the Internal Audit section.
-  Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

2.9.2 MEMBERS OF THE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Raymond Walters	Audit Committee: Chairperson	23 August 2016
Helena De Villiers	Audit Committee: Member	3 February 2017
Anthony Smit	Audit Committee: Member	6 June 2017 29 June 2017

Table 34: Members of the Audit Committee

2.10 PERFORMANCE AUDIT COMMITTEE

The Municipal Planning and Performance Management Regulation require that the performance audit committee is comprised of a minimum of three members, the majority of whom are external (neither a Councillor nor an employee) of the Municipality. Section 14(2) (b) of the Municipal Planning and Performance Management Regulation further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the performance audit committee who is neither a Councillor nor an employee of the Municipality as the chairperson of the committee.

In terms of Section 166(4) (a) of the MFMA, an audit committee must consist of at least three persons with appropriate experience, of whom the majority may not be in the employ of the Municipality.

CHAPTER 2: GOOD GOVERNANCE

Section 166(5) of the MFMA, requires that the members of an audit committee must be appointed by the council of the municipality. One of the members, not in the employ of the municipality, must be appointed as the chairperson of the committee. No councillor may be a member of an audit committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a performance audit committee. While the regulations preclude the appointment of a councillor as chairperson of the performance audit committee, the MFMA excludes the involvement of a councillor in the composition of a performance audit committee entirely.

In accordance with the requirements of Section 14(2)(e) of the Regulations, if the chairperson is absent from a specific meeting of the committee, the members present must elect a chairperson from those present to act as chairperson for that meeting.

Further, Section 14(2) (f) of the Regulations provides that, in the event of a vacancy occurring amongst the members of the performance audit committee, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.

Section 14(3) (a) of the Regulations requires that the performance audit committee of a municipality must meet at least twice during each financial year. However, additional special meetings of the performance audit committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3) (b) of the Regulations.

A) FUNCTIONS OF THE PERFORMANCE AUDIT COMMITTEE

In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to -

- i) review the quarterly reports produced and submitted by the internal audit process;
- ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

B) MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Raymond Walters	Audit Committee Chairperson	23 August 2016
Helena De Villiers	Audit Committee: Member	3 February 2017
Anthony Smit	Audit Committee: Member	6 June 2017 29 June 2017

Table 35: Members of the Performance Audit Committee

CHAPTER 2: GOOD GOVERNANCE

2.11 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
 - (i) internal audit;
 - (ii) internal controls;
 - (iii) accounting procedures and practices;
 - (iv) (iv) risk and risk management;
 - (v) performance management;
 - (vi) loss control; and
 - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (c) perform other duties as may be assigned to it by the accounting officer.

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

Function	Date/Number
Review the annual financial statements	August 2016
Risk-based audit plan – strategic and operational	October 2016
Quarterly performance information assessment – quarter 1	October 2016
Waste management audit – refuse	October 2016
Quarterly performance information assessment – quarter 2	February 2017
Expenditure management audit reporting	February 2017
Quarterly performance information assessment – quarter 3	May 2017
Grants/ Division of Revenue Act (DoRA) audit review	June 2017

Table 36: Functions of the Internal Audit Unit

2.12 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies. No new policies or By-Laws were developed or reviewed during the financial year.

2.13 COMMUNICATION

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

CHAPTER 2: GOOD GOVERNANCE

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

The table below details the communication activities of the municipality:

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

Table 37: Communication Activities

2.14 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication of the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Contact details of the Municipal Manager	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)	
Draft Budget 2016/17	Yes
Adjusted Budget 2016/17	Yes
SDBIP 2016/17	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)	
Reviewed IDP for 2016/17	Yes
IDP Process Plan for 2016/17	Yes

CHAPTER 2: GOOD GOVERNANCE

Description of information and/or document	Yes/No and/or Date Published
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e)&(f) and 120(6)(b) of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)	
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the Municipal Finance Management Act)	
Annual Report of 2015/16	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
Mid-Year Budget and Performance Report	Yes
Local Economic Development (Section 26(c) of the Municipal Systems Act)	

Table 38: Website Checklist

2.15 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the Laingsburg Municipality is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

2.15.1 COMPETITIVE BIDS IN EXCESS OF R200 000

A) BID COMMITTEE MEETINGS

The following table details the number of bid committee meetings held for the 2016/17 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
4	4	4

Table 39: Bid Committee Meetings

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

Member	Percentage attendance (%)
Stephanus Pieterse	50
Gwynne Harding	50
Jan Venter	75
Johan Mouton	100
Anthonico Quinn	100
Gert Bothma	25
Elbenice Hermanus	50
Arthur Abrahams	50

Table 40: Attendance of Members of Bid Specification Committee

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

Member	Percentage attendance
Jan Venter	100
Neil Hendrikse	100
Stephanus Pieterse	25
Antoinette van der Merwe	75

CHAPTER 2: GOOD GOVERNANCE

Member	Percentage attendance
Odette Noble	75
Elbenice Hermanus	50
Keith Gertse	25

Table 41: Attendance of Members of Bid Evaluation Committee

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

Member	Percentage attendance
Alida Groenewald	100
Gwynne Harding	100
Keith Gertse	100
Gert Bothma	50
Neil Hendrikse	50
Noeline Gouws	25

Table 42: Attendance of Members of Bid Adjudication Committee

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

B) AWARDS MADE BY THE BID ADJUDICATION COMMITTEE

The highest bid awarded by the bid adjudication committee is the following:

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded (R)
T004/2017	2017/06/23	Supply and Delivery of Raw Water Pipeline for Laingsburg	P Masondo Traders cc	3 129 984

Table 43: The Highest Bid Awarded by Bid Adjudication Committee

C) AWARDS MADE BY THE ACCOUNTING OFFICER

There were no bids awarded by the Accounting Officer during the 2016/17 financial year.

D) APPEALS LODGED BY AGGRIEVED BIDDERS

NRB Piping Systems (Pty) Ltd objected to the award of tender 004/2017 for the "Supply and Delivery of Raw Water Pipeline for Laingsburg" to P Masondo Traders cc.

2.15.2 DEVIATION FROM NORMAL PROCUREMENT PROCESSES

Reason for Deviation	Number of Deviations	Value of deviations (R)	Percentage of total deviations value (%)
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	3	2 084 555	35

CHAPTER 2: GOOD GOVERNANCE

Reason for Deviation	Number of Deviations	Value of deviations (R)	Percentage of total deviations value (%)
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	4	398 626.08	8
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	12	2 786 444.96	57
Total	19	5 269 626.04	100

Table 44: Details of Deviations for Procurement Services

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

CHAPTER 3

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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

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

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

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

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

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The municipality adopted a performance management framework that was approved by Council in 2013.

3.1.1 LEGISLATIVE REQUIREMENTS

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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1.2 ORGANISATION PERFORMANCE

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

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), performance on the National Key Performance Indicators prescribed in terms of Section 43 of the MSA and an overall summary of performance on municipal services.

3.1.3 THE PERFORMANCE SYSTEM FOLLOWED FOR 2016/17

A) THE IDP AND THE BUDGET

The reviewed IDP and the budget for 2016/17 was approved by Council on 26 May 2016. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

B) THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget. The Top Layer SDBIP was approved by the Executive Mayor on 6 June 2016.

The Top Layer SDBIP was revised with the adjustments budget in terms of Section 26(2)(c) of the Municipal Budget and Reporting Regulations and approved by the Council on 18 February 2016. The following were considered in the development of the amended Top Layer SDBIP:

- ☞ Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2015/16 audit
- ☞ Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- ☞ Alignment with the Adjustments Budget
- ☞ Oversight Committee Report on the Annual Report of 2015/16
- ☞ The risks identified by the Internal Auditor during the municipal risk analysis

C) ACTUAL PERFORMANCE

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

- ☞ the actual result in terms of the target set;
- ☞ a performance comment;
- ☞ actions to improve the performance against the target set, if the target was not achieved.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

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

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2016/17

3.2.1 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)

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

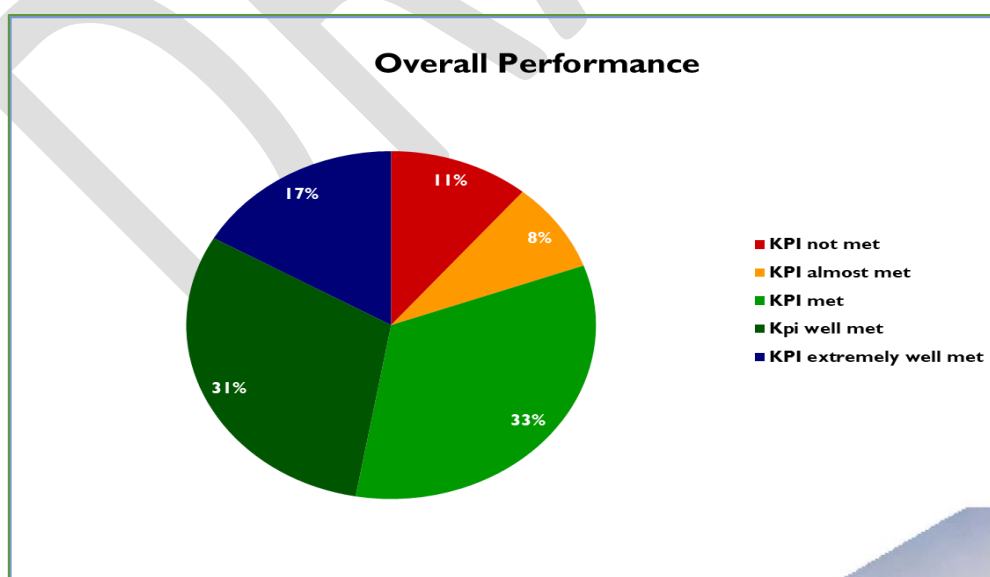
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

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

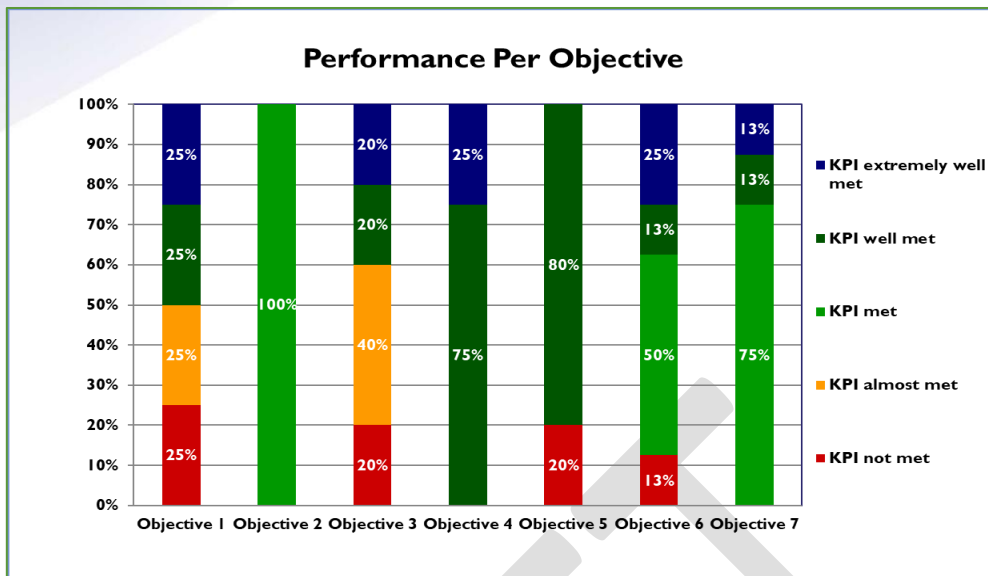
Category	Colour	Explanation
KPI Not Yet Measured	N/A	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 2.: SDBIP Measurement Categories

The graph below displays the overall performance per Strategic Objective for 2016/17:



CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7	Total
	Create an environment conducive for economic development	Developing a safe, clean, healthy and sustainable environment for communities	Effective Maintenance and manage of municipal assets and natural resources	Improve the standards of living of all people in Laingsburg	Provision of infrastructure to deliver improved services to all residents and business	To achieve financial viability in order to render affordable services to residents	To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values	
KPI Not Met	1 (25%)	0	0	0	0	1 (12.5%)	0	2
KPI Almost Met	1 (25%)	0	1 (20%)	0	2 (40%)	0	0	4
KPI Met	0	2 (100%)	0	0	0	4 (50%)	6 (75%)	12
KPI Well Met	2 (50%)	0	2 (40%)	3 (75%)	3 (60%)	1 (12.5%)	1 (12.5%)	12
KPI Extremely Well Met	0	0	2 (40%)	1 (25%)	0	2 (25%)	1 (12.5%)	6
Total	4	2	5	4	5	8	8	36

Graph 3.: Overall Performance Per Strategic Objective

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

A) TOP LAYER SDBIP – CREATE AN ENVIRONMENT CONDUCTIVE FOR ECONOMIC DEVELOPMENT

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL2	Host events as identified in the IDP in support of promotion of LED within the Municipal area by 30 June 2017	Number of events hosted by 30 June 2017	All	3	0	2	0	1	3	4	G2
TL6	Assist SMME's with business and/or CIDB registration by 30 June 2017	Number of SMME's assisted by 30 June 2017	All	6	0	0	0	10	10	5	R
Corrective Measures			People apply but when they have to submit their documents they decide not to take up the opportunity. The Municipality decided to register in-house, and exclude service providers, but the Municipality will review the target and will give each applicant a mentor, which will assist the upcoming business								
TL7	Provide financial assistance via Municipal financial aid scheme to accepted tertiary student candidates by 31 March 2017	Number of candidates assisted via Municipal financial aid scheme by 30 June 2017	All	16	0	0	19	0	19	16	O
Corrective Measures			Improved and accurate planning								
TL13	Create job opportunities through EPWP projects by 30 June 2017	Number of job opportunities created by 30 June 2017	All	429	0	0	0	114	114	278	B

Table 45: Top Layer SDBIP – Create an Environment Conducive for Economic Development

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

B) TOP LAYER SDBIP – DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL1	Implement IDP-approved greening and cleaning initiatives by 30 June 2017	Number of Initiatives implemented by 30 June 2017	All	3	1	1	1	2	5	5	G
TL36	Participate in the provincial traffic department public safety initiatives as approved in the IDP by 30 June 2017	Number of provincial traffic department public safety initiatives participated in by 30 June 2017	All	4	0	1	1	2	4	4	G

Table 46: Top Layer SDBIP – Developing a Safe, Clean, Healthy and Sustainable Environment for Communities

C) TOP LAYER SDBIP – EFFECTIVE MAINTENANCE OF MUNICIPAL ASSETS AND NATURAL RESOURCES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL11	Limit the % electricity unaccounted for to less than 15% by 30 June 2017 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100	% electricity unaccounted for by 30 June 2017 (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased × 100	All	9.75	15%	15%	15%	15%	15%	6%	B
TL12	Percentage of the total approved repair and maintenance budget spent by 30 June 2017 [(Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) × 100]	% of the total approved repair and maintenance budget spent by 30 June 2017 (Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) × 100	All	60.3	20%	40%	60%	80%	80%	65.70%	O
Corrective Measures			Proper planning and implementation of maintenance plan								
TL14	Obtained compliance of waste water discharge quality in terms of Green Drop Requirements for Effluent Quality Compliance by 30 June 2017	% compliance of waste water discharge Lab results with Green Drop requirements by 30 June 2017	All	95	91%	91%	91%	91%	91%	73%	O
Corrective Measures			Implementation of improved waste water practices								
TL15	Limit the % water unaccounted for to less	% water unaccounted for by 30 June	All	59.24	60%	55%	50%	50%	50%	52%	R

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	than 50% by 30 June 2017 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) × 100]	2017(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) × 100									
Corrective Measures			Implement further water conservation practices								
TL16	Obtain compliance of water quality in terms of SANS 241 -Water Quality criteria by 30 June 2017	% compliance of water quality lab results with SANS 241 - Water Quality criteria by 30 June 2017	All	95	87%	87%	87%	87%	87%	91.70%	G2

Table 47: Top Layer SDBIP – Effective Maintenance of Municipal Assets and Natural Resources

D) TOP LAYER SDBIP – IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL18	Provide 50kwh free basic electricity to registered indigent accountholders in terms of the equitable share requirements (excluding ESKOM area) as at 30 June 2017	Number of registered indigent accounts receiving free basic electricity as at 30 June 2017	All	284	0	0	0	367	367	825	B
TL31	Provide free basic refuse removal to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2017	Number of registered indigent accounts receiving free basic refuse removal as at 30 June 2017	All	530	0	0	0	542	542	731	G2
TL33	Provide free basic sanitation to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2017	Number of registered indigent accounts receiving free basic sanitation as at 30 June 2017	All	516	0	0	0	542	542	729	G2
TL35	Provide 6kl free basic water to registered indigent	Number of registered indigent accounts receiving	All	530	0	0	0	542	542	728	G2

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	accountholders in terms of the equitable share requirements as at 30 June 2017	free basic water as at 30 June 2017									

Table 48: Top Layer SDBIP –Improve the Standards of Living of All People in Laingsburg

E) TOP LAYER SDBIP – PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL17	Number of formal residential properties connected to the municipal electrical infrastructure network (Laingsburg credit and pre-paid electrical meters)(Excluding Eskom areas) as at 30 June 2017	Number of residential accounts which are billed/purchased electricity (Excluding Eskom areas) as at 30 June 2017	All	668	0	0	0	766	766	928	G2
TL19	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2017 (Actual amount spent on capital projects /Total amount budgeted for capital projects)X100 by 30 June 2017	{Actual amount spent on capital projects /Total amount budgeted for capital projects}X100 by 30 June 2017	All	45.04	20%	45%	60%	80%	80%	59.11%	R
Corrective Measures			Proper departmental and SCM planning in line with approved budget								
TL30	Number of formal residential properties for which refuse is removed once per week as at 30 June 2017	Number of residential accounts which are billed for refuse removal as at 30 June 2017	All	1 197	0	0	0	1 206	1 206	1 265	G2
TL32	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2017	Number of residential accounts which are billed for sewerage as at 30 June 2017	All	1 151	0	0	0	1 206	1 206	1 256	2
TL34	Number of formal residential properties which receives piped water (Laingsburg credit and pre-paid	Number of residential accounts which are billed/purchased	All	1 215	0	0	0	1 206	1 206	1 270	2

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	water meters) and is connected to the municipal water infrastructure network as at 30 June 2017	water as at 30 June 2017									

Table 49: Top Layer SDBIP – Provision of Infrastructure to Deliver Improved Services to all Residents and Business

F) TOP LAYER SDBIP – TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL21	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2016 {Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}	Debt coverage ratio as at 30 June 2016	All	215.9	0%	88%	0%	0%	88%	216%	R
Corrective Measures			No external loans								
TL22	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2016 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}	% outstanding service debtors at 30 June 2016	All	9.5%	0%	28%	0%	0%	28%	10%	B

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL23	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2016 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	Cost coverage ratio as at 30 June 2016	All	5	0	1	0	0	1	104	B
TL25	Collect percentage of the 2015/16 financial years billed revenue by 30 June 2017 {Debtors payments received during period/Billed Revenue for period x 100}	% of Billed Revenue collected by 30 June 2017 {Debtors payments received during period/Billed Revenue for period x 100}	All	96.98	60%	60%	60%	60%	60%	72%	G2
TL26	Operational conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o. budget allocations	All	1	10%	30%	60%	90%	90%	90%	G
TL27	Capital conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o. Budget allocations	All	1	10%	30%	60%	90%	90%	90%	G
TL28	The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of May annually	All	1	0	0	0	1	1	1	G
TL29	The adjustment budget is approved by Council by the	Approval of Adjustments Budget before the end of February annually	All	1	0	0	1	0	1	1	G

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	legislative deadline										

Table 50: Top Layer SDBIP – To Achieve Financial Viability in Order to Render Affordable Services to Residents

G) TOP LAYER SDBIP – TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL3	Develop a Risk Based Audit Plan and submit to the audit committee for consideration by 30 June 2017	RBAP submitted to the audit committee by 30 June 2017	All	1	0	0	0	1	1	1	G
TL4	Effective functioning of council measured in terms of the number of ordinary council meetings per annum	Number of ordinary council meetings per annum	All	10	2	2	3	3	10	11	G2
TL5	People employed from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	8	0	0	0	8	8	8	G
TL8	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	All	1	0	0	0	1	1	1	G
TL9	5 year IDP compiled and approved by Council before the end of May	IDP approved by the end of May annually	All	1	0	0	0	1	1	1	G
TL10	Submit final Annual Report and oversight report of council	Final Annual Report and oversight report of council	All	1	0	0	1	0	1	1	G

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2015/16	Target					Overall performance for 2016/17	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	before legislative deadline	completed and submitted									
TL20	Percentage of municipality's personnel budget actually spent on training by 30 June 2017 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	(Total expenditure on training/total personnel budget)/100	All	1.17	0%	0%	0%	0.10%	0.10%	10%	B
TL24	Limit vacancy rate to less than 5% of budgeted posts by 30 June 2017 [(Number of funded posts vacant / total number of funded posts)x100]	% vacancy rate of budgeted posts by 30 June 2017 (Number of funded posts vacant / total number of funded posts)x100	All	1.43	0%	0%	0%	5%	5%	5%	G

Table 51: Top Layer SDBIP – To Create an Institution with Skilled Employees to Provide a Professional Service to its Clientele Guided by Municipal Values

3.2.2 SERVICE PROVIDERS STRATEGIC PERFORMANCE

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

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

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

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

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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

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CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.2.3 MUNICIPAL FUNCTIONS

A) ANALYSIS OF FUNCTIONS

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Municipal Function	Municipal Function Yes / No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 52: Functional Areas

3.3 COMPONENT A: BASIC SERVICES

3.3.1 WATER SERVICES

A) INTRODUCTION TO WATER SERVICES

Laingsburg main water supply comes from the municipal farm Soutkloof Fountain with additional water sources of Soutkloof pit, Soutkloof borehole, 2 boreholes at Buffels River and a borehole in town.

The municipality ensures that the groundwater sources are managed in a sustainable manner.

B) HIGHLIGHTS: WATER SERVICES

Highlights	Description
Boreholes in Matjiesfontein	Two boreholes have been drilled in Matjiesfontein

Table 53: Water Services Highlights

C) CHALLENGES: WATER SERVICES

Description	Actions to address
Upgrade the water network to provide sufficient potable water	To source the necessary funding

Table 54: Water Services Challenges

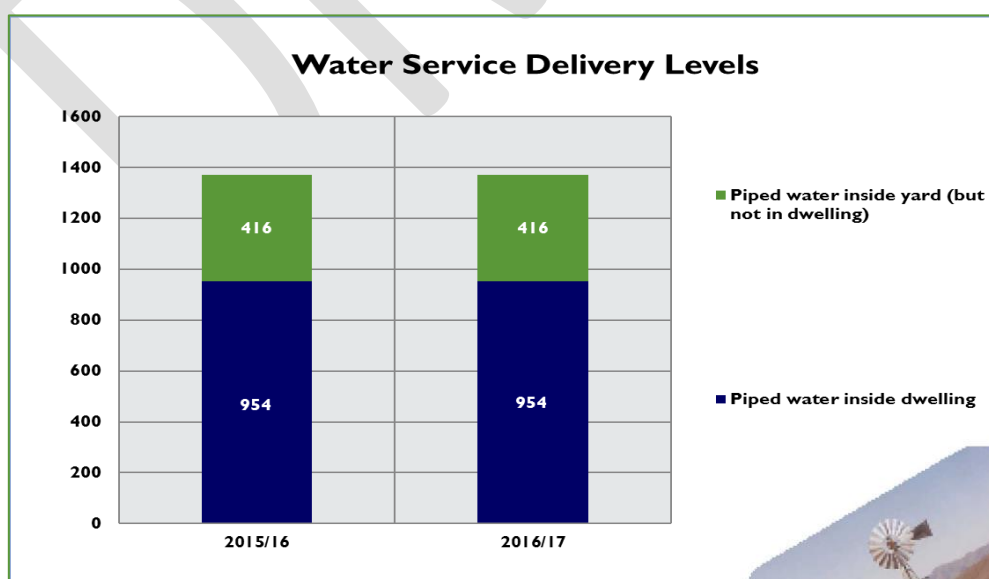
CHAPTER 3: SERVICE DELIVERY PERFORMANCE

D) WATER SERVICE DELIVERY LEVELS

The table below specifies the different water service delivery levels per household for the financial years 2015/16 and 2016/17 in the areas in which the municipality is responsible for the delivery of the service:

Water Service Delivery Levels		
Households		
Description	2015/16	2016/17
	Actual	Actual
	No.	No.
Water: (above min level)		
Piped water inside dwelling	954	954
Piped water inside yard (but not in dwelling)	416	416
Using public tap (within 200m from dwelling)	0	0
Other water supply (within 200m)	0	0
Minimum Service Level and Above sub-total	1 370	1 370
Minimum Service Level and Above Percentage	100	100
Water: (below min level)		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	1 370	1 370
<i>Include informal settlements</i>		

Table 55: Water Service Delivery Levels: Households



Graph 4.: Water Service Delivery Levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

E) EMPLOYEES: WATER SERVICES

Employees: Water Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	2	2	0	0
4 – 6	2	2	2	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	4	4	4	0	0

Table 56: Employees: Water Services

3.3.2 WASTE WATER (SANITATION) PROVISION

A) INTRODUCTION TO WASTE WATER (SANITATION) PROVISION

A waterborne sewage reticulation system serves the whole of Laingsburg and each erf is connected individually to the reticulation. A waterborne sewage reticulation system and a waste water package plant were installed in Matjiesfontein and is operational since the Department of Environmental Affairs approved the waste management license in August 2013. All the newly built houses and erven in Matjiesfontein were connected to the sewer line.

B) CHALLENGES: WASTE WATER (SANITATION) PROVISION

Description	Actions to address
Upgrade the waste water treatment works to comply with the requirements of the South African National Standards (SANS)	To source the necessary funding

Table 57: Waste Water (Sanitation) Provision Challenges

C) WASTE WATER (SANITATION) PROVISION SERVICE DELIVERY LEVELS

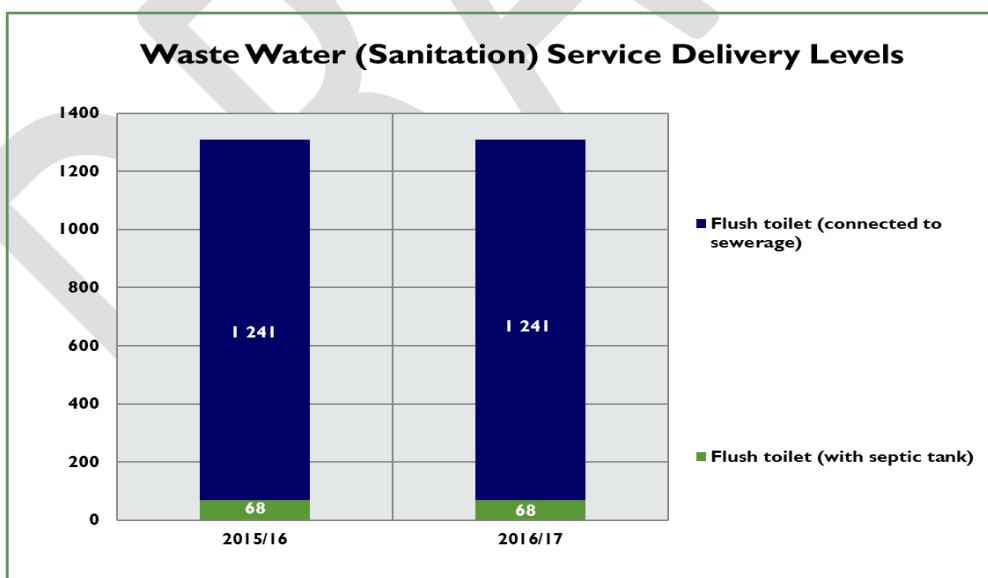
The table below specifies the different sanitation service delivery levels per households for the financial years 2015/16 and 2016/17 in the areas in which the municipality is responsible for the delivery of the service:

Waste Water (Sanitation) Service Delivery Levels		
Households		
Description	2015/16	2016/17
	Actual	Actual
	No.	No.
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	1 241	1 241

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Waste Water (Sanitation) Service Delivery Levels		
Households		
Description	2015/16	2016/17
	Actual	Actual
	No.	No.
Flush toilet (with septic tank)	68	68
Chemical toilet	0	0
Pit toilet (ventilated)	0	0
Other toilet provisions (above min. service level)	0	0
Minimum Service Level and Above sub-total	1 317	1 317
Minimum Service Level and Above Percentage	100	100
Sanitation/sewerage: (below minimum level)		
Bucket toilet	0	0
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total households	1 317	1 317
Including informal settlements		

Table 58: Waste Water (Sanitation) Provision Service Delivery Levels



Graph 5.: Waste Water (Sanitation) Provision Service Delivery Levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

D) EMPLOYEES: WASTE WATER (SANITATION) PROVISION

Employees: Sanitation Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	2	2	0	0
4 – 6	1	1	1	0	0
7 – 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	3	3	3	0	0

Table 59: Employees Waste Water (Sanitation) Provision

3.3.3 ELECTRICITY SERVICES

A) INTRODUCTION TO ELECTRICITY SERVICES

Laingsburg Municipality buys electricity from ESKOM and sells the electricity to the residential and business customers in Laingsburg. Households from Goidnerville in Laingsburg and Matjiesfontein buy electricity direct from ESKOM. Laingsburg Municipality makes use of an electrical contractor to do all the maintenance and upgrading work on the electrical network.

B) HIGHLIGHTS: ELECTRICITY SERVICES

Highlights	Description
New high mast lighting in Matjiesfontein	One high mast light has been installed in Matjiesfontein
New high mast lighting at the sports field in Matjiesfontein - Phase I	Two high mast lights have been installed at the sports field in Matjiesfontein

Table 60: Electricity Challenges

C) CHALLENGES: ELECTRICITY SERVICES

Description	Actions to address
Insufficient funding to implement electrical infrastructure projects	To source the necessary funding

Table 61: Electricity Challenges

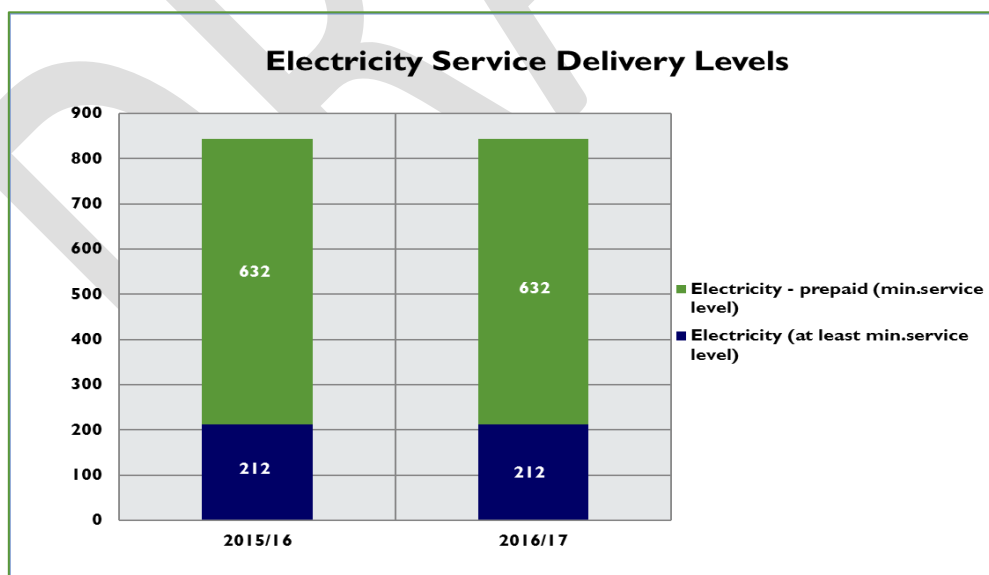
CHAPTER 3: SERVICE DELIVERY PERFORMANCE

D) ELECTRICITY SERVICE DELIVERY LEVELS

The table below indicates the different service delivery level standards for electricity in the areas in which the municipality is responsible for the delivery of the service:

Electricity Service Delivery Levels		
Households		
Description	2015/16	2016/17
	Actual	Actual
	No.	No.
Energy: (above minimum level)		
Electricity (at least min.service level)	212	212
Electricity - prepaid (min.service level)	632	632
Minimum Service Level and Above sub-total	837	837
Minimum Service Level and Above Percentage	100%	100%
Energy: (below minimum level)		
Electricity (< min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0%	0%
Total number of households	837	837

Table 62: Electricity Service Delivery Levels



Graph 6.: Electricity Service Delivery Levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

A) INTRODUCTION TO WASTE MANAGEMENT

Laingsburg Municipality makes use of a labour intensive method to do the refuse collection, waste disposal and street cleaning in Laingsburg and Matjiesfontein.

B) CHALLENGES: WASTE MANAGEMENT

Description	Actions to address
Extension of the existing landfill site	To source the necessary funding

Table 63: Waste Management Challenges

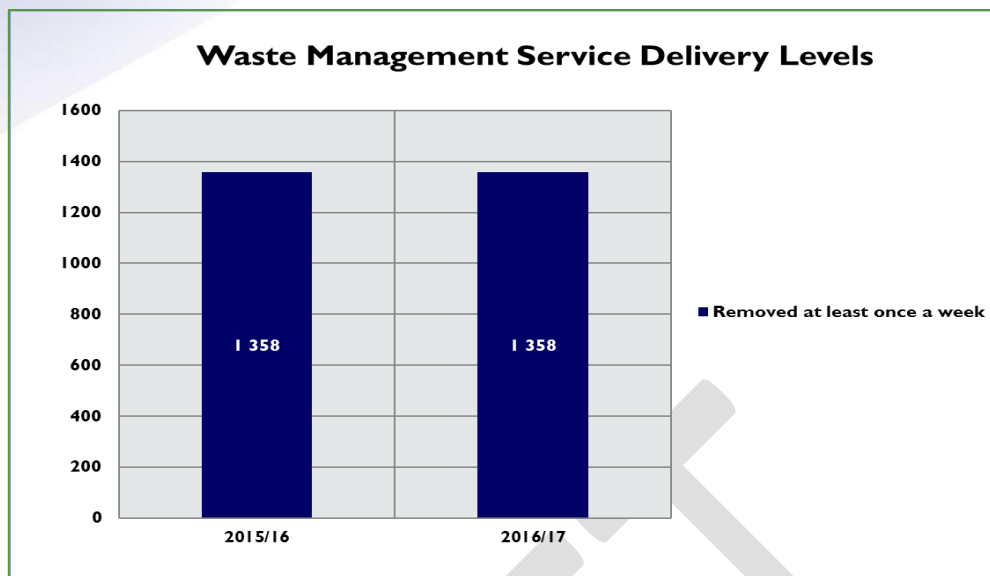
C) WASTE MANAGEMENT SERVICE DELIVERY LEVELS

The table below specifies the different refuse removal service delivery levels per household for the financial years 2015/16 and 2016/17 in the areas in which the municipality is responsible for the delivery of the service:

Waste Management Service Delivery Levels		
Description	Households	
	2015/16	2016/17
	Actual	Actual
	No.	No.
<u>Solid Waste Removal: (Minimum level)</u>		
Removed at least once a week	1 358	1 358
Minimum Service Level and Above sub-total	1 358	1 358
Minimum Service Level and Above percentage	100%	100%
<u>Solid Waste Removal: (Below minimum level)</u>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level percentage	0%	0%
Total number of households	1 358	1 358

Table 64: Waste Management Service Delivery Levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 7.: Waste Management Service Delivery Levels

D) EMPLOYEES: WASTE MANAGEMENT

Employees: Solid Waste Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	5	5	5	2	40
4 – 6	1	1	1	0	0
7 – 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	6	6	6	2	33.3

Table 65: Employees: Solid Waste Services

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.3.5 HOUSING

A) INTRODUCTION TO HOUSING

Due to the high poverty level in Laingsburg Municipal area it is essential to provide the poor members in our community with a RDP house and as such contribute to sustainable human settlements where families can live in a safe and hygienic environment.

The following table shows the number of people on the housing waiting list. There are currently approximately **524** housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2015/16	469	(25.1)
2016/17	524	11.7

Table 66: Housing Waiting List

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2015/16	18 276	18 276	100	157	157
2016/17	0	0	0	0	0

Table 67: Houses Built in 2016/17

3.3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

A) INTRODUCTION

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than **R2 500** per month will receive the free basic services as prescribed by national policy.

The table indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2015/16	1 370	444	32%	719	50%	705	49%	719	50%
2016/17	1 359	539	26%	724	53%	716	53%	731	54%
Figures as at 30 June 2017									

Figures as at 30 June 2017

Table 68: Free Basic Services to Indigent Households

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000
2015/16	444	50	208	402	0	0	547	50	317
2016/17	539	50	0	402	0	0	418	50	0
*Figures as at 30 June 2017									

Table 69: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value R'000	No. of HH	Unit per HH (kl)	Value R'000
2015/16	719	6kl	905	681	6kl	143
2016/17	731	6 kl	878	628	6 kl	754
*Figures as at 30 June 2017						

Table 70: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value R'000	No. of HH	Unit per HH per month	Value R'000
2015/16	705	100.80	816	636	0	0
2016/17	716	108.90	935	643	0	0
*Figures as at 30 June 2017						

Table 71: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value R'000	No. of HH	Unit per HH per month	Value R'000
2015/16	719	1	624	668	0	0
2016/17	731	1	728	628	0	0
*Figures as at 30 June 2017						

Table 72: Free Basic Refuse Removal Services to Indigent Households Per Type of Service

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.4 COMPONENT B: ROAD TRANSPORT

3.4.1 ROADS

A) INTRODUCTION TO ROADS

For optimal performance it is essential that roads are maintained to provide the road user with an acceptable level of service, to protect the structural layers of pavement from the abrasive forces of traffic, as well as from the effects of the environment.

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2015/16	1.94	0	0	1.94
2016/17	1.94	0	0	1.94

Table 73: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2015/16	26.7	0	0	0	26.7
2016/17	26.7	0	0	0	26.7

Table 74: Tarred Road Infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000		
2015/16	0	0	39
2016/17	0	0	39

* The cost for maintenance include stormwater

Table 75: Cost of Construction/Maintenance of Roads

B) EMPLOYEES: ROADS

Employees: Roads					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	8	8	8	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Employees: Roads					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 – 20	0	0	0	0	0
Total	8	8	8	0	0

Table 76: Employees: Roads

3.4.2 WASTE WATER (STORMWATER DRAINAGE)

A) INTRODUCTION TO WASTE WATER (STORMWATER DRAINAGE)

It is common practice to provide a formal drainage system of pipes or channels to convey stormwater away from erven and streets and to discharge this water into natural watercourses. The stormwater system must be cleaned and maintained on a regular basis to ensure a proper working drainage system.

B) WASTE WATER (STORMWATER DRAINAGE) MAINTAINED AND UPGRADED

The table below shows the total kilometres of stormwater maintained and upgraded as well as the kilometres of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres				
Year	Total Stormwater measures (km)	New stormwater measures (km)	Stormwater measures upgraded (km)	Stormwater measures maintained (km)
2015/16	8.03	0	0	8.03
2016/17	8.03	0	0	8.03

Table 77: Stormwater Infrastructure

The table below indicates the amount of money spent on stormwater projects:

Financial year	Stormwater Measures		
	New R'000	Upgraded R'000	Maintained R'000
2015/16	0	0	0
2016/17	0	0	0

Table 78: Cost of Construction/Maintenance of Stormwater Systems

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT (LED)

3.5.1 PLANNING

A) SERVICE DELIVERY STATISTICS: PLANNING

Type of service	2015/16	2016/17
Building plans application processed	17	7
Total surface (m ²)	1233	507
Residential extensions	17	7
Rural applications	0	0
Land use applications processed	6	3

Table 79: Service Delivery Statistics: Planning

3.5.2 LED (INCLUDING TOURISM AND MARKET PLACES)

B) HIGHLIGHTS: LED

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

Highlights	Description
Karoo Festival	Held the Karoo Festival successfully for the 2 nd consecutive year
NI Tourism Package	1 st tourism package from Matjiesfontein to Prince Albert Road
OK Foods	OK Grocer upgraded to OK Foods
LED week	Municipality hosted a successful LED week in corporation with the Small Enterprise Development Agency (SEDA)
Nicole's	New take-aways open on Voortrekker Street
Hair Infinity	New beauty salon opened
ALFA Civils	Upgrading of minor roads
Anysberg upgrade	MBB appointed to upgrade Anysberg Nature Reserve
Solar farms	2 solar farms awaiting approval from Eskom

Table 80: LED Highlights

C) CHALLENGES: LED

The following challenges with regard to the implementation of the LED strategy are as follows:

Description	Actions to address challenges
High level of unemployment	Advertising and implementation of EPWP Programme
Lack of investment	Advertising of business opportunities
Gravel economic roads	Applying and lobbying support from Department of Transport and Public Works (DTPW)
Dependency on social welfare	Awareness programmes
Economic monopoly	Revive business chamber & LSBA
Low skills base	Start of an employment agency

Table 81: Challenges LED

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

D) LED STRATEGY

LED includes all activities associated with economic development initiatives. The municipality has a mandate to provide strategic guidance to the municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues. LED strategy identifies various issues and strategic areas for intervention such as:

Objectives	Strategies
Diversifying the economy	
<p>To develop the agricultural sector in such a way that:</p> <ul style="list-style-type: none"> Current agricultural practices are maintained and further enhanced as this forms the backbone of the local economy. Value adding practices in the form of agri-processing are initiated and become sustainable. Agri-processing industries involve the large number of economically active unemployed females in the sub-region. Synergies are created between the service industry and the agricultural sector, whereby tourists are attracted to local products and utilise other services. 	<ul style="list-style-type: none"> Sustain existing agricultural practices Promoting agri-processing industries Provide for Urban Agriculture and Small Scale Farming Identify and support agri-tourism practices Alternative Energies Agri Tourism
Transport and service sector	
<p>To develop a sustainable transport and related services sector in the municipality in a way that:</p> <ul style="list-style-type: none"> Supports and is aligned with the five strategic issues identified in the Central Karoo District's Integrated Transport Plan. Distinguishes between the two types of travellers that are passing through the Central Karoo and Cape Town towards Johannesburg: private vehicle owners and truck drivers. Promotes the image of Laingsburg as an ideal stop-over for travellers seeking good services. Focuses on projects within the municipality that can spread the benefits equitably. Creates links with the agriculture sector. 	<ul style="list-style-type: none"> Align with regional transport plan Cater for the needs of long distance private travellers Capture the trucks market Facilitate creative alliances with the local agriculture and tourism sector Becoming the best Karoo Town Tarring of gravel Roads WIFI Free Town Public Transportation
Human resources development	
<ul style="list-style-type: none"> To ensure that all children have access to high quality early childhood development programmes. To ensure that all learners and job seekers have equal access to quality education and training. To ensure that learners have safe access to learning facilities. To empower residents of Laingsburg to acquire skills that will enable them to access and acquire favourable city jobs. 	<ul style="list-style-type: none"> Ensure access to early childhood and school development programmes Worker Skills Development and Training Programmes Further Education and Training (FET) College School for Children with Learning Disabilities
Integrated human settlement	
<p>To establish a pattern of development that:</p> <ul style="list-style-type: none"> Improves land use integration to enhance the access of poorer communities to economic and social services. Creates and ensures that housing becomes assets to the poor. 	<ul style="list-style-type: none"> Improve connectivity between townships and more established parts of the town Enhance the asset value of low-income housing Gap Housing Spatial Planning and Land Use Management Act (SPLUMA)/ Land Use Planning Act (LUPA)

Table 82: LED Objectives and Strategies

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

E) LED INITIATIVES

Within a limited budget for LED projects and one official to assist with LED implementation the following programmes have been initiated in the municipal area:

Job creation through Extended Public Works Programme (EPWP) projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2015/16	5	114
2016/17	8	170

Table 83: Job Creation Through EPWP Projects

F) ADDITIONAL SERVICE DELIVERY STATISTICS: LED INITIATIVES

Type of service	2015/16	2016/17
Small businesses assisted	3	5
SMME's trained	40	42
Community members trained for tourism / PACA	100	120
Local artisans and crafters assisted	10	10
Recycling awareness programmes	14	20

Table 84: LED Initiatives

3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.6.1 LIBRARIES

INTRODUCTION: LIBRARIES

The Library Service of Laingsburg Municipality consists of one main library and three mini libraries. The library function promotes a reading culture and the importance of reading from a young age.

A) HIGHLIGHTS: LIBRARIES

Highlights	Description
National Library Week	Different programmes are facilitated during the National Library Week
Oral history	The Minister of Cultural Affairs and Sport visited the Municipality. The event included elderly people of the Laingsburg area (Laingsburg, Vleiland, Matjiesfontein) telling stories of their life. It was recorded and DVD's were made
Visits to school during the year	Visits to schools took place to promote the importance of reading and explaining the procedure to become a library member

Table 85: Libraries Highlights

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

B) CHALLENGES: LIBRARIES

Description	Actions to address
Main Library: no proper workspace for staff	Extension of libraries
Limited shelving in main library and mini libraries	

Table 86: Libraries Challenges

C) SERVICE STATISTICS FOR LIBRARIES

Type of service	2015/16	2016/17
Library members	2 092	2 327
Books circulated	25 304	2 9118
Exhibitions held	19	16
Internet users	598	741
Children programmes	10	6
Book group meetings for adults	0	0

Table 87: Service Statistics for Libraries

D) EMPLOYEES LIBRARIES

Employees: Libraries					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	1	1	1	0	0
10 – 12	1	1	1	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	2	2	2	0	0

Table 88: Employees: Libraries

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.6.2 CEMETERIES

A) INTRODUCTION TO CEMETERIES

The Municipality has three cemeteries within the town of Laingsburg. The cemeteries located in Kambro Street and in Göldnerville are used for new burials whereas the other one located in the town CBD was used to bury the victims and fatalities of the 1981 flood disaster.

B) SERVICE STATISTICS FOR CEMETERIES

Type of service	2015/16	2016/17
Pauper burials	83	5

Table 89: Service Stats for Cemeteries

3.6.3 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

A) INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Child care is to assist parents who cannot take care of their young children because of work or other reasons, the Social Welfare Department subsidises non-governmental organisations to provide a variety of child care services, to meet the different needs of the parents and their young children.

Aged care is the term for daily living and nursing care services provided to older citizens who either need some help at home or can no longer live independently, these services are generally divided into two categories namely residential care and home-based care.

Social programmes are welfare subsidies designed to aid the needs of the population.

B) HIGHLIGHTS: CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Highlights	Description
Cancer awareness programmes	Various cancer awareness programmes were held during the year.
Youth event	A dialogue was held where youth issues was raised and possible solutions were discussed
Sport programmes	Different tournaments were held in the different sport codes
Disabled workshops and awareness programmes	Development of the disabled

Table 90: Child Care; Aged Care; Social Programmes Highlights

C) CHALLENGES: CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Description	Actions to address
High teen pregnancy rate	Awareness programmes on teen pregnancies
High levels of drug and alcohol abuse	Raise community awareness on drug and alcohol abuse. Create aftercare programmes to try and limit drug and alcohol abuse

Table 91: Child Care; Aged Care; Social Programmes Challenges

D) SERVICE STATISTICS FOR CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Description	2015/16	2016/17
Trees planted	200	0
Veggie gardens established or supported	2	2

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	2015/16	2016/17
Soup kitchens established or supported	0	0
Initiatives to increase awareness on child abuse	1	1
Youngsters educated and empowered	402	400
Initiatives to increase awareness on disability	2	2
Initiatives to increase awareness on women	1	1
Women empowered	303	0
Initiatives to increase awareness on HIV/AIDS	1	1
Initiatives to increase awareness on Early Childhood Development (ECD)	1	1
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	5	5
Special events hosted (World's Aids Day, Arbour day, World Disability Day, Youth Day, 16 Days of Activism against women abuse)	10	10

Table 92: Service Statistics for Child Care; Aged Care; Social Programmes

3.7 COMPONENT E: SECURITY AND SAFETY

3.7.1. PUBLIC SAFETY

A) INTRODUCTION TO PUBLIC SAFETY

Law Enforcement: Attends to all complaints from the public related to Laingsburg Municipality's by-laws for example exceeding prescribed number of dogs and noise control.

Traffic: Enforces all offences regarding the Road Traffic Act 93 of 1996 for example disobeying stop signs, parking on the wrong side of the road and driving a motor vehicle without driving license. Furthermore, hotspots/dangerous areas in town and manages parking bay outlays within the town.

Fire and disaster management: Attends to fire call outs within the jurisdiction of Laingsburg Municipality as well as on the NI for example house fires, veld fires and motor vehicle accident fires.

The Municipality has a traffic department which consists of six traffic officers, three of which are permanent and the other three are employed on an annual contract basis. Recent recruits from the Wolwekloof Academy completed a peace officer course which was funded by the Municipality and fourteen of them passed the course, qualifying them as peace officers. The Municipality appointed eight of the recruits on an annual contract basis and they are funded by the EPWP grant.

B) HIGHLIGHTS: PUBLIC SAFETY

Highlights	Description
New appointments	Eight new law enforcement/traffic wardens appointed to do law enforcement and speed testing

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Highlights	Description
K53 course	One traffic officer went on a K53 course for three months to be able to conduct grade "B" K53 driving license tests

Table 93: Public Safety Services Highlights

C) CHALLENGES: PUBLIC SAFETY

Description	Actions to address
Resources and budget are limited to send law enforcement officers on a full traffic officer's course	To source the necessary funding for training and purchase resources
Shortage of vehicles to do patrolling	To source the necessary funding
A need for an impound facility	To source the necessary funding and open space for the facility
Funding needed to render a 24 hour service	To source the necessary funding

Table 94: Public Safety Services Challenges

D) SERVICE STATISTICS FOR PUBLIC SAFETY

Details	2015/16	2016/17
Motor vehicle licenses processed	1 820	1 757
Learner driver licenses processed	392	209
Driver licenses processed	593	491
Driver licenses issued	373	443
Fines issued for traffic offenses (number)	605	457
R-value of fines collected	670 900	421 350
Operational call-outs	62	65
Roadblocks held	4	4
Complaints attended to by Traffic Officers	53	74
Special Functions – Escorts	10	6
Awareness initiatives on public safety	2	3
Operational call-outs: Fire Services	35	41
Awareness initiatives on fire safety	2	2
Reservists and volunteers trained on fire fighting	0	2

Table 95: Service Statistics for Public Safety

E) EMPLOYEES: PUBLIC SAFETY

Employees: Law Enforcement and Traffic Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Employees: Law Enforcement and Traffic Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	2	2	2	0	0
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	3	3	3	0	0

Table 96: Employees: Public Safety

3.8 COMPONENT F: SPORT AND RECREATION

3.8.1 INTRODUCTION TO SPORT AND RECREATION

The Municipality consists of three sport fields which is situated in Laingsburg, Matjiesfontein and Vleiland. Furthermore, it also has two “kickabout” mini sport fields within the suburbs of Göldnerville and Bergsig.

A) HIGHLIGHTS: SPORT AND RECREATION

Highlights	Description
New high mass lighting at the Matjiesfontein sport fields	Two high mass lights in working order

Table 97: Highlights: Sport and Recreation

B) CHALLENGES: SPORT AND RECREATION

Description	Actions to address
Rehabilitation of sport fields	New sports field for Bergsig which can be utilized whilst the other field is busy with rehabilitation or rest

Table 98: Challenges: Sport and Recreation

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

C) SERVICE STATISTICS FOR SPORT AND RECREATION

Type of service	2015/16	2016/17
Community Parks		
Number of parks with play park equipment	5	5
Number of wards with community parks	4	4
Sport fields		
Number of wards with sport fields	3	2
Number of sport associations utilizing sport fields	5	5
R-value collected from utilization of sport fields	0	0
Sport halls		
Number of wards with sport halls	4	4
Number of sport associations utilizing sport halls	3	3
R-value collected from rental of sport halls (R)	1 276	16 685.16

Table 99: Additional Performance Information for Sport and Recreation

B) EMPLOYEES: SPORT AND RECREATION

Employees: Sport and Recreation					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	3	3	3	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	3	3	3	0	0

Table 100: Employees: Sport and Recreation

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.9 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.9.1 FINANCIAL SERVICES

A) EMPLOYEES: FINANCIAL SERVICES

Employees: Financial Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	6	5	5	0	0
7 – 9	1	1	1	0	0
10 – 12	4	3	3	0	0
13 – 15	0	1	1	0	0
16 – 18	2	2	2	0	0
19 – 20	0	0	0	0	0
Total	13	12	12	0	0

Table 101: Employees: Financial Services

3.9.2 HUMAN RESOURCES

A) EMPLOYEES: HUMAN RESOURCES

Employees: Human Resources					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	2	3	3	0	0
7 – 9	2	0	0	0	0
10 – 12	0	1	1	0	0
13 – 15	0	0	0	0	0
16 – 18	1	1	1	0	0
19 – 20	0	0	0	0	0
Total	5	4	4	0	0

Table 102: Employees: Human Resource Services

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.9.3 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

B) HIGHLIGHTS: ICT SERVICES

Highlights	Description
The deployment of a citizen engagement app	An application that will help the municipality communicate with the citizens of the town and will also make service delivery more efficient with the complaint system that is integrated with this mobile application
Taking part in broadband initiative hosted by SITA	SITA, in conjunction with Western Cape Government will deploy broadband internet to all local municipalities. It will be funded by Western Cape Government for up to 7 years
Creating a District ICT Steering Committee	Working with Western Cape Government's DLG to set up a District ICT steering committee, so that an ICT shared service model can be implemented
Changing website and email hosting service provider to Ubertek	With adding the new website, we changed the whole email and web hosting environment to Ubertek. In the beginning, it was only just the hosting of the website, but now also includes Laingsburg email system now

Table 103: Highlights: ICT Services

C) CHALLENGES: ICT SERVICES

Description	Actions to address
No server room makes things difficult for a beneficial environment to maintain the ICT infrastructure. Cabling in the whole building needs to be redone.	To source the necessary funding for a server room
Disaster recovery (DR) site needs to be established for ICT disaster management implementations, but too expensive	To source the necessary funding for a DR site
Enhancement of connecting off-site departments	To source the necessary funding

Table 104: Challenges: ICT Services

3.9.4 PROCUREMENT SERVICES

A) INTRODUCTION TO PROCUREMENT SERVICES

Procurement services entails all the supply chain management activities aimed at providing goods and services to the municipality at the right price, from the right supplier, in the right quantities, at the right time.

Section 217 of the Constitution of South Africa requires that when organs of state procure contracts it must do so with a system which is fair, equitable, transparent, competitive and cost-effective.

B) HIGHLIGHTS: PROCUREMENT SERVICES

Highlights	Description
New Preferential Procurement Regulations	New preferential procurement regulations were promulgated changing the existing 80/20 and 90/10 principle
SARS Online Verification	Tax clearance verification can now be verified online using a pin to verify tax compliance live.
mSCOA	The new mSCOA regulations to be implemented changed the way the procurement cycle works

Table 105: Highlights: Procurement Services

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

C) CHALLENGES: PROCUREMENT SERVICES

Description	Actions to address
Suppliers not registered on the CSD	Supplier verification process to assist existing suppliers to register on the CSD
Contract Management	Verification of all contracts to determine validity and remedial actions
High number of irregular transactions	Implementation of electronic requisitions in line with mSCOA requirements and reviewing of SCM system delegations.
Bid Committee System	Assigning different SCM personnel to be responsible for each Bid Committee

Table 106: Challenges: Procurement Services

D) SERVICE STATISTICS: PROCUREMENT SERVICES

Description	Total No	Monthly Average
Orders processed	2 368	197
Extensions	0	0
Bids received (number of documents)	20	2
Bids awarded	1	1
Bids awarded ≤ R200 000	5	2
Appeals registered	1	1
Successful appeals	0	0

Table 107: Service Statistics: Procurement Services

3.10 COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2017/18

The main development and service delivery priorities for 2017/18 form part of the Municipality's top layer SDBIP for 2017/18 and are indicated in the table below:

3.10.1 CREATE AN ENVIRONMENT CONDUCIVE FOR ECONOMIC DEVELOPMENT

REF	KPI	Unit of Measurement	Wards	Annual Target
TL10	Create job opportunities through EPWP projects by 30 June 2018	Number of job opportunities created by 30 June 2018	All	114
TL18	Assist SMME's with business and/or CIDB registration by 30 June 2018	Number of SMME's assisted by 30 June 2018	All	4
TL20	Host events as identified in the IDP in support of promotion of LED within the Municipal area by 30 June 2018	Number of events hosted by 30 June 2018	All	3
TL21	Provide financial assistance via Municipal financial aid scheme to accepted tertiary student candidates by 31 March 2018	Number of candidates assisted via Municipal financial aid scheme by 30 June 2018	All	19

Table 108: Service Delivery Priorities for 2017/18 – Create an Environment Conducive for Economic Development

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.10.2 DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL19	Implement IDP-approved greening and cleaning initiatives by 30 June 2018	Number of Initiatives implemented by 30 June 2018	All	5
TL23	Participate in the provincial traffic department public safety initiatives as approved in the IDP by 30 June 2018	Number of provincial traffic department public safety initiatives participated in by 30 June 2018	All	4

Table 109: Services Delivery Priorities for 2017/18 – Developing a Safe, Clean, Healthy and Sustainable Environment for Communities

3.10.3 EFFECTIVE MAINTENANCE AND MANAGEMENT OF MUNICIPAL ASSETS AND NATURAL RESOURCES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL24	Percentage of the total approved repair and maintenance budget spent by 30 June 2018 [(Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) x 100]	% of the total approved repair and maintenance budget spent by 30 June 2018 (Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) x 100	All	80%
TL25	Limit the % electricity unaccounted for to less than 15% by 30 June 2018 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] x 100	% electricity unaccounted for by 30 June 2018 (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased x 100	All	15%
TL26	Obtained compliance of waste water discharge quality in terms of Green Drop Requirements for Effluent Quality Compliance by 30 June 2018	% compliance of waste water discharge Lab results with Green Drop requirements by 30 June 2018	All	91%
TL27	Limit the % water unaccounted for to less than 50% by 30 June 2018 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) x 100]	% water unaccounted for by 30 June 2018 (Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) x 100	All	50%
TL28	Obtain compliance of water quality in terms of SANS 241 - Water Quality criteria by 30 June 2018	% compliance of water quality lab results with SANS 241 - Water Quality criteria by 30 June 2018	All	87%

Table 110: Services Delivery Priorities for 2017/18 – Effective Maintenance and Management of Municipal Assets and Natural Resources

3.10.4 IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG

REF	KPI	Unit of Measurement	Wards	Annual Target
TL5	Provide 6kl free basic water to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2018	Number of registered indigent accounts receiving free basic water as at 30 June 2018	All	699
TL6	Provide 50kwh free basic electricity to registered indigent accountholders in terms of the equitable share requirements (excluding ESKOM area) as at 30 June 2018	Number of registered indigent accounts receiving free basic electricity as at 30 June 2018	All	367
TL7	Provide free basic sanitation to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2018	Number of registered indigent accounts receiving free basic sanitation as at 30 June 2018	All	699
TL8	Provide free basic refuse removal to registered indigent accountholders in terms of the equitable share requirements as at 30 June 2018	Number of registered indigent accounts receiving free basic refuse removal as at 30 June 2018	All	699

Table 111: Services Delivery Priorities for 2017/18 – Improve the Standards of Living of all People in Laingsburg

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.10.5 PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS

REF	KPI	Unit of Measurement	Wards	Annual Target
TL1	Number of formal residential properties which receives piped water (Laingsburg credit and pre-paid water meters) and is connected to the municipal water infrastructure network as at 30 June 2018	Number of residential accounts which are billed/purchased water as at 30 June 2018	All	1,206
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (Laingsburg credit and pre-paid electrical meters)(Excluding Eskom areas) as at 30 June 2018	Number of residential accounts which are billed/purchased electricity (Excluding Eskom areas) as at 30 June 2018	All	766
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2018	Number of residential accounts which are billed for sewerage as at 30 June 2018	All	1,206
TL4	Number of formal residential properties for which refuse is removed once per week as at 30 June 2018	Number of residential accounts which are billed for refuse removal as at 30 June 2018	All	1,206
TL9	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2017 (Actual amount spent on capital projects /Total amount budgeted for capital projects)X100 by 30 June 2018	{Actual amount spent on capital projects /Total amount budgeted for capital projects}X100 by 30 June 2018	All	80%

Table 112: Services Delivery Priorities for 2017/18 – Provision of Infrastructure to Deliver Improved Services to All Residents and Business

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.10.6 TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS

REF	KPI	Unit of Measurement	Wards	Annual Target
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2018 {Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}	Debt coverage ratio as at 30 June 2017	All	200%
TL14	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2017 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}	% outstanding service debtors at 30 June 2017	All	10%
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2017 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	Cost coverage ratio as at 30 June 2017	All	3%
TL22	Collect percentage of the 2015/16 financial years billed revenue by 30 June 2018 {Debtors payments received during period/Billed Revenue for period x 100}	% of Billed Revenue collected by 30 June 2018 {Debtors payments received during period/Billed Revenue for period x 100}	All	60%

Table 113: Service Delivery Priorities for 2017/18 - To Achieve Financial Viability in Order to Render Affordable Services to Residents

3.10.7 TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL11	People employed from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	8
TL12	Percentage of municipality's personnel budget actually spent on training by 30 June 2018 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	(Total expenditure on training/total personnel budget)/100	All	1%
TL16	Limit vacancy rate to less than 5% of budgeted posts by 30 June 2018 [(Number of funded posts vacant / total number of funded posts)x100]	% vacancy rate of budgeted posts by 30 June 2018 (Number of funded posts vacant / total number of funded posts)x100	All	5%
TL17	Develop a Risk Based Audit Plan and submit to the audit committee for consideration by 30 June 2018	RBAP submitted to the audit committee by 30 June 2018	All	1

Table 114: Service Delivery Priorities for 2017/18 - To Create an Institution with Skilled Employees to Provide a Professional Service to its Clientele Guided by Municipal Values

CHAPTER 4

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2015/16	2016/17
People employed from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	8	8
Percentage of municipality's personnel budget actually spent on training by 30 June 2017 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	0.8%	10%

Table 115: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Laingsburg Municipality currently employs **63** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

A) EMPLOYMENT EQUITY TARGETS/ACTUAL

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
1	1	0	0	0	0	1	1

Table 116: 2016/17 EE Targets/Actual by Racial Classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
1	1	1	1	1	1	1	1	0

Table 117: 2016/17 EE Targets/Actual by Gender Classification

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

B) SPECIFIC OCCUPATIONAL CATEGORIES - RACE

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

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	1	2
Senior management	0	2	0	2	0	2	0	0	6
Professionally qualified and experienced specialists and mid- management	1	2	0	0	0	1	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	12	0	0	2	2	0	1	17
Semi-skilled and discretionary decision making	0	1	0	0	0	8	0	0	9
Unskilled and defined decision making	0	21	0	0	0	4	0	0	25
Total permanent	1	39	0	2	2	17	0	2	63
Non- permanent employees	0	4	0	0	0	8	0	0	12
Grand total	1	43	0	2	2	25	0	2	75

Table 118: Occupational Categories

C) DEPARTMENTS - RACE

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

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	1	3	0	0	1	2	0	0	7
Finance and Corporate Services	0	5	0	1	0	8	0	2	16
Community Services	0	5	0	0	0	5	0	0	10
Infrastructure Services	0	26	0	1	1	2	0	0	30
Total permanent	1	39	0	2	2	17	0	2	63
Non- permanent	0	4	0	0	0	8	0	0	12
Grand total	1	43	0	2	2	25	0	2	75

Table 119: Department – Race

4.2.2 VACANCY RATE

The approved organogram for the municipality had **77** posts for the 2016/17 financial year. The actual positions filled are indicated in the table below by functional level. **6** posts were vacant at the end of 2016/17, resulting in a vacancy rate of **7.8%**.

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

Functional area	Per Functional Level	
	Filled	Vacant
Office of the Municipal Manager	7	0
Finance and Administration Services	16	1
Community Services	10	1

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Infrastructure Services	30	4
Total	63	6

Table 120: Vacancy Rate Per Post

The table below indicates the number of critical vacancies per salary level:

Salary Level	Number of current critical vacancies	Total posts as per organogram	Vacancy job title
Municipal Manager	0	1	N/A
Chief Financial Officer	0	1	N/A
Other Section 57 Managers	0	0	N/A
Senior management (T14-T19)	0	5	N/A
Highly skilled supervision (T4-T13)	1	2	Data Capturer & Works superintendent
Total	1	9	

Table 121: Critical Vacancies Per Salary Level

4.2.3 STAFF TURNOVER RATE

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the municipality.

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

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2015/16	65	0	2	3%
2016/17	65	1	3	4.6%

Table 122: Staff Turnover Rate

4.3 MANAGING THE MUNICIPAL WORKFORCE

4.3.1 INJURIES

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The table below indicates the total number of injuries within the different directorates:

Directorates	2015/16	2016/17
Office of the Municipal Manager	0	0
Finance and Corporate Services	0	0
Community Services	0	0
Infrastructure Services	3	8
Total	3	8

Table 123: Injuries

4.3.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2016/17 financial year shows a decrease when comparing it with the 2015/16 financial year.

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

Year	Total number of sick leave days taken within the year
2015/16	416
2016/17	593

Table 124: Sick Leave

4.3.3 HR POLICIES AND PLANS

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

Approved policies	
Name of policy	Date approved/ revised
Recruitment Policy	June 2010
Disability Policy	June 2010
Overtime Policy	October 2011
Leave Policy	August 2013
Unauthorised absenteeism from the Workplace	August 2013
Dress Code Policy	June 2016

Table 125: HR Policies and Plans

The Municipality is in the process of reviewing all the HR policies that is outdated.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

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

4.4.1 SKILLS MATRIX

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

Management level	Gender	Number of employees identified for training at start of the year (2016/17)	Number of Employees that received training (2016/17)
MM and S57	Female	1	1
	Male	1	1
Legislators, senior officials and managers	Female	4	4
	Male	8	8
Associate professionals and Technicians	Female	0	0
	Male	0	0
Professionals	Female	3	3
	Male	2	2
Clerks	Female	10	6
	Male	4	3
Service and sales workers	Female	4	2
	Male	2	2
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	8	4
Elementary occupations	Female	4	0
	Male	18	6
Sub total	Female	26	16
	Male	43	26
Total		69	42

Table 126: Skills Matrix

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.4.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the MSA, require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Training provided within the reporting period 2016/17				
Management level	Gender	Total		
		Actual	Target	% Variance
MM and S57	Female	1	1	N/A
	Male	1	1	0
Legislators, senior officials and managers	Female	4	4	0
	Male	8	8	0
Professionals	Female	0	0	N/A
	Male	0	0	N/A
Technicians and associate professionals	Female	3	3	0
	Male	2	2	0
Clerks	Female	6	10	(40)
	Male	3	4	(25)
Service and sales workers	Female	2	4	(50)
	Male	2	2	0
Craft and related trade workers	Female	0	0	N/A
	Male	0	0	N/A
Plant and machine operators and assemblers	Female	0	0	N/A
	Male	4	8	(50)
Elementary occupations	Female	0	4	(100)
	Male	6	18	(67)
Sub total	Female	16	26	(38)
	Male	26	43	(40)
Total		42	69	(39)

Table 127: Skills Development

4.4.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R607 117 was allocated to the workplace skills plan and that 94.07% of the total amount was spent in the 2016/17 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
2015/16	17 567 730	640 000	654 535	103%
2016/17	20 508 200	607 117	571 116	94%

Table 128: Budget Allocated and Spent For Skills Development

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.4.4 MFMA COMPETENCIES

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

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

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

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	0	0	0
Chief financial officer	1	1	1	1
Senior managers	4	2	4	2
Any other financial officials	0	0	6	0
Supply Chain Management Officials				
Heads of supply chain management units	4	1	0	0
Supply chain management senior managers	0	0	0	0
TOTAL	10	4	11	3

Table 129: MFMA Competencies

4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.5.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2015/16	15 022	100 995	14.87%
2016/17	19 031	80 646	23.60%

Table 130: Personnel Expenditure

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

Financial year	2015/16	2016/17		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers plus Other)				
Salary	1 829	2 619	2 619	1 964
Motor vehicle allowance	579	37	37	37
Other allowances	110	171	185	144
Sub Total	2 518	2 827	2 841	2 497
% increase/ (decrease)	N/A	12.27	0.50	(12.11)
Senior Managers of the Municipality				
Salary	1 849	2 618	2 618	1 604
Contributions	145	347	347	182
Allowances	315	290	290	346
Other benefits	92	0	0	98
Bonus	46	0	0	55
Sub Total	2 447	3 255	3 255	2 285
% increase/ (decrease)	N/A	33.02	0	(29.80)
Other Municipal Staff				
Basic Salaries and Wages	8 921	12 449	12 392	11 772
Contributions	1 918	3 274	3 274	2 521
Allowances	495	796	796	632
Housing allowance	87	134	134	133
Overtime	366	642	643	303
Other benefits or allowances	789	94	14	385
Sub Total	12 576	17 389	17 253	16 746
% increase	N/A	38.27	(0.78)	(2.94)
Total Municipality	17 541	23 471	23 349	21 682

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Financial year	2015/16	2016/17		
Description	Actual	Original Budget	Adjusted Budget	Actual
		R'000		
% increase/ (decrease)	N/A	33.80	(0.52)	(7.14)

Table 131: Personnel Expenditure

CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2016/17 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

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

5.1 FINANCIAL SUMMARY

5.1.1 OVERALL FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2016/17 financial year:

Financial Summary						
R'000						
Description	2015/16	2016/17			2016/17 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	3 129	4 004	3 501	3 571	(12.12)	1.95
Service charges	15 324	16 567	16 192	16 873	1.81	4.04
Investment revenue	1 270	906	833	818	(10.77)	(1.85)
Transfers recognised - operational	18 084	18 429	20 806	17 092	(7.82)	(21.73)
Other own revenue	23 233	38 788	37 924	26 763	(44.93)	(41.71)
Total Revenue (excluding capital transfers and contributions)	61 040	78 695	79 257	65 116	(20.85)	(21.72)
Employee costs	15 198	20 664	20 543	19 197	(7.64)	(7.01)
Remuneration of Councillors	2 408	2 619	2 619	2 651	1.22	1.22
Depreciation & asset impairment	9 790	12 303	12 473	9 901	(24.26)	(25.98)
Finance charges	0	0	0	0	N/A	N/A
Materials and bulk purchases	7 487	8 713	7 500	7 460	(16.80)	(0.53)
Transfers and grants	35 659	4 559	4 619	1 874	(143.31)	(146.51)
Other expenditure	32 010	46 740	49 371	39 347	(18.79)	(25.47)
Total Expenditure	102 552	95 598	97 123	80 430	(18.86)	(20.76)
Surplus/(Deficit)	(41 512)	(16 903)	(17 867)	(15 313)	(10.38)	(16.67)
Transfers recognised - capital	29 323	8 159	10 680	9 477	13.91	(12.69)
Surplus/(Deficit) for the year	(12 189)	(8 744)	(7 187)	(5 836)	(49.83)	(23.14)
Capital expenditure & funds sources						

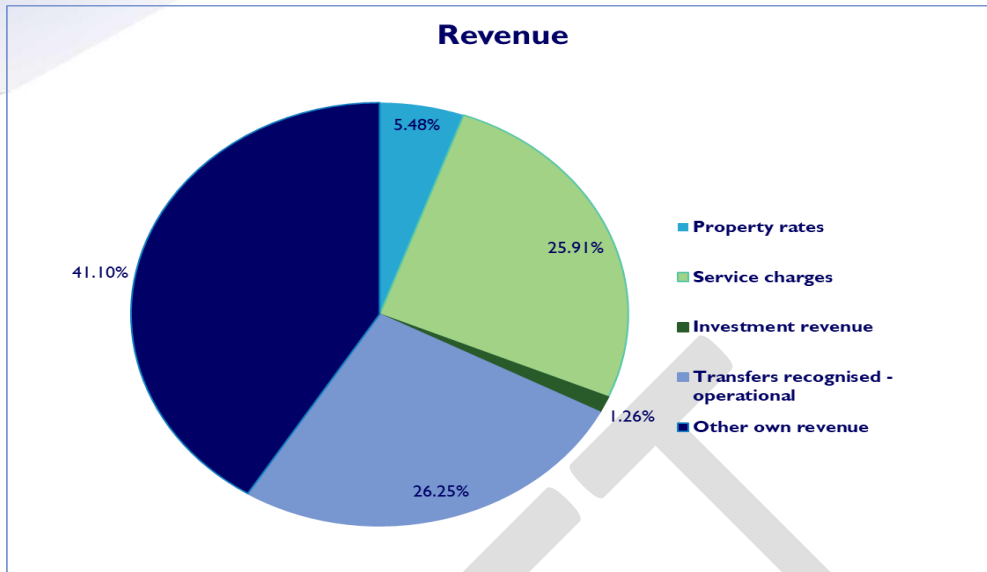
CHAPTER 5: FINANCIAL PERFORMANCE

Financial Summary						
R'000						
Description	2015/16	2016/17			2016/17 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Capital expenditure						
Transfers recognised - capital	31 228	13 160	11 724	8 077	(62.93)	(45.15)
Public contributions and donations	0	0	0	1 400	100	100
Internally generated funds	904	1 543	1 543	191	(707.11)	(707.11)
Total sources of capital funds	32 132	14 703	13 267	9 668	(52.08)	(37.22)
Financial position						
Total current assets	21 509	1 159	14 727	14 559	92.06	(0.87)
Total non-current assets	161 948	177 418	174 280	163 379	(8.59)	(6.67)
Total current liabilities	15 137	6 044	5 975	13 718	55.94	56.44
Total non-current liabilities	6 198	8 905	8 905	8 795	(1.25)	(1.25)
Community wealth/Equity	162 123	163 629	174 127	155 467	(5.25)	(12)
Cash flows						
Net cash from (used) operating	1 282	2 820	2 820	2 820	N/A	N/A
Net cash from (used) investing	(6 077)	(6 909)	(6 909)	(6 909)	N/A	N/A
Net cash from (used) financing	14 758	0	0	0	N/A	N/A
Cash/cash equivalents at the year end	(9 964)	(5 875)	(5 875)	(5 875)	N/A	N/A
Asset management						
Asset register summary (WDV)	161 948	177 418	174 280	163 379	(8.59)	(6.67)
Depreciation & asset impairment	7 335	8 904	9 063	7 889	(12.86)	(14.88)
Repairs and Maintenance	2 488	3 399	3 202	2 104	(61.55)	(52.19)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 132: Financial Performance 2016/17

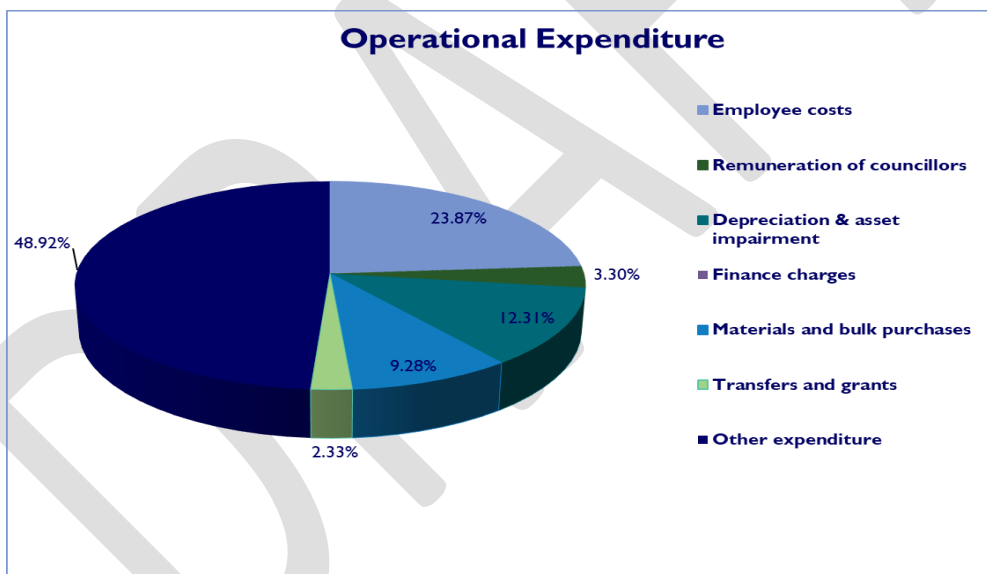
CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the various types of revenue items in the municipal budget for 2016/17



Graph 8.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2016/17



Graph 9.: Operating Expenditure

CHAPTER 5: FINANCIAL PERFORMANCE

5.1.2 REVENUE COLLECTION BY VOTE

The table below indicates the revenue collection performance by vote:

Vote Description	2015/16	2016/17			2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Mayoral & Council	20 302	3 559	3 537	21 251	83.25	83.36
Vote 2 - Municipal Manager	0	0	0	0	N/A	N/A
Vote 3 - Corporate Services	23 937	2 545	2 987	7 424	65.71	59.77
Vote 4 - Budget & Treasury	5 426	23 360	26 211	6 258	(493.04)	(565.43)
Vote 5 - Planning and Development	0	0	0	43	100	100
Vote 6 - Community and Social Services	972	994	995	14	(7 100.68)	(7 109.37)
Vote 7 - Sport and Recreation	4	3	16	16	84.07	1.98
Vote 8 - Housing	11	12	12	10	(22.28)	(22.28)
Vote 9 - Public Safety	20 158	37 145	36 255	22 372	(66.03)	(62.05)
Vote 10 - Road Transport	1 341	1 059	1 083	0	N/A	N/A
Vote 11 - Waste Management	3 106	2 450	2 494	1 450	(68.95)	(71.95)
Vote 12 - Waste Water Management	628	2 759	2 944	1 697	(62.55)	(73.45)
Vote 13 - Water	2 316	3 788	3 933	1 869	(102.74)	(110.47)
Vote 14 - Electricity	11 108	11 570	11 861	12 190	5.09	2.70
Total Revenue by Vote	89 310	89 243	92 326	74 593	(19.64)	(23.77)
<i>Variances are calculated by dividing the difference between actual and original/adjusted budget by the actual.</i>						

Table 133: Revenue by Vote

5.1.3 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2016/17 financial year:

Description	2015/16	2016/17			2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	2 934	3 870	3 281	3 258	(18.79)	(0.73)
Property rates - penalties & collection charges	195	134	220	313	57.21	29.80
Service charges - electricity revenue	10 901	11 163	11 204	11 852	5.81	5.47
Service charges - water revenue	1 061	1 499	1 143	1 866	19.65	38.71
Service charges - sanitation revenue	1 998	2 117	2 302	1 844	(14.83)	(24.86)
Service charges - refuse revenue	1 249	1 446	1 490	1 257	(15.04)	(18.50)
Service charges - other	115	341	52	54	(532.61)	3.62
Rentals of facilities and equipment	1 108	812	1 078	1 271	36.14	15.22
Interest earned - external investments	1 270	906	833	818	(10.77)	(1.85)
Interest earned - outstanding debtors	159	213	10	48	(344.55)	79.15

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2015/16	2016/17			2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Fines	19 962	36 737	35 823	22 198	(65.49)	(61.38)
Licences and permits	1 145	273	298	176	(55.43)	(69.83)
Agency services	142	107	107	127	16.17	16.17
Transfers recognised - operational	18 084	18 429	20 806	17 092	(7.82)	(21.73)
Other revenue	706	647	609	2 942	78.02	79.31
Gains on disposal of PPE	0	0	0	0	N/A	N/A
Total Revenue (excluding capital transfers and contributions)	61 030	78 695	79 257	65 116	(20.85)	(21.72)
<i>Variances are calculated by dividing the difference between actual and original/adjusted budget by the actual.</i>						

Table 134: Revenue by Source

5.1.4 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the operational services performance for the 2016/17 financial year:

Financial Performance of Operational Services - Operating Cost						
R'000						
Description	2015/16	2016/17			2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Water	1 470	3 346	3 346	1 981	(68.92)	(68.92)
Waste Water (Sanitation)	2 424	2 705	2 705	2 004	(34.97)	(34.97)
Electricity	10 878	13 143	12 001	(3 945)	433.14	404.18
Waste Management	1 287	2 017	2 017	1 473	(36.92)	(68.92)
Housing	253	251	251	171	(46.94)	(34.97)
Component A: sub-total	16 311	21 461	20 319	1 683	(1 175.15)	(1 107.26)
Roads	13 525	13 041	13 041	12 441	(4.82)	(4.82)
Stormwater drainage (Waste Water)	0	0	0	0	N/A	N/A
Component B: sub-total	13 525	13 041	13 041	12 441	(4.82)	(4.82)
Planning	253	1 043	1 043	1 299	19.69	19.69
Component C: sub-total	253	1 043	1 043	1 299	19.69	19.69
Libraries	963	867	867	946	8.37	8.37
Cemeteries	1 182	438	438	1 489	70.57	70.57
Child care, aged care and social programmes	0	85	85	0	0.00	0.00
Component D: sub-total	2 145	1 389	1 389	2 435	42.94	42.94
Public Safety	19 515	35 148	34 975	32 018	(9.77)	(9.23)
Component E: sub-total	19 515	35 148	34 975	32 018	(9.77)	(9.23)
Sport and Recreation	191	1 230	1 230	160	(669.03)	(669.03)
Component F: sub-total	191	1 230	1 230	160	(669.03)	(669.03)

CHAPTER 5: FINANCIAL PERFORMANCE

Financial Performance of Operational Services - Operating Cost						
R'000						
Description	2015/16	2016/17			2016/17 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Financial Services	13 864	9 971	12 848	24 085	58.60	46.65
Administration	5 524	0	0	0	N/A	N/A
Office of the Municipal Manager	3 210	0	0	0	N/A	N/A
Procurement Services	0	0	0	0	N/A	N/A
Component G: sub-total	22 599	9 971	12 848	24 085	58.60	46.65
Total Expenditure	74 538	83 284	84 846	74 121	(12.36)	(14.47)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 135: Operational Services Performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

5.2.1 WATER SERVICES

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	2 586	2 746	2 890	1 869	(46.95)
Expenditure:					
Employees	504	717	717	564	(27.08)
Repairs and Maintenance	746	984	984	709	(38.85)
Other	219	1 645	1 645	708	(132.33)
Total Operational Expenditure	1 470	3 346	3 346	1 981	(68.92)
Net Operational (Service) Expenditure	1 117	(600)	(455)	(112)	(435.12)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 136: Financial Performance: Water Services

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.2 WASTE WATER (SANITATION) PROVISION

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	2 001	2 117	2 302	1 660	(27.57)
Expenditure:					
Employees	468	175	175	574	69.55
Repairs and Maintenance	1 538	1 467	1 467	1 022	(43.47)
Other	417	1 063	1 063	407	(160.93)
Total Operational Expenditure	2 424	2 705	2 705	2 004	(34.97)
Net Operational (Service) Expenditure	(424)	(587)	(402)	(344)	(70.63)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 137: Financial Performance: Waste Water (Sanitation) Services

5.2.3 ELECTRICITY

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	11 116	11 367	11 658	12 190	6.75
Expenditure:					
Employees	0	0	0	0	N/A
Repairs and Maintenance	357	377	377	739	49.04
Other	10 520	12 767	12 767	(4 684)	372.53
Total Operational Expenditure	10 878	13 143	13 143	(3 945)	433.14
Net Operational (Service) Expenditure	238	(1 777)	(343)	16 135	111.01
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 138: Financial Performance: Electricity

5.2.4 WASTE MANAGEMENT

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	1 756	1 948	1 992	1 450	(34.33)
Expenditure:					
Employees	457	466	466	485	4.01

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	221	389	389	484	19.60
Other	609	1 162	1 162	504	(130.58)
Total Operational Expenditure	1 287	2 017	2 017	1 473	(36.92)
Net Operational (Service) Expenditure	469	(69)	(25)	(23)	(202.64)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 139: Financial Performance: Waste Management

5.2.5 HOUSING

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	11	12	12	10	(22.28)
Expenditure:					
Employees	0	0	0	0	N/A
Repairs and Maintenance	184	185	185	162	(14.37)
Other	69	66	66	9	(631.55)
Total Operational Expenditure	253	251	251	171	(46.94)
Net Operational (Service) Expenditure	(242)	(239)	(239)	(161)	(48.40)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 140: Financial Performance: Housing

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.6 ROADS AND STORMWATER

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	2 246	2 404	2 427	38	(6 310.05)
Expenditure:					
Employees	3 403	4 310	4 310	3 841	(12.20)
Repairs and Maintenance	4 340	4 625	4 625	4 438	(4.19)
Other	5 782	4 997	4 997	1 996	(150.38)
Total Operational Expenditure	13 525	13 932	13 932	10 276	(35.58)
Net Operational (Service) Expenditure	(11 279)	(11 528)	(11 504)	(10 238)	(12.59)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 141: Financial Performance: Roads and Stormwater

5.2.7 PLANNING AND BUILDING CONTROL

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	11	12	12	10	(22.28)
Expenditure:					
Employees	0	0	0	0	N/A
Repairs and Maintenance	184	185	185	162	(14.37)
Other	69	66	66	9	(631.55)
Total Operational Expenditure	253	251	251	171	(46.94)
Net Operational (Service) Expenditure	(242)	(239)	(239)	(161)	(48.40)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 142: Financial Performance: Planning and Building Control

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.8 FIRE SERVICES AND DISASTER MANAGEMENT

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	(1)	0	0	0	N/A
Expenditure:					
Employees	5	56	56	3	(1 700)
Repairs and Maintenance	8	37	37	5	(659.79)
Other	129	198	198	58	(241.64)
Total Operational Expenditure	142	291	291	66	(340.90)
Net Operational (Service) Expenditure	(143)	(291)	(291)	(66)	(340.90)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 143: Financial Performance: Fire Services and Disaster Management

5.2.9 LIBRARIES

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	963	981	982	2	(53 436.35)
Expenditure:					
Employees	658	691	691	748	7.62
Repairs and Maintenance	28	40	40	38	(5.83)
Other	277	178	178	195	8.27
Total Operational Expenditure	963	910	910	981	7.23
Net Operational (Service) Expenditure	(0)	71	72	(979)	107.26
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 144: Financial Performance: Libraries

5.2.10 PUBLIC SAFETY (TRAFFIC AND LAW ENFORCEMENT)

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	21 212	37 145	36 255	22 372	(39.77)
Expenditure:					
Employees	1 432	2 413	2 413	1 721	(28.70)

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	47	102	102	74	(26.97)
Other	18 036	35 329	35 156	16 004	(54.70)
Total Operational Expenditure	19 515	37 844	37 671	17 799	(52.97)
Net Operational (Service) Expenditure	1 697	(699)	(1 416)	4 573	(754.17)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 145: Financial Performance: Traffic and Law Enforcement

5.2.11 SPORT AND RECREATION

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	4	3	16	16	84.07
Expenditure:					
Employees	19	54	54	1	(5 158.79)
Repairs and Maintenance	0	396	396	2	(23 446.36)
Other	172	175	175	28	(531.41)
Total Operational Expenditure	191	624	624	30	(1 955.09)
Net Operational (Service) Expenditure	(187)	(622)	(608)	(14)	(4 324.03)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 146: Financial Performance: Sport and Recreation

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.12 COMMUNITY FACILITIES AND THUSONG CENTRES

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	0	0	0	0	N/A
Expenditure:					
Employees	458	379	379	468	19.10
Repairs and Maintenance	394	265	265	402	34.03
Other	330	387	387	21	(1 706.86)
Total Operational Expenditure	1 182	1 031	1 031	892	(15.58)
Net Operational (Service) Expenditure	(1 182)	(1 031)	(1 031)	(892)	(15.58)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 147: Financial Performance: Community Services and Thusong Centres

5.2.13 OFFICE OF THE MUNICIPAL MANAGER

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	2 786	3 312	3 312	0	N/A
Expenditure:					
Employees	2 333	3 312	3 261	2 164	(53.09)
Repairs and Maintenance	459	316	475	536	41.14
Other	419	432	389	427	(1.21)
Total Operational Expenditure	3 210	4 060	4 125	3 126	(29.85)
Net Operational (Service) Expenditure	(424)	(747)	(812)	(3 126)	76.10
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 148: Financial Performance: Office of the Municipal Manager

5.2.14 ADMINISTRATION

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	24 381	3 364	3 822	1 881	(78.81)
Expenditure:					
Employees	1 192	1 848	1 723	1 613	(14.59)

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Repairs and Maintenance	417	718	718	496	(44.57)
Other	3 915	3 370	3 370	1 943	(73.39)
Total Operational Expenditure	5 524	5 935	5 810	4 052	(46.46)
Net Operational (Service) Expenditure	18 857	(2 571)	(1 989)	(2 171)	(18.42)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 149: Financial Performance: Administration

5.2.15 FINANCIAL SERVICES

Description	2015/16	2016/17			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue (excluding tariffs)	8 623	16 566	19 417	6 258	(164.71)
Expenditure:					
Employees	3 704	4 203	4 203	5 156	18.48
Repairs and Maintenance	303	336	336	135	(148.22)
Other	9 857	5 432	8 309	10 148	46.47
Total Operational Expenditure	13 864	9 971	12 848	15 439	35.41
Net Operational (Service) Expenditure	(5 241)	6 595	6 569	(9 180)	171.84
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 150: Financial Performance: Financial Services

CHAPTER 5: FINANCIAL PERFORMANCE

5.3 GRANTS

5.3.1 GRANT PERFORMANCE

The municipality had a total amount of **20** million for infrastructure and other projects available that was received in the form of grants from the National and Provincial Governments during the 2016/17 financial year.

The performance in the spending of these grants is summarised as follows:

Grant Performance						
R'000						
Description	2015/16	2016/17		2016/17 % Variance		
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Capital Transfers and Grants						
National Government:	25 928	25 203	25 912	24 698	(2.04)	(4.92)
Equitable share	11 481	14 478	14 478	12 526	(15.58)	(15.58)
Department of Water Affairs	930	0	0	405	100	100
Municipal Infrastructure Grant (MIG)	6 564	6 000	6 430	4 777	(25.60)	(34.59)
Expanded Public Works Programme (EPWP)	1 000	1 000	1 000	1 251	20.06	20.06
Integrated National Electrification Programme (INEP)	3 000	1 999	1 999	2 190	8.73	8.73
Electricity Demand Side Grant	1 253	0	0	1 755	100	100
Finance Management Grant (FMG)	1 700	1 725	2 005	1 793	3.78	(11.84)
Provincial Government:	21 727	355	1 902	2 405	85.24	20.92
Housing	18 316	160	660	566	71.71	(16.71)
Proclaimed roads	30	0	0	50	100	100
Community Development Workers Operating Grant	72	75	75	77	2.45	2.45
Library Grant	962	0	0	981	100	100
Flood Damage - Housing	270	0	0	0	N/A	N/A
Financial Management Support Grant	1 607	120	1 167	732	83.61	(59.42)
Municipal Infrastructure Support Grant	470	0	0	0	N/A	N/A
Other grant providers:	32	0	0	104	100	100
Local Government Skills Education Training Authorities (LGSETA)	32	0	0	104	100	100
Total Capital Transfers and Grants	47 687	25 558	27 814	27 207	6.06	(2.23)
<i>Variances are calculated by dividing the difference between actual and original/adjusted budget by the actual.</i>						

Table 151: Grant Performance for 2016/17

CHAPTER 5: FINANCIAL PERFORMANCE

5.3.2 CONDITIONAL GRANTS

Details	2015/16	2016/17				
	Actual (Audited Outcome)	Budget	Adjusted Budget	Actual	% Variance	
					Budget	Adjusted Budget
		R'000				
FMG	1 700	1 725	2 005	1 723	(0.14)	(16.40)
MSIG	930	0	0	0	N/A	N/A
Flood Damage (Housing)	270	0	0	0	N/A	N/A
MIG	6 564	6 000	6 430	4 777	(25.60)	(34.59)
INEP	3 000	1 999	1 999	1 999	N/A	N/A
Municipal Infrastructure Support Grant	470	0	0	0	N/A	N/A
EPWP	1 000	1 000	1 000	1 000	N/A	N/A
Electricity Demand Side Grant	1 253	0	0	1 747	100	100
Department of Water Affairs	0	0	0	389	100	100
Financial Management Support Grant	1 607	120	1 167	684	82.45	(70.74)
Library Grant	962	0	0	981	100	100
Proclaimed Roads	30	0	0	49	100	100
Community Development Worker's Operational grant	72	75	75	75	N/A	N/A
Housing Grant	18 316	160	660	566	71.71	(16.71)
Equitable Share	11 481	14 478	14 478	12 526	(15.58)	(15.58)
LGSETA	32	0	0	54	100	100
Total	47 687	25 558	27 814	26 569	3.81	(4.69)

Table 152: Conditional Grant

5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	
2015/16	47 687	61 040	77.67
2016/17	26 569	65 116	40.80

Table 153: Reliance on Grants

5.4 ASSET MANAGEMENT

5.4.1 REPAIRS AND MAINTENANCE

Description	2015/16	2016/17			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R'000			%
Repairs & Maintenance expenditure	2 488	3 399	3 202	2 104	(52.19)

Table 154: Repairs & Maintenance

CHAPTER 5: FINANCIAL PERFORMANCE

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Audited outcome
Current Ratio	Current assets/current liabilities	1.42	1.06
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.33	0.90
Liquidity Ratio	Cash and equivalents/Trade creditors and short term borrowings	0.66	0.43

Table 155: Liquidity Financial Ratio

5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.18	0.88
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.10	0.09
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	29.10	32.08

Table 156: Financial Viability National KPAs

5.5.3 EMPLOYEE COSTS

Description	Basis of calculation	2015/16	2016/17
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	26%	29%

Table 157: Employee Costs

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE: SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2016/17 financial year:

Details	2015/16	2016/17				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	R'000				%	
Grants and subsidies	31 228	13 160	10 181	9 265	(29.26)	(42.04)
Own funding	904	1 543	1 543	410	0	(275.94)
Total	32 132	14 703	11 724	9 676	(25.41)	(51.96)
Percentage of finance (%)						
Grants and subsidies	97	41	32	29	(29.26)	(42.04)
Own funds	3	10	13	4	20.26	(147.39)
Capital expenditure						
Water and sanitation	2 068	9 521	4 712	3 923	(102.07)	(142.68)
Electricity	5 685	2 000	2 000	1 994	0	(0.28)
Housing	19 054	160	160	1 266	0	87.36
Roads and storm water	4 198	430	2 148	1 038	79.98	58.56
Other	1 127	2 592	2 704	1 455	4.13	(78.19)
Total	32 132	14 703	11 724	9 676	(25.41)	(51.96)
Percentage of expenditure (%)						
Water and sanitation	6	65	40	41		
Electricity	18	14	17	21		
Housing	59	1	1	13		
Roads and storm water	13	3	18	11		
Other	4	18	23	15		

Table 158: Capital Expenditure by Funding Source

CHAPTER 5: FINANCIAL PERFORMANCE

5.7 CAPITAL EXPENDITURE BY ASSET CLASS

The table below indicates the capital expenditure by asset class for the 2016/17 financial year:

Description	2015/16	2016/17			Planned Capital expenditure
	Audited outcome	Original Budget	Adjust-ment Budget	Actual Expenditure	2017/18
R'000					
<u>Capital expenditure by asset class</u>					
<u>Infrastructure - Total</u>	11 995	11 351	8 260	7 651	13 213
Infrastructure: Road transport - Total	4 198	0	1 318	1 038	1 417
Roads, Pavements & Bridges	2 011	0	1 318	213	1 417
Storm water	2 187	0	0	825	0
Infrastructure: Electricity - Total	5 685	2 000	2 400	2 694	7 000
Generation	4 579	0	0	0	7 000
Transmission & Reticulation	0	2 000	2 000	2 694	0
Street Lighting	1 106	0	400	0	0
Infrastructure: Water - Total	1 126	6 351	4 542	3 865	4 566
Dams & Reservoirs	669	3 467	1 868	3 364	4 566
Reticulation	457	2 883	2 674	501	0
Infrastructure: Sanitation - Total	941	3 000	0	53	230
Reticulation	941	3 000	0	53	230
Infrastructure: Other - Total	44	0	0	0	0
Transportation	44	0	0	0	0
<u>Community - Total</u>	19 835	1 889	2 001	1 751	600
Sports fields& stadia	1	429	538	288	0
Libraries	34	0	0	31	0
Fire, safety & emergency	365	0	0	0	0
Cemeteries	381	1 300	1 303	867	0
Social rental housing	19 054	160	160	566	600
<u>Capital expenditure by Asset Class</u>	302	1 463	1 463	274	43
<u>Other assets</u>	28	1 463	1 463	274	43
General vehicles	0	650	650	0	0
Plant & equipment	0	330	330	4	0
Computers - hardware/equipment	0	60	60	95	0
Furniture and other office equipment	28	203	203	140	0
Other Buildings	0	220	220	34	0

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2015/16	2016/17			Planned Capital expenditure
	Audited outcome	Original Budget	Adjust-ment Budget	Actual Expenditure	2017/18
R'000					
Other	0	0	0	0	43
<u>Intangibles</u>	274	0	0	0	0
Computers - software & programming	274	0	0	0	0
Total Capital Expenditure on new assets	32 132	14 703	11 724	9 676	13 856

Table 159: Capital Expenditure by Asset Class

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

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

5.8 CASH FLOW

Description	2015/16	2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from operating activities				
Receipts				
Ratepayers and other	40 194	54 341	33 661	30 078
Government - operating	18 093	18 429	15 863	14 650
Government - capital	29 594	8 159	9 089	8 315
Interest	1 429	1 119	1 120	866
Payments				
Suppliers and employees	(45 288)	(82 058)	(56 490)	(50 113)
Finance charges	(27 243)	0	0	0
Transfers and Grants	(164)	(4 559)	(628)	(975)
Net cash from/(used) operating activities	16 615	(4 569)	2 615	2 820
Cash flows from investing activities				
Receipts				
Decrease (Increase) in non-current debtors	(15 430)	(100)	0	0
Decrease (increase) other non-current receivables	173	3	0	0
Payments				
Capital assets	(6 152)	(14 703)	(14 703)	(6 909)
Net cash from/(used) investing activities	(21 409)	(14 800)	(14 703)	(6 909)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2015/16	2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
	R'000			
Borrowing long term/refinancing	0	0	0	0
Payments				
Repayment of borrowing	0	0	24	0
Net cash from/(used) financing activities	0	0	24	0
Net increase/ (decrease) in cash held	(4 794)	(19 369)	(12 064)	(4 089)
Cash/cash equivalents at the year begin:	14 758	9 964	15 193	9 964
Cash/cash equivalents at the year-end:	9 964	(9 404)	3 129	5 875

Table 160: Cash Flow

5.9 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000					
2015/16	2 970	1 332	780	423	40	5 544
2016/17	2 276	1 146	924	550	75	4 971
Difference	(694)	(186)	144	128	35	(574)
% growth year on year	(23)	(14)	19	30	86	(10)
Note: Figures exclude provision for bad debt						

Note: Figures exclude provision for bad debt

Table 161: Gross Outstanding Debtors per Service

5.10 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
2015/16	702	783	115	3 945	5 544
2016/17	36	1 032	136	3 767	4 971
Difference	(666)	249	21	(178)	(574)
% growth year on year	(95)	32	18	(5)	(10)

Note: Figures exclude provision for bad debt.

Table 162: Outstanding Debtor Age Analysis

CHAPTER 5: FINANCIAL PERFORMANCE

5.12 BORROWING AND INVESTMENTS

5.12.1 MUNICIPAL INVESTMENTS

Actual Investments		
R'000		
Investment type	2015/16	2016/17
	Actual	Actual
Deposits - Bank	14 758	5 875
Total	14 758	5 875

Table 163: Municipal Investments

CHAPTER 6: AUDITOR-GENERAL FINDINGS

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2015/16

6.1 AUDITOR GENERAL REPORT 2015/16

Details	
Audit Report Status:	Unqualified
Issue raised	Corrective steps implemented
Material losses: Water losses of 50.74% amounting to R1 028 937 (2015-16: 51.54% amounting to R1 216 975) were incurred during the year	Management will design controls, whereby all expenditure payments are monitored to be paid within the legislative deadline to ensure compliance with the relevant laws and eliminate any possible fruitless and wasteful expenditure. This can be in a form of stamping invoices when they are received and prioritizing them electronically in a register for payments according to their days due
Material impairments: Receivables have been significantly impaired. The impairment allowance amounts to R35,8 million (2014-15: R36,1 million) (85.5% of gross receivables) of which R1,38 million (2014-15: R2,7 million) relates to services debtors	The large increase in the impairment is due to the application of iGrapl on the traffic fines. This will vary from year to year depending on the results of fines issued, paid and withdrawn. Unfortunately the application of iGrapl will result in fluctuations in debt impairment year on year
The municipality has underspent on its final approved capital budget to the amount of R9.7 million	The original housing project was planned and approved for 171 houses to be built but only 157 houses were built as part of the final approval
The corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the 2014/15 financial year in the financial statements of the municipality	Management will put measures in place to minimise errors in the future
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, current assets, and other disclosure items amounts identified by the auditors in the submitted financial statements were subsequently corrected, which resulted in the financial statements receiving an unqualified audit opinion	Management will put more accurate compliance procedures in place to avoid material misstatements in the future
Compliance with legislation	
Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by Section 62(1)(d) of the MFMA.	All transactions to go through a checklist to verify compliance with SCM processes before payment to prevent unauthorised, irregular and fruitless and wasteful expenditure
Money owed by the municipality was not always paid within 30 days, as required by Section 65(2)(e) of the MFMA.	Management will design controls, whereby all expenditure payments are monitored to be paid within the legislative deadline to ensure compliance with the relevant laws and eliminate any possible fruitless and wasteful expenditure. All invoices will be date stamped when they are received and prioritizing them electronically in a register for payments according to their days' due

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM Regulation 17(a) and (c).	Quotations will be obtained if the proper channels are followed through the SCM chain. If transaction is not initiated through the SCM chain, then non-compliance will re-occur. If transaction is initiated through SCM chain, then compliance can be tracked and ensured
Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM Regulation 16(b) and 17(b).	All suppliers screened and verified for registration on the Centralised Supplier and Western Cape Suppliers database. If supplier not registered 7 days will be given whereby payment will be withheld until requirement is met
Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids, as required by SCM Regulation 19(a).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM Regulation 27(2)(a).	User departments will be required to submit draft specifications as per the procurement plan. Tender processes won't be initiated unless the signed specifications have been submitted to SCM
Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM Regulation 22(1) and 22(2).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM Regulation 28(2).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects
Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM Regulation 29(2).	All transactions valued above R 200 000 must be initiated through the SCM chain to ensure compliance. A procurement plan was adopted in according the capital budget. User department must ensure timeous submission of specifications for tender processes. The procurement plan has specific dates and implementation depends on cooperation of both SCM as well as user departments responsible for capital projects

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by Section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and SCM Regulation 28(1)(a).	Preferential Procurement point system will be applied to every process for procurement above R 30 000 if process is initiated through SCM
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its Regulations.	Preferential Procurement point system will be applied to every process for procurement above R 30 000 if process is initiated through SCM
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of Section 2(1)(f) of PPPFA.	Preferential Procurement point system will be applied to every process for procurement above R 30 000 if process is initiated through SCM
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).	All suppliers will be required to submit declaration of interest prior to any award for goods of services
The performance of contractors or providers was not monitored on a monthly basis, as required by Section 116(2)(b) of the MFMA	Contract management remains one of SCM's biggest challenge and contract performance will be monitored where possible
The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by Section 116(2)(c) of the MFMA.	Contract management remains one of SCM's biggest challenge and contract performance will be monitored where possible
Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43.	Suppliers will be required to submit tax clearance certificates prior to any award made to them. This will happen depending on the threshold of the transaction

Table 164: AG Report 2015/16

COMPONENT B: AUDITOR-GENERAL OPINION 2016/17

6.2 AUDITOR GENERAL REPORT 2016/17

Details	
Audit Report Status:	Qualified
Issue raised	Corrective steps implemented
The AG was unable to obtain sufficient appropriate audit evidence relating to the completeness of irregular expenditure, as the AG could not ascertain that management had inspected the entire population. The AG could not confirm the amounts by alternative means. Consequently, The AG was unable to determine whether irregular expenditure for the current year amounting to R17 309 353, as disclosed in note 49 to the financial statements, was fairly stated	All expenditure to be reviewed and classified based on the different compliance requirements to determine whether a transaction is irregular or not. Once the draft report has been completed the report must be audited by the Internal Audit to determine whether the Irregular Expenditure is complete. The audited report must then be tabled to Audit Committee
The AG was unable to obtain sufficient appropriate audit evidence relating to the valuation of inventory. The Municipality did not value inventory as per the requirements	The method of measuring inventory is going to be reviewed and the accounting policy to be amended accordingly. All inventory to be recounted and classified to determine whether

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
of SA Standard of GRAP 12, Inventories in the financial statements. Consequently, The AG was unable to determine whether any adjustment was necessary relating to inventory stated at R1 377 966 (2015-16: R1 596 544) in note 8 to the financial statements. The AG was also unable to quantify the possible misstatement of inventory	it can still be used. The system of FIFO (First-in, First-out) to be adopted. The implementation of a proper stores system. This will be done with an action plan with deadlines that must be met. Once system is implemented and operating the inventory will be counted on a monthly basis
The Municipality's VAT receivable account is overstated by R2 213 462 as at 30 June 2017 as well as at 30 June 2016 due to it not reconciling to the VAT statements of the South African Revenue Service as at 30 June 2016	Correction made (journal) and the Municipality will make sure that it will not happen in future

Table 165: AG Report 2016/17

ABBREVIATIONS

LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
DLG	Department of Local Government
DPLG	Department of Provincial and Local Government
DoRA	Division of Revenue Act
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
EPWP	Expanded Public Works Programme
FET	Further Education and Training
FMG	Finance Management Grant
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
GDPR	Gross Domestic Product of Region
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
INEP	Integrated National Electrification Programme
KPA	Key Performance Area
KPI	Key Performance Indicator
LADAAG	Laingsburg Anti-Drug and Alcohol Action Group
LASBA	Laingsburg Small Business Association
LED	Local Economic Development
LGSETA	Local Government Skills Education Training Authorities
MAYCOM	Executive Mayoral Committee

ABBREVIATIONS

MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
MSIG	Municipal Systems Improvement Grant
MTECH	Medium Term Expenditure Committee
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PACA	Participatory Appraisal Competitive Advantage
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SANS	South African National Standards
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
VCP	Vehicle Check Point

ANNEXURE A: ANNUAL FINANCIAL STATEMENTS

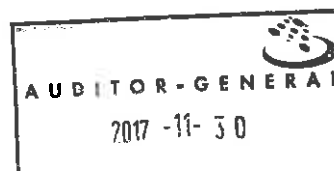


Laingsburg Local Municipality
Annual Financial Statements
for the year ended 30 June 2017

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017



Index

The reports and statements set out below comprise the annual financial statements presented to the council:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Report of the Auditor-General	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 12
Accounting Policies	13 - 38
Notes to the Annual Financial Statements	38 - 85

The following supplementary information does not form part of the annual financial statements and is unaudited:

Appendixes:

Appendix A: Appropriation Statement

Appendix B: Analysis of Property, Plant and Equipment

Abbreviations

GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Report of the Auditor-General



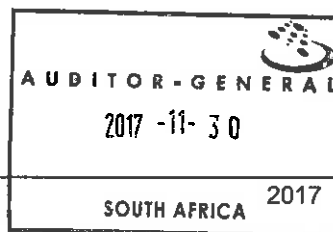
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Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance



		2017	2016
	Note(s)		
Revenue			
Revenue from exchange transactions			
Service charges	19	16,872,724	15,257,887
Interest on bank accounts	20	817,970	1,270,010
Interest on outstanding debtors		47,959	159,379
Rental income	21	1,271,479	1,107,697
Licences and permits		175,583	196,698
Agency services		127,163	142,351
Other income	22	104,404	181,043
Total revenue from exchange transactions		19,417,282	18,315,065
Revenue from non-exchange transactions			
Property rates	23	3,257,680	2,934,403
Property rates - penalties imposed	23	313,389	194,929
Transfer revenue			
Donations		1,496,186	216,275
Government grants and subsidies	24	26,569,059	47,686,583
Fines, penalties and forfeits	25	22,198,191	19,962,610
Services in kind	26	1,341,705	-
Total revenue from non-exchange transactions		55,176,210	70,994,800
Total revenue		74,593,492	89,309,865
Expenditure			
Employee related costs	27	(19,030,829)	(14,886,737)
Remuneration of councillors	28	(2,650,914)	(2,518,028)
Debt impairment	29	(21,334,903)	(14,310,946)
Depreciation and amortisation	30	(7,889,486)	(7,849,989)
Impairment loss / Reversal of impairment loss	31	-	171,617
Finance costs	32	(216,992)	(164,313)
Bulk purchases	33	(7,460,102)	(7,487,051)
Contracted services	34	-	(9,590)
Grants and subsidies	35	(1,873,664)	(32,405,416)
Repairs and maintenance		(2,103,781)	(2,487,729)
General expenses	36	(17,767,808)	(19,210,021)
Library lease		(76,155)	(75,240)
Collection costs		(204,798)	(258,800)
Total expenditure		(80,609,432)	(101,492,243)
Operating deficit		(6,015,940)	(12,182,378)
Loss on disposal of assets and liabilities		(37,097)	(6,936)
Deficit for the year		(6,053,037)	(12,189,314)

* See Note 55 & 48

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement



		2017	2016
	Note(s)		
Cash flows from operating activities			
Receipts			
Sale of goods and services		25,561,651	38,958,925
Grants		22,964,532	51,561,520
Interest income		865,929	1,429,389
Other receipts		4,516,520	1,844,064
		<u>53,908,632</u>	<u>93,793,898</u>
Payments			
Cash paid to employees		(21,184,972)	(18,162,722)
Cash paid to suppliers		(29,903,222)	(60,676,715)
		<u>(51,088,194)</u>	<u>(78,839,437)</u>
Net cash flows from operating activities	38	<u>2,820,438</u>	<u>1,282,449</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(6,872,029)	(5,910,293)
Loss on disposal of property, plant and equipment	11	(37,097)	-
Intangibles - additions	10	-	(166,368)
Net cash flows from investing activities		<u>(6,909,126)</u>	<u>(6,076,661)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(4,088,688)</u>	<u>(4,794,212)</u>
Cash and cash equivalents at the beginning of the year		9,964,155	14,758,367
Cash and cash equivalents at the end of the year	3	<u>5,875,467</u>	<u>9,964,155</u>

* See Note 55 & 48

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017



Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 56)
Operating deficit	(8,744,000)	1,557,441	(7,186,559)	(6,015,940)	1,170,619	
Loss on disposal of assets and liabilities	-	-	-	(37,097)	(37,097)	
Deficit before taxation	(8,744,000)	1,557,441	(7,186,559)	(6,053,037)	1,133,522	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(8,744,000)	1,557,441	(7,186,559)	(6,053,037)	1,133,522	

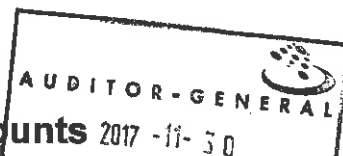
Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts 2017 -11- 30

Budget on Accrual Basis



	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 56)
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sales of goods and services	28,156,000	-	28,156,000	25,142,842	(3,013,158)	
Other revenue	5,505,000	-	5,505,000	4,935,329	(569,671)	
Grants	24,952,000	-	24,952,000	22,964,532	(1,987,468)	
Interest income	1,120,000	-	1,120,000	865,929	(254,071)	1.28
	59,733,000	-	59,733,000	53,908,632	(5,824,368)	
Payments						
Suppliers and employees and other	(56,490,000)	-	(56,490,000)	(50,112,790)	6,377,210	1.29
Finance costs	(400)	-	(400)	-	400	
Transfers and grants	(628,000)	-	(628,000)	(975,404)	(347,404)	1.30
	(57,118,400)	-	(57,118,400)	(51,088,194)	6,030,206	
Net cash flows from operating activities	2,614,600	-	2,614,600	2,820,438	205,838	
Cash flows from investing activities						
Purchase of property, plant and equipment	(14,703,000)	-	(14,703,000)	(6,872,029)	7,830,971	1.31
Loss on disposal of property, plant and equipment	-	-	-	(37,097)	(37,097)	
Net cash flows from investing activities	(14,703,000)	-	(14,703,000)	(6,909,126)	7,793,874	
Cash flows from financing activities						
Increase in consumer deposits	24,000	-	24,000	-	(24,000)	
Net increase/(decrease) in cash and cash equivalents	(12,064,400)	-	(12,064,400)	(4,088,688)	7,975,712	
Cash and cash equivalents at the beginning of the year	15,193,000	-	15,193,000	9,964,155	(5,228,845)	
Cash and cash equivalents at the end of the year	3,128,600	-	3,128,600	5,875,467	2,746,867	

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.1 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the recoverable amount assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest rates.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

Post retirement benefits and other long-term benefits

The present value of the post retirement obligation and other long-term employee obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement and longterm benefit obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 18.

Effective interest rate

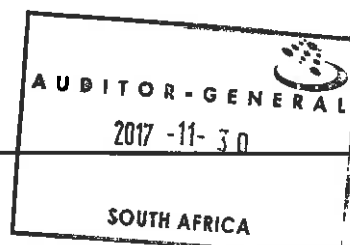
The municipality uses the prime interest rate to discount future cash flows.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.3 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 50).

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 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 recognised 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 monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of 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 is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value the depreciation charge for each period is recognised in surplus or deficit.

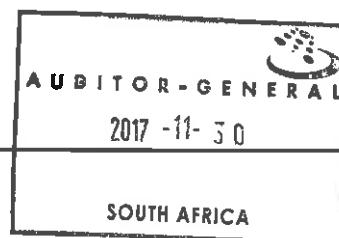
The useful lives of items of property, plant and equipment have been assessed as follows:

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.6 Intangible assets

An asset is identifiable if it either:

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

Intangible assets are initially measured at cost.

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets to their estimated residual values. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives if items of intangible assets have been assessed as follows:

Item	Useful life
Computer software	3 - 5 years

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 arising from the derecognition of an intangible assets are included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality recognises heritage assets as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value can be measured reliably.

When the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information of such heritage asset is disclosed in note 13 - Heritage assets.

Heritage assets are initially measured at cost.

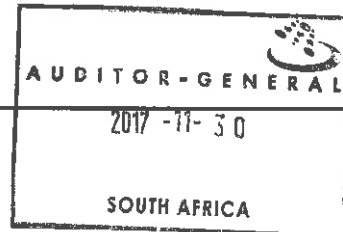
When a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.8 Financial instruments (continued)

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.

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 uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-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 entity 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 assesses 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:

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 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 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.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.9 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 building elements, the municipality assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

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

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution through a non-exchange transaction or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

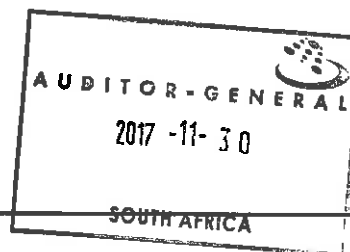
When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017



Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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 municipality 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.

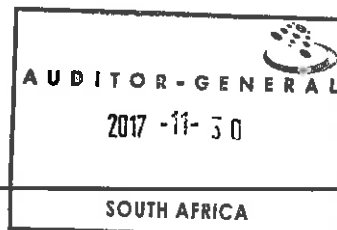
The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

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.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017



Accounting Policies

1.13 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 overdesigned or overcapacity asset. Overdesigned 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 assesses 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.

Redesignation

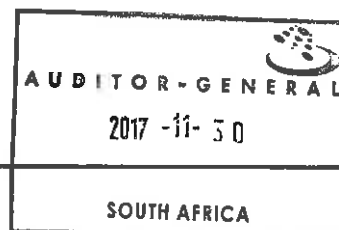
The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.15 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 cell phones) for current employees.

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

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

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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality 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 municipality has no realistic alternative but to make the payments.

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

Sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

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

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.15 Employee benefits (continued)

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses, which is recognised immediately;

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

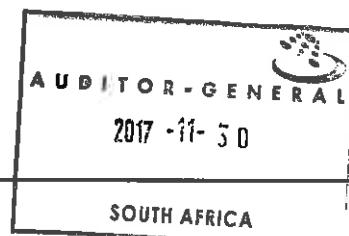
Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017



Accounting Policies

1.16 Statutory receivables (continued)

- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.17 Revenue from exchange transactions

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

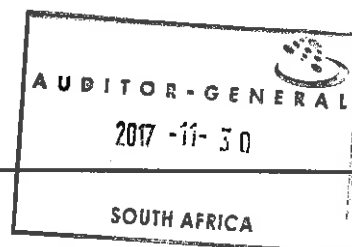
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.18 Revenue from non-exchange transactions (continued)

Property rates

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 degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

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

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.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. 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 receivables.

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

Except for financial guarantee contracts, the municipality recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

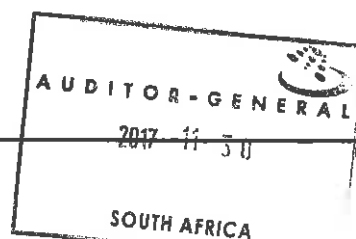
Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies



1.25 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.26 Grant in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

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

1.27 Budget information

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

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

1.28 Related parties

A related party is a person or an entity with the ability to control or jointly control the municipality, or exercise significant influence over the municipality, or vice versa, or an entity that is subject to common control, or joint control.

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.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

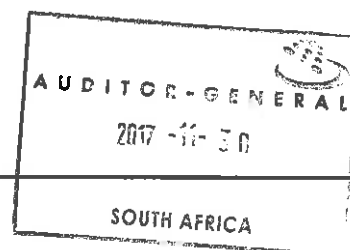
The municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 16 (as revised 2015) Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP 17 (as revised 2015) Property, Plant and Equipment

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- Additional text

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

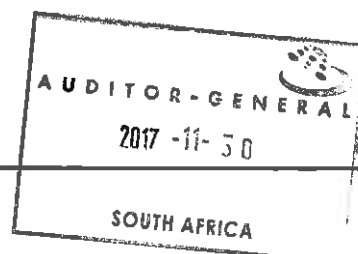
This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017



Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

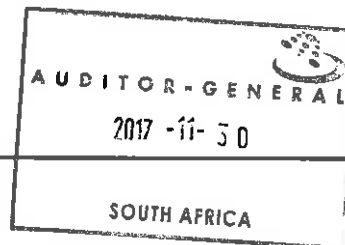
It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 31 (as amended 2016): Intangible Assets

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017



Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,050	2,050
Bank balances	4,027,992	1,342,657
Short-term deposits	1,845,425	8,619,448
	5,875,467	9,964,155

For the purposes of the statement of financial position and the cash flow statement, cash and cash equivalents include cash on hand.

Call deposits are investments with a maturity period of less than three months and earn interest at rates varying from 4-6 % per annum. Deposits of R4 770 303 (2016: R1 770 303) are ring fenced and attributable to the Capital Replacement Reserve. (Note 44).

The municipality has an ABSA account for fine receipts which are swepted daily and transferred to the current account. The ABSA bank account number is 4074336029 and has a zero balance per the cash book and the bank account.

The municipality had the following bank accounts

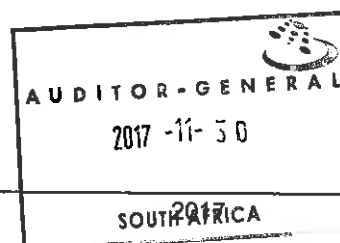
Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA Laingsburg - Current Account - 25040140874	571,975	1,416,546	6,744,322	898,008	1,342,657	6,595,766
ABSA Laingsburg - Call Account - 5064314329	362,713	3,566,402	3,395,627	1,487,257	3,566,402	3,395,626
Standard Bank - Money Market - 288704800	1,087,257	5,053,046	4,764,928	362,713	5,053,046	4,764,929
Standard Bank - Current Account - 203247663000	3,856,017	-	-	3,129,984	-	-
Standard Bank - Sweeping Account - 203247671000	(4,545)	-	-	(4,545)	-	-
Total	5,873,417	10,035,994	14,904,877	5,873,417	9,962,105	14,756,321

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2016

4. Receivables from exchange transactions (continued)

Refuse

Current (0 -30 days)	86,149	92,280
31 - 60 days	20,198	18,444
61 - 90 days	22,964	21,454
91 - 120 days	18,405	18,241
>120 days	208,176	143,950
Less: Allowance for impairment	(149,945)	(122,143)
	205,947	172,226

Housing rental

Current (0 -30 days)	54,025	46,144
31 - 60 days	24,200	13,438
61 - 90 days	18,365	14,686
91 - 120 days	14,988	20,178
> 120 days	393,438	367,376
Less: Allowance for impairment	(349,095)	(348,381)
	155,921	113,441

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	255,315	366,926
31 - 60 days	82,877	56,960
61 - 90 days	84,562	81,563
91 - 120 days	71,075	74,720
>120 days	1,349,045	1,153,580
Less: Allowance for impairment	(1,198,550)	(945,708)
	644,324	788,041

Businesses

Current (0 -30 days)	577,581	453,402
31 - 60 days	27,741	7,148
61 - 90 days	59,511	24,798
91 - 120 days	9,339	11,462
>120 days	35,110	9,281
Less: Allowance for impairment	(25,107)	(8,369)
	684,175	497,722

Industry

Current (0 -30 days)	2,871	2,652
31 - 60 days	-	-
	2,871	2,652

Municipal

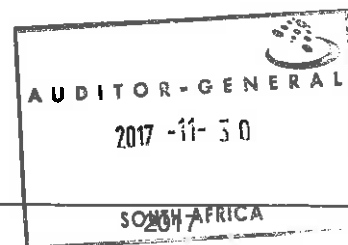
Current (0 -30 days)	18,274	1,425
31 - 60 days	620	424
61 - 90 days	270	205
91 - 120 days	15	200
>120 days	177	144
Less: Allowance for impairment	(206)	(544)
	19,150	1,854

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



4. Receivables from exchange transactions (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(1,381,639)	(2,721,996)
Debt impairment written off against allowance	(249,652)	1,058,265
Reversal of allowance	-	282,093
	<u>(1,631,291)</u>	<u>(1,381,638)</u>

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions past due but not impaired

As at 30 June 2017, receivables from exchange transactions of R255,370 (2016: R 37,973) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	51,169	11,965
2 months past due	117,110	12,075
3 months past due	87,091	13,933

Receivables from exchange transactions impaired

As at 30 June 2017, receivables from exchange transactions were impaired by R1,631,291 as of 30 June 2017 (2016: R1,381,638).

The ageing of these receivables is as follows:

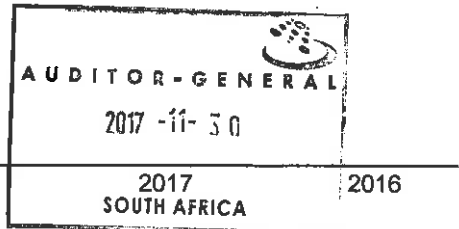
0 to 3 months	32,485	41,674
3 to 6 months	13,076	15,343
Over 6 months	1,585,730	1,324,621

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired: Assessment rates

At 30 June 2017, receivables from non-exchange transactions amounting to R 13,457 (2016: R 25,800) were past due but not considered to be impaired.

The ageing of amounts past due but not impaired are as follows:

1 month past due	4,141	7,298
2 months past due	4,490	6,410
3 months past due	4,826	12,092
	<u>13,457</u>	<u>25,800</u>

Receivables from non-exchange transactions impaired: Assessment rates

The amount of the allowance for impairment was R 2,333,792 as of 30 June 2017 (2016: R 2,971,091).

The ageing of these receivables are as follows:

0 to 3 months	39,619	13,285
3 to 6 months	26,421	23,817
Over 6 months	2,267,752	2,933,989
	<u>2,333,792</u>	<u>2,971,091</u>

Reconciliation of allowance for impairment

Opening balance	(34,500,202)	(33,395,748)
Contribution to assessment rates	83,877	(423,155)
Contribution to other debtors	9,393	(49,270)
Contribution to fines	(15,361,282)	(12,029,587)
Reversal of impairment on fines	30,847,812	11,348,288
	<u>(18,920,402)</u>	<u>(34,500,202)</u>

6. VAT receivable

VAT	<u>3,845,845</u>	<u>3,628,772</u>
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The municipality is registered for VAT on the payment basis.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

AUDITOR - GENERAL

2017 - 11-5 (2017)

2016

SOUTH AFRICA

9. Current portion of long term receivables from exchange transactions (continued)

Housing - Self build: Gross balance

Current	275	276
31 - 60 days	79	79
61 - 90 days	221	79
91 - 120 days	85	219
> 120 days	12,690	11,607
	13,350	12,260

Housing - Self build: Allowance for impairment

Current	(56)	(135)
31 - 60 days	-	(79)
61 - 90 days	-	(79)
91 - 120 days	-	(79)
> 120 days	(12,531)	(11,539)
	(12,587)	(11,911)

Housing - Self build: Net balances

Current	219	140
31 - 60 days	79	-
61 - 90 days	221	-
91 - 120 days	85	140
> 120 days	158	69
	762	349

Reconciliation of allowance for impairment

Opening balance	(11,911)	(11,591)
Impairment - current year	(676)	(320)
	(12,587)	(11,911)

10. Investment property

	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9,403,401	(5,130,856)	4,272,545	9,403,401	(5,011,534)	4,391,867

Reconciliation of investment property - 2017

	Opening balance	Depreciation	Total
Investment property	4,391,867	(119,322)	4,272,545

Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	4,511,189	(119,322)	4,391,867

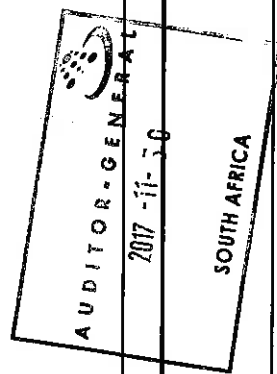
Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand



11. Property, plant and equipment

	2017				2016			
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value		
Land	37,843,716	-	37,843,716	37,843,716	-	37,843,716		
Buildings	9,547,883	(7,309,026)	2,238,857	9,547,883	(7,093,178)	2,454,705		
Furniture and equipment	5,689,678	(4,048,445)	1,641,233	5,449,098	(3,487,595)	1,961,503		
Motor vehicles	5,584,792	(3,140,087)	2,444,705	4,184,792	(2,856,037)	1,328,755		
Infrastructure	194,895,821	(105,865,339)	89,030,482	191,009,741	(100,296,241)	90,713,500		
Community	23,143,484	(14,100,577)	9,042,907	23,048,484	(13,433,142)	9,615,342		
Refuse site	5,780,930	(1,337,149)	4,443,781	3,882,304	(1,167,472)	2,714,832		
Infrastructure under construction	11,412,899	-	11,412,899	8,771,330	-	8,771,330		
Housing schemes	2,955,500	(2,512,175)	443,325	2,955,500	(2,364,400)	591,100		
Total	296,854,703	(138,312,798)	158,541,905	286,692,848	(130,698,065)	155,994,783		

Reconciliation of property, plant and equipment - 2017

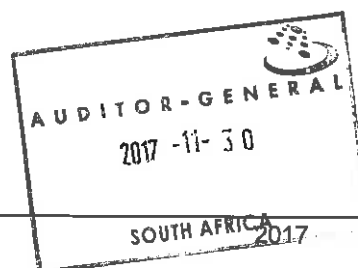
	Opening balance	Additions	Written off	Change in restoration cost	Transfers	Depreciation	Total
Land	37,843,716	-	-	-	-	-	37,843,716
Buildings	2,454,705	-	-	-	-	(215,848)	2,238,857
Furniture and equipment	1,961,503	240,580	-	-	-	(560,850)	1,641,233
Motor vehicles	1,328,755	1,400,000	-	-	-	(284,050)	2,444,705
Infrastructure	90,713,500	-	(30,743)	-	3,953,923	(5,606,198)	89,030,482
Community	9,615,342	-	-	-	95,000	(667,435)	9,042,907
Refuse site	2,714,832	-	-	1,898,626	-	(169,677)	4,443,781
Infrastructure under construction	8,771,330	6,631,448	-	-	(3,989,879)	-	11,412,899
Housing schemes	591,100	-	-	-	-	(147,775)	443,325
Total	155,994,783	8,272,028	(30,743)	1,898,626	59,044	(7,651,833)	158,541,905

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2016

11. Property, plant and equipment (continued)

Expenditure to repairs and maintenance - Property, plant and equipment 2017

	Contracted services	Labour	Material	Total
Land	315	-	-	315
Buildings	33,950	1,800	20,261	56,011
Furniture and fittings	300,857	-	915	301,772
Infrastructure	762,474	12,426	18,713	793,613
Motor vehicles	458,510	-	165,743	624,253
Community	23,688	1,750	122	25,560
Refuse sites	315	-	-	315
	1,580,109	15,976	205,754	1,801,839

Expenditure to repairs and maintenance - Property, plant and equipment 2016

	Contracted services	Labour	Material	Total
Buildings	11,521	-	52,325	63,846
Furniture and fittings	172,024	-	-	172,024
Motor vehicles	416,807	-	39,090	455,897
Infrastructure	1,320,494	33,721	52,257	1,406,472
Community	2,200	-	160	2,360
Refuse	123,994	-	304	124,298
	2,047,040	33,721	144,136	2,224,897

12. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,686,053	(1,164,402)	521,651	1,686,053	(1,046,071)	639,982

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Computer software	639,982	(118,331)	521,651

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	765,500	166,367	(291,885)	639,982

Pledged as security

None of the above intangible assets have been pledged as security.

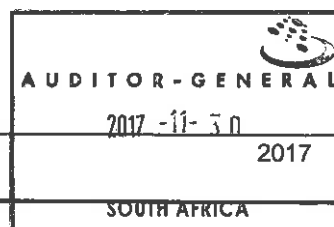
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Department Environmental Affairs and Tourism	82,106	82,106
Local Government graduate internship grant	48,811	-
Department of Water Affairs	336,146	575,883
Energy efficiency and demand side management grant	-	1,746,695
Flood damage	(1)	3,923,164
Human settlements acceleration grant	600,000	600,000
Local Government: Local Municipalities	112,140	112,140
Provincial: Financial Management Support Grant	594,735	1,047,124
Municipal Infrastructure Grant (MIG)	3,129,984	1,591,336
Municipal service delivery and capacity building	300,000	-
Provincial financial management capacity grant	120,000	-
Municipal electrical master plan	250,000	-
Municipal drought support grant	500,000	-
	6,073,921	9,678,448

Movement during the year

Balance at the beginning of the year	9,678,448	5,803,511
Additions during the year	22,964,532	51,561,521
Income recognised during the year	(26,569,059)	(47,686,584)
	6,073,921	9,678,448

See note 24 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2016

17. Provisions (continued)

The provision is based on the Compensation Commissioner returns.

18. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by ZAQEN Actuaries (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit funding method.

The plan is post employment medical benefit plan.

Long service awards

A long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. Furthermore a retirement gift is payable on retirement to employees with service of 10 years or more. The provision is an estimate of the long service awards based on historical staff turnover, taking into account management's estimate of the likelihood that staff may leave before long service awards become due. No other long service benefits are provided to employees.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(3,509,000)	(3,029,000)
Long service awards	(543,398)	(526,627)
	<u>(4,052,398)</u>	<u>(3,555,627)</u>
Non-current liabilities	(3,847,654)	(3,343,175)
Current liabilities	(204,744)	(212,452)
	<u>(4,052,398)</u>	<u>(3,555,627)</u>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3,029,000	3,877,000
Net expense recognised in the statement of financial performance	604,928	(848,000)
	<u>3,633,928</u>	<u>3,029,000</u>

Net expense of the defined benefit obligation recognised in the statement of financial performance


Current service cost	120,000	383,000
Interest cost	302,000	368,000
Actuarial (gains) losses	120,464	(1,546,446)
Benefits paid	62,464	(52,554)
	<u>604,928</u>	<u>(848,000)</u>

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

 AUDITOR - GENERAL	
2017 - 11 - 30	
2017	2016
SOUTH AFRICA	

19. Service charges

Sale of electricity	12,189,877	11,107,580
Sale of water	2,687,791	2,303,829
Sewerage and sanitation charges	2,491,578	1,999,915
Refuse removal	2,087,695	1,732,803
Revenue foregone	(2,636,998)	(1,932,938)
Cemetery and encroachment fees	52,781	46,698
	16,872,724	15,257,887

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Water Losses

Laingsburg Municipality experiences major problems with water losses which originated from the floods in 1981. Laingsburg experienced an average water loss of R1,971,820 (51.80%) for the 2016/2017 financial period (2016: R 1 028 937 (50.74%)). An investigation was done to try to find the cause of these water losses. The investigation could not identify the cause of the losses. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year and more funds were allocated for further studies in the 2010/2011 financial year as well as the 2011/2012 financial year. The municipality is in the process of installing water meters to accurately calculate water losses. Potential losses could not be calculated.

During the 2013/2014 financial year a main water supply pipe was damaged in the flooding of the Buffels-, Wilgerhout-, and Baviaans Rivers on 8 January 2014, contributing to the water losses for the year. Further investigations commenced in the 2015/16 financial year by MISA (Municipal Infrastructure Support Agent) from National Government.

Electricity losses

Laingsburg experienced a below average electricity loss of R37,215.63 (3.17%) for the 2016/2017 financial period (2016: R 91 977 (2.79%)). The loss can be ascribed to the fact that street lights, municipal offices and some outer municipal electricity users are not metered. This will be investigated and corrected as soon as possible.

20. Interest on bank accounts

Current investment deposits	519,994	462,449
Current account	297,976	807,561
	817,970	1,270,010

21. Rental income

Premises

Operating lease rental revenue Southkloof	90,853	81,005
Rental revenue from buildings	985,909	912,604
Rental revenue from land	6,005	1,386
	1,082,767	994,995

Facilities and equipment

Rental revenue from cutlery	845	926
Rental revenue from machinery and equipment	37,508	20,560
Rental revenue from houses	12,876	17,445
Rental revenue from hawkers	10,379	8,756
Rental revenue sundry	127,104	65,015
	188,712	112,702
	1,271,479	1,107,697

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



24. Government grants and subsidies

Equitable share	12,526,165	11,480,859
Financial Management Grant (FMG)	1,722,523	1,700,000
Municipal Systems Improvement Grant (MSIG)	-	930,000
Expanded Public Works Programme	1,000,000	1,000,000
Human Settlements Development Grant	565,512	18,315,741
Community Workers Development	75,000	72,000
Provincial: Library Services	981,000	962,000
Provincial: Financial Management Support Grant	472,389	1,606,892
Maintenance of Proclaimed Roads	49,239	30,000
Integrated national electrification programme (Municipal Grant)	1,999,000	3,000,000
Department of Water Affairs	239,737	-
Flood Damage Grant	-	270,357
Overberg Municipality: Bulk water meters	148,799	-
Energy efficiency and demand side management grant	1,746,695	1,253,305
Management Support Grant	200,000	-
Provincial: Sub-Seta	54,459	31,556
Municipal infrastructure support grant	-	470,000
Municipal Infrastructure Grant (MIG)	4,777,352	6,563,873
Local Government graduate internship grant	11,189	-
	26,569,059	47,686,583

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.

All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing, towards the consumer account. The subsidy is determined annually by Council. All consumers also receive 6 kl water and the indigent households receive 50 kWh electricity free every month.

Receipts	12,526,165	11,480,859
Expenditure	(12,526,165)	(11,480,859)
	-	-

Human settlements acceleration grant

Balance unspent at beginning of year	600,000	600,000
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Conditions still to be met - remain liabilities (see note 16).

The acceleration of housing delivery grant's strategic goal is to create sustainable human settlements that enables an improved quality of household life.

Financial Management Grant (FMG)

Current - year receipts	1,722,523	1,700,000
Conditions met - transferred to revenue: operating expenditure	(1,722,523)	(1,700,000)
	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA) 2003. The Financial Management Grant also pays for the cost of the Financial Management Internship Program (e.g. salary costs of the Financial Management Interns).

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2016

24. Government grants and subsidies (continued)

Community Workers Development

Current - year receipts	75,000	72,000
Conditions met - transferred to revenue: operating expenditure	(75,000)	(72,000)
	-	-

This grant is received to provide financial assistance to municipalities to cover the operational costs pertaining to the line functions of the community development workers including regional coordinators.

Provincial Library Services

Current - year receipts	981,000	962,000
Conditions met - transferred to revenue: operating expenditure	(981,000)	(935,483)
Conditions met - transferred to revenue: capital expenditure	-	(26,517)
	-	-

This grant was allocated to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised program at provincial level in support of local government and national initiatives.

Provincial: Financial Management Support Grant

Balance unspent at beginning of year	1,047,124	182,792
Current - year receipts	20,000	2,471,224
Conditions met - transferred to revenue: operating expenditure	(472,389)	(1,606,892)
	594,735	1,047,124

Conditions still to be met - remain liabilities (see note 16).

This grant is received to provide financial assistance to Municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

Municipal electrical master plan

Current - year receipts	250,000	-
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Financial assistance to municipalities to ensure effective functioning of municipal electrical infrastructure and to maximise the provision of basic electricity to citizens.

Maintenance of proclaimed roads

Current - year receipts	49,239	30,000
Conditions met - transferred to revenue: operating expenditure	(49,239)	(30,000)
	-	-

This grant was received for maintenance of Provincial roads.

Integrated national electrification programme (INEP)

Balance unspent at beginning of year	-	463,859
Current - year receipts	1,999,000	3,000,000
Conditions met - transferred to revenue: capital expenditure	(1,999,000)	(3,000,000)
Recovered from equitable share	-	(463,859)

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



24. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 16).

This grant is used for water supply at Matjiesfontein, ground water investigation and the draw up of a water master plan. The water master plan needs to be drafted and submitted and the water meters need to be installed.

Local Government: Local Municipalities

Balance unspent at beginning of year	112,140	112,140
--------------------------------------	---------	---------

Conditions still to be met - remain liabilities (see note 16).

This grant is used for the compiling of a sewerage master plan and investigation of electricity tariffs.

Provincial: Sub Seta

Current-year receipts	54,459	31,556
Conditions met - transferred to revenue: operating expenditure	(54,459)	(31,556)
	-	-

This grant was received for long term monitoring and construction of water infrastructure.

Financial management capacity

Current-year receipts	120,000	-
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The outcome of this grant is improved functioning of municipal financial management

Municipal service delivery and capacity building

Current-year receipts	300,000	-
-----------------------	---------	---

Conditions still to be met - remain liabilities (see note 16).

This grant was received to provide financial assistance to improve infrastructure, systems, structures, corporate governance, service delivery and addressing institutional challenges.

Municipal Drought Support

Current-year receipts	500,000	-
-----------------------	---------	---

Conditions still to be met - remain liabilities (see note 16).

This grant was received to develop water infrastructure with the purpose of augmenting water supply in drought stricken municipalities.

Overberg Municipality: Bulk water meters

Current-year receipts	148,799	-
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Conditions still to be met - remain liabilities (see note 16).

This was a donation from Overberg municipality to invest in water supply infrastructure.

Municipal infrastructure grant (MIG)

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2017 - 11-5-2017

2016

SOUTH AFRICA

27. Employee related costs (continued)

Remuneration of Groenewald A - Chief Finance Officer

Annual remuneration	655,416	567,388
Acting allowance	156,677	151,759
Contributions to UIF, medical and pension funds	147,865	130,691
Travel, motor car, accommodation, subsistence and other allowances	172,873	163,599
Long service bonus	-	90,901
Service bonus	54,618	45,764
	1,187,449	1,150,102

28. Remuneration of councillors

Remuneration	2,506,750	2,407,714
Allowances	144,164	110,314
	2,650,914	2,518,028

The mayor may utilise official Council transportation when engaged in official duties.

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2017	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Bobbejee M - Councillor	14,595	8,410	387	-	23,392
Botes PJ - Councillor	14,595	8,410	2,631	-	25,636
Botha J - Councillor	14,595	8,410	387	-	23,392
Brown I - Deputy Executive Mayor	78,444	-	6,439	6,693	91,576
Brown I - Councillor	128,536	8,914	15,720	16,908	170,078
Gouws M - Speaker	125,357	13,371	6,600	5,291	150,619
Gouws M - Councillor	120,845	39,609	2,700	8,113	171,267
Horn H - Speaker	38,630	22,425	2,631	-	63,686
Kleinbooi B - Councillor	135,138	44,571	20,712	21,712	222,133
Marthinus A - Executive Mayor	471,874	147,868	22,159	35,656	677,557
Potgieter L - Councillor	192,361	-	22,159	21,712	236,232
Theron W du P - Executive Major	45,131	14,016	2,039	-	61,186
Theron W du P - Speaker	240,618	112,127	16,312	(6,926)	362,131
Theron W du P - Councillor	41,540	13,371	6,439	2,481	63,831
Van As BJ - Deputy Executive Mayor	176,072	55,503	15,651	(1,960)	245,266
Van As BJ - Councillor	41,540	13,371	5,539	2,482	62,932
	1,879,871	510,376	148,505	112,162	2,650,914

2016	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Theron W du P - Executive Major	519,989	168,191	26,925	7,265	722,370
Van As BJ - Deputy Executive Mayor	229,412	74,004	20,868	9,182	333,466
Horn H - Speaker	415,992	134,552	26,925	4,675	582,144
Bobbejee M - Councillor	156,418	50,457	3,600	4,239	214,714
Botes PJ - Councillor	156,417	50,457	24,468	4,238	235,580
Botha J - Councillor	156,417	50,457	3,600	4,239	214,713
Gouws M - Councillor	156,418	50,457	3,927	4,239	215,041
	1,791,063	578,575	110,313	38,077	2,518,028

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



35. Grants and subsidies

Other subsidies

Acacia Primary School	6,000	5,000
Aids program and Cancer awareness	1,866	599
Area committee	290	37,885
Christmas for children	4,449	4,603
Donald Duck Pre-Primary	19,108	16,937
Equitable share households	643,602	1,072,720
Housing transfers	898,260	30,989,236
LaDaag	7,149	-
Laingsburg High School	1,000	3,000
Mandela Day	1,754	7,758
Municipal sport	56,347	47,065
Other grants and subsidies paid	15,375	8,354
SMME development	2,809	-
Tourism grant	133,132	129,164
VIP toilets	64,822	59,979
Youth week	17,701	23,116
	1,873,664	32,405,416

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



37. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At amortised cost	Total
Cash and cash equivalents	5,428,893	5,428,893
Receivables from exchange transactions	1,897,166	1,897,166
Receivables from non-exchange transactions	2,021,026	2,021,026
Current portion of long term receivables from exchange transactions	763	763
	<u>9,347,848</u>	<u>9,347,848</u>

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	9,515,719	9,515,719
Consumer deposits	3,129,984	3,129,984
Consumer deposits	484,975	484,975
	<u>13,130,678</u>	<u>13,130,678</u>

2016

Financial assets

	At amortised cost	Total
Cash and cash equivalents	9,964,155	9,964,155
Receivables from exchange transactions	1,497,018	1,497,018
Receivables from non-exchange transactions	5,079,592	5,079,592
Current portion of long term receivables from exchange transactions	349	349
	<u>16,541,114</u>	<u>16,541,114</u>

Financial liabilities


	At amortised cost	Total
Payables from exchange transactions	4,391,773	4,391,773
Consumer deposits	437,071	437,071
	<u>4,828,844</u>	<u>4,828,844</u>

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

 AUDITOR-GENERAL 2017 -11- 30	
2017	2016
SOUTH AFRICA	

40. Related parties

For names of Councillors as well as disclosures of remuneration to Councillors: Refer to note 28

For disclosures of remuneration to management: Refer to note 27

Related party transactions

The municipality provided municipal services to all councillors, management and their family members residing within the municipal area. The municipality also charges property rates to all councillors, management and their family members who are property owners within the municipal area. These transactions were concluded on normal operating terms and are included in the "service charges" and "property rates" on the statement of financial performance. Any balances due to the municipality on the reporting date are included in receivables from exchange transactions (relating to service charges) and receivables from non-exchange transactions (relating to property rates) on the statement of financial position.

41. Risk management

Financial risk management

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

Liquidity risk

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

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	6,413,500			
Consumer deposits	484,975			
At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	4,391,774			
Consumer deposits	437,071			

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits 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 evaluated credit risk relating to receivables on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to customers are settled in cash or using major credit cards.

Financial assets exposed to credit risk at year end were as follows:

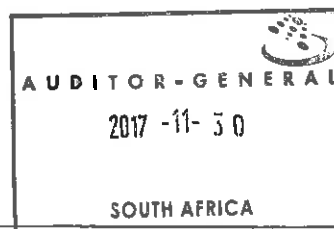
Financial instrument	2017	2016
Cash and cash equivalents	5,875,467	9,964,155
Receivables from exchange transactions	1,897,166	1,497,018
Receivables from non-exchange transactions	1,602,217	5,079,592
Current portion of long-term receivables from exchange transactions	763	349

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2017

2016

46. Housing development fund (continued)

The housing development fund is represented by the following assets and liabilities

Revaluation of assets	1,680,451	1,680,451
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The Housing Development Fund has its origin from loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate unappropriated surplus account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the housing development fund are used only for the funding of housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

47. Fruitless and wasteful expenditure

Interest on late payment of suppliers	15,939	11,049
Interest paid to SARS (VAT)	5,184	
	<u>21,123</u>	<u>11,049</u>

Interest on late payment of suppliers was written-off by Council.

48. Prior period errors

The prior year has been amended to account for prior period errors.

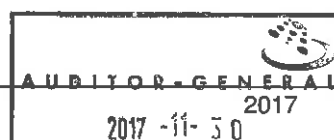
Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



48. Prior period errors (continued)

Statement of Financial Position as at 30 June 2016

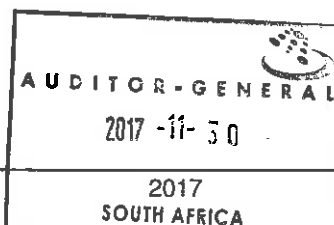
	Balance as previously reported	Prior period error	Reclassified	Restated balance
Assets				
Current Assets				
Cash and cash equivalents	9,964,156	(1)	-	9,964,155
Receivables from exchange transactions	1,497,018	-	-	1,497,018
Receivables from non-exchange transactions	4,708,217	350,760	20,615	5,079,592
VAT receivable	3,740,187	(111,415)	-	3,628,772
Operating lease asset	2,697	-	-	2,697
Inventories	1,596,543	1	-	1,596,544
Current portion of long term receivables from exchange transactions	349	-	-	349
Total current assets	21,509,167	239,345	20,615	21,769,127
Non-current Assets				
Investment property	4,391,867	-	-	4,391,867
Property, plant and equipment	156,873,163	(878,380)	-	155,994,783
Intangible assets	639,982	-	-	639,982
Heritage assets	43,354	-	-	43,354
Total non-current assets	161,948,366	(878,380)	-	161,069,986
Liabilities				
Current Liabilities				
Payables from exchange transactions	4,406,421	(14,646)	-	4,391,775
Consumer deposits	437,071	-	-	437,071
Unspent conditional grants and receipts	9,678,448	-	-	9,678,448
Employee benefit obligation	212,452	-	-	212,452
Provisions	402,181	-	-	402,181
Total current liabilities	15,136,573	(14,646)	-	15,121,927
Non-current Liabilities				
Employee benefit obligation	3,343,175	-	-	3,343,175
Provisions	2,854,413	-	-	2,854,413
Total non-current liabilities	6,197,588	-	-	6,197,588
Net Assets				
Accumulated surplus - Opening balance	173,808,168	(99,256)	-	173,708,912
Surplus / (deficit) for the year	(11,684,795)	(525,137)	20,618	(12,189,314)
Total net assets	162,123,373	(624,393)	20,618	161,519,598

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



	2017 SOUTH AFRICA	2016
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48. Prior period errors (continued)

See relevant note for depreciation, amortisation and impairment

6. Payables from exchange transactions

Balance as previously reported	-	4,406,421
Unclaimed payables	-	(14,646)
	<u>-</u>	<u>4,391,775</u>

6. Payables from exchange transactions

Unclaimed payables reversed in the prior year.

49. Irregular expenditure

Opening balance	40,434,784	17,671,663
Add: Irregular expenditure - current year	17,309,353	27,481,939
Less: Amounts written off	(27,481,939)	(4,718,818)
	<u>30,262,198</u>	<u>40,434,784</u>

Analysis of expenditure awaiting write-off per age classification

Current year	7,136,767	22,763,121
Prior years	23,125,431	17,671,663
	<u>30,262,198</u>	<u>40,434,784</u>

50. Repairs and maintenance

Repairs and maintenance per allocation to asset type

Land	315	-
Buildings	56,011	63,846
Furniture and Fittings	301,773	172,024
Motor Vehicles	624,252	455,897
Infrastructure	793,613	1,406,472
Community Assets	25,560	2,360
Refuse sites	315	124,298
Buildings (Investments)	301,942	262,832
	<u>2,103,781</u>	<u>2,487,729</u>

Repairs and maintenance per nature of expense

Contracted services	1,816,440	2,203,114
Labour	40,251	33,721
Material	247,090	250,894
	<u>2,103,781</u>	<u>2,487,729</u>

51. Unauthorised expenditure

Unauthorised expenditure	<u>271,147</u>	<u>15,094,202</u>
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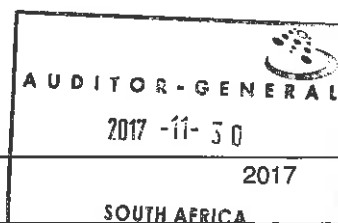
No disciplinary steps have been followed to date as the Municipality was of the opinion that the unauthorised expenditure was incurred due to overspending of votes or main divisions within votes.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements



2017

2016

SOUTH AFRICA

55. Subsequent event

The Western Cape Minister of Local Government informed the executive mayor in a letter dated 24 August 2017 that he cannot support the appointment of the new municipal manager due to non-compliance with the applicable legal prescripts. He also indicated that he will be instituting legal proceedings seeking a declaratory order declaring the appointment invalid, alternatively seeking a review of the Council decision, with the intention of setting the appointment aside.

The municipal manager has been suspended during a council meeting held on 23 November 2017.

56. Budget differences

Material differences between budget and actual amounts

(Please refer to the Statement of Comparison of Budget and Actual Amounts.)

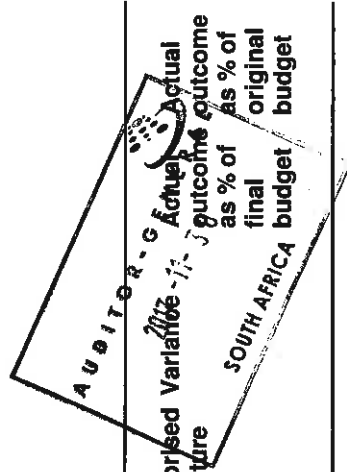
- 1.1 Change in service tariffs.
- 1.2 Payments received were less than budget for.
- 1.3 Rental income from Southkloof farm wasn't taken into calculation.
- 1.4 There were an unforeseen increased in applications for motor vehicle licences.
- 1.5 The changes can be attributed the reclassification of donations from exchange to non-exchangeable transactions.
- 1.6 Penalties can be attributed to inconsistent payment behaviour.
- 1.7 Capital expenditure were less than foreseen due to tender criteria that haven't been met.
- 1.8 The average speed camera wasn't functional during the months of April to June 2017.
- 1.9 Donations and services in kind wasn't foreseen when the budget was approved.
- 1.10 Reassessment of posts.
- 1.11 The impairment on traffic fines wasn't correctly predicted.
- 1.12 Capital projects wasn't complete as foreseen.
- 1.13 The difference in financial cost can be attributed to the findings in the actuary report regarding retirement benefits liability.
- 1.14 The differences is due unforeseen rental contracts for new photocopy machines.
- 1.15 Fewer fines were collected than was initially hoped for.
- 1.16 Less repairs were needed than initially thought.
- 1.17 No contracted services were obtained during the year.
- 1.18 The expenditure on indigent matters were less than original thought.
- 1.19 The municipal audit fees were paid by the National Treasury.
- 1.20 The transfer of the last RDP houses during the course of the year wasn't taken into calculation during the compilation of the budget.
- 1.21 Large payments towards debt for services have been received during the year.
- 1.22 The budget did not provide for any unspent grants at year end.

Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2017

Appropriation Statement



	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance - Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance										
Property rates	4,004,000	(502,600)	3,501,400	-	-	3,501,400	3,571,069	-	69,669	102 %
Service charges	16,552,200	(397,700)	16,154,500	-	-	16,154,500	16,872,724	-	718,224	104 %
Investment revenue	1,119,300	(276,200)	843,100	-	-	843,100	817,970	-	(25,130)	97 %
Transfers recognised - operational	63,641,100	3,983,665	67,624,765	-	-	67,624,765	26,569,059	-	(41,055,706)	39 %
Other own revenue	1,277,700	275,500	1,553,200	-	-	1,553,200	26,762,670	-	25,209,470	1,723 %
Total revenue (excluding capital transfers and contributions)	86,594,300	3,082,665	89,676,965	-	-	89,676,965	74,593,492	-	(15,083,473)	83 %
Employee costs	(20,643,500)	135,300	(20,508,200)	-	-	(20,508,200)	(19,030,829)	-	1,477,371	93 %
Remuneration of councillors	(2,827,200)	13,500	(2,813,700)	-	-	(2,813,700)	(2,650,914)	-	162,786	94 %
Debt impairment	(25,424,400)	173,000	(25,251,400)	-	-	(25,251,400)	(21,334,903)	-	3,916,497	84 %
Depreciation and asset impairment	(8,904,300)	(159,000)	(9,063,300)	-	-	(9,063,300)	(7,889,486)	-	1,173,814	87 %
Finance charges	(7,500)	-	(7,500)	-	-	(7,500)	(216,992)	-	(209,492)	2,893 %
Materials and bulk purchases	(8,731,100)	1,213,100	(7,518,000)	-	-	(7,518,000)	(7,460,102)	-	57,898	99 %
Transfers and grants	(2,662,700)	-	(2,662,700)	-	-	(2,662,700)	(1,873,664)	-	789,036	70 %
Other expenditure	(26,137,600)	(2,901,124)	(29,038,724)	-	-	(29,038,724)	(20,189,639)	-	8,849,085	70 %
Total expenditure	(95,338,300)	(1,525,224)	(96,863,524)	-	-	(96,863,524)	(80,646,529)	-	16,216,995	83 %
Surplus/(Deficit)	(8,744,000)	1,557,441	(7,186,559)	-	-	(7,186,559)	(6,053,037)	-	1,133,522	84 %
Surplus/(Deficit) for the year	(8,744,000)	1,557,441	(7,186,559)	-	-	(7,186,559)	(6,053,037)	-	1,133,522	84 %

Laingsburg Local Municipality

(Registration number WC051)
Annual Financial Statements for the year ended 30 June 2017

Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2016				
Financial Performance				
Property rates				3,129,332
Service charges				15,257,887
Investment revenue				1,270,010
Transfers recognised - operational				47,686,583
Other own revenue				21,966,053
Total revenue (excluding capital transfers and contributions)				89,309,865
Employee costs				(14,886,737)
Remuneration of councillors				(2,518,028)
Debt impairment	(64,827)		(64,827)	(14,310,946)
Depreciation and asset impairment	(164,314)		(164,314)	(7,678,372)
Finance charges				(164,313)
Materials and bulk purchases				(7,487,051)
Lease rental	(75,240)		(75,240)	(32,405,416)
Other expenditure	(14,789,821)		(14,789,821)	(22,048,316)
Total expenditure	(15,094,202)		(15,094,202)	(101,499,179)
Surplus/(Deficit)				(12,189,314)
Surplus/(Deficit) for the year				(12,189,314)



A rectangular stamp with a double border. At the top right is the South African coat of arms. The text "AUDITOR-GENERAL" is printed in a bold, sans-serif font. Below it, the date "2017-11-30" is stamped. At the bottom, "SOUTH AFRICA" is printed in a bold, sans-serif font.

AUDITOR-GENERAL
2017-11-30
SOUTH AFRICA

ANNEXURE B:

AG REPORT

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Laingsburg Municipality set out on pages 5 to 85, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Laingsburg Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Irregular expenditure

3. I was unable to obtain sufficient appropriate audit evidence relating to the completeness of irregular expenditure, as I could not ascertain that management had inspected the entire population. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether irregular expenditure for the current year amounting to R17 309 353, as disclosed in note 49 to the financial statements, was fairly stated.

Inventory

4. I was unable to obtain sufficient appropriate audit evidence relating to the valuation of inventory. The municipality did not value inventory as per the requirements of SA Standard of GRAP 12, *Inventories* in the financial statements. Consequently, I was unable to determine whether any adjustment was necessary relating to inventory stated at R1 377 966 (2015-16: R1 596 544) in note 8 to the financial statements. I was also unable to quantify the possible misstatement of inventory.

Value-added tax (VAT)

5. The municipality's VAT receivable account is overstated by R2 213 462 as at 30 June 2017 as well as at 30 June 2016 due it not reconciling to the VAT statements of the South African Revenue Service as at 30 June 2016.

Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
7. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

10. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the 2016-17 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Material impairments

11. As disclosed in note 4 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions (consumer debtors) amounting to R1,63 million (2015-16: R1,38 million).
12. As disclosed in note 5 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R18,97 million (2015-16: R34,5 million). This mainly related to traffic fines issued.

Material losses

13. As disclosed in note 19 to the financial statements, water losses of 51,80% amounting to R1 971 820 (2015-16: 50,74% amounting to R1 028 937) were suffered during the year.

Material underspending of conditional grants

14. As disclosed in note 16 to the financial statements, the municipality underspent its conditional grants by R6,1 million (2015-16: R9,7 million). This represented 18,6% (2015-16: 16,9%) of the conditional grants received.

Subsequent events

15. As disclosed in note 55 to the financial statements, the Western Cape minister of local government informed the executive mayor in a letter dated 24 August 2017 that he could not support the appointment of the new municipal manager due to non-compliance with the applicable legal prescripts. He also indicated that he would be instituting legal proceedings seeking a declaratory order declaring the appointment invalid; or alternatively seek a review of the council decision, with the intention of setting the appointment aside.

The municipal manager has been suspended during a council meeting held on 23 November 2017.

Other matters

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

Unaudited supplementary schedules

17. The supplementary information set out on pages 86 to 89 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure note

18. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer

19. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and 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.
20. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

21. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or

error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

22. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

23. 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 material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
24. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
25. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Strategic objective A – create an environment conducive for economic development	42
Strategic objective C – effective maintenance of municipal assets and natural resources	43 – 44
Strategic objective D – improve standards of living of all people in Laingsburg	44 – 45
Strategic objective E – provision of infrastructure to deliver improved services to all residents and business	45 – 46

26. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
27. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Strategic objective A – create an environment conducive for economic development
 - Strategic objective C – effective maintenance of municipal assets and natural resources
 - Strategic objective D – improve standards of living of all people in Laingsburg
 - Strategic objective E – provision of infrastructure to deliver improved services to all residents and business

Other matters

28. I draw attention to the matters below.

Achievement of planned targets

29. Refer to the annual performance report on pages 42 to 46 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets.

Adjustment of material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of:
- Strategic objective A – create an environment conducive for economic development
 - Strategic objective C – effective maintenance of municipal assets and natural resources
 - Strategic objective D – improve standards of living of all people in Laingsburg
 - Strategic objective E – provision of infrastructure to deliver improved services to all residents and business
31. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Introduction and scope

- 32. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 33. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

- 34. 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 were identified by the auditors in the submitted financial statements, which resulted in the financial statements receiving a qualified audit opinion.

Budget

- 35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R271 147, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Expenditure management

- 36. An effective system of expenditure control was not in place, including procedures for the approval, authorisation and payment of funds, as required by section 65(2)(a) of the MFMA.
- 37. An adequate management, accounting and information system was not in place to recognise expenditure when it was incurred as well as to account for creditors and payments made, as required by section 65(2)(b) of the MFMA.
- 38. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed did not reflect the full extent of the irregular expenditure incurred, as indicated in the basis for qualified opinion paragraphs.
- 39. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R21 123, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
- 40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Asset management

41. An adequate management, accounting and information system was not in place to account for assets, as required by section 63(2)(a) of the MFMA.
42. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

43. Unauthorised expenditure amounting to R15 094 202 incurred by the municipality during the previous financial year was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
44. Irregular expenditure amounting to R40 434 784 incurred by the municipality during the previous financial year was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.
45. Fruitless and wasteful expenditure amounting to R11 049 incurred by the municipality during the previous financial year was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resource management

46. The newly appointed municipal manager failed to disclose his financial interests within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.

Procurement and contract management

47. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations had been awarded in accordance with the legislative requirements as set out in section 112 of the MFMA, as the municipality did not keep proper registers of the awards made and continued to utilise suppliers without following the prescribed procurement process. A similar limitation was also reported in the prior year.
48. Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
49. Quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b). Similar non-compliance was also reported in the prior year.
50. Sufficient appropriate audit evidence could not be obtained that contracts had been awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

51. Sufficient appropriate audit evidence could not be obtained that quotations had been accepted from only bidders whose tax matters had been declared by Sars to be in order, as required by SCM regulation 43. Similar non-compliance was also reported in the prior year.
52. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 had been procured by inviting competitive bids and/or that deviations had been approved by the accounting officer only in cases where it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1). Similar non-compliance was also reported in the prior year.
53. Sufficient appropriate audit evidence could not be obtained that bid specifications had been unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM regulation 27(2)(a). Similar non-compliance was also reported in the prior year.
54. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding had been advertised for the required minimum period, as required by SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
55. Sufficient appropriate audit evidence could not be obtained that bids had been evaluated by bid evaluation committees composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality, as required by SCM regulation 28(2). Similar non-compliance was also reported in the prior year.
56. Sufficient appropriate audit evidence could not be obtained that contracts had been awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
57. Contracts were awarded through a competitive bidding process that had not been adjudicated by the bid adjudication committee. Similar non-compliance was also reported in the prior year.
58. Sufficient appropriate audit evidence could not be obtained that bid adjudication committees had always been composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.
59. Contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b). Similar non-compliance was also reported in the prior year.
60. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

61. Contracts were awarded to providers whose tax matters had not been declared by Sars to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
62. Sufficient appropriate audit evidence could not be obtained that the preference point system had been applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000) (PPPFA) and treasury regulation 16A6.3(b). Similar non-compliance was also reported in the prior year.
63. Sufficient appropriate audit evidence could not be obtained that contracts and quotations had been awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its regulations. Similar non-compliance was also reported in the prior year.
64. Sufficient appropriate audit evidence could not be obtained that contracts and quotations had been awarded to bidders that scored the highest points in the evaluation process, as required by section 2(1)(f) of the PPPFA and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
65. Sufficient appropriate audit evidence could not be obtained that contracts and quotations had been awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
66. Bid documentation for procurement of some of the commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 9(1). Similar non-compliance was also reported in the prior year.
67. Commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by preferential procurement regulation 9(1). Similar non-compliance was also reported in the prior year.
68. Commodities designated for local content and production were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by preferential procurement regulation 9(5). Similar non-compliance was also reported in the prior year.
69. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts had been approved by a properly delegated official, as required by SCM regulation 5. Similar non-compliance was also reported in the prior year.
70. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

71. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.

Other information

72. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the mayor's foreword and executive summary and the municipal manager's overview. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
73. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
74. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
75. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

76. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

Leadership

77. Leadership was not effective in ensuring that good governance was in place to protect and enhance the interests of the municipality, due to a lack of proper implementation of procedures and policies. Despite the recurring findings, leadership did not create a culture of good governance, as evidenced by the lack of review of compliance with legislation. Leadership also did not act on my audit recommendations made in the prior year and did not carry out previous commitments made.
78. Leadership did not provide sufficient oversight of the implementation and monitoring of controls to prevent non-compliance, which resulted in a breakdown of controls.

Furthermore, leadership did not provide adequate oversight of the preparation of the annual financial statements to ensure that they were free from material misstatements.

79. Despite a continuous shortage of skills, leadership had not implemented any policy or processes to ensure that staff were sufficiently and adequately trained and that the performance of staff was monitored, measured and evaluated. Leadership had also not implemented any policy or process to ensure the transfer of skills and knowledge from consultants to staff. Despite the challenges that the municipality faced in attracting sufficiently skilled staff, leadership had not implemented any initiatives to address the shortage of skilled staff in the procurement and finance departments within the municipality.
80. Leadership did not have adequately documented policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with key legislation relating to the annual financial statements, procurement and contract management, and expenditure management.
81. From the numerous instances of non-compliance with legislation and material misstatements identified in the financial statements, it can be concluded that the action plan developed to address the internal control deficiencies previously identified and communicated was not effective. Leadership did not ensure that management's action plan to address the internal control deficiencies identified in the prior financial year was implemented, as evidenced by the extent of recurring audit findings in the current financial year. The action plan in place was not driven with vigour, and intervention is urgently required to prevent the overall audit outcome of the municipality from regressing.

Financial and performance management

82. Management did not ensure that information was timeously gathered and filed appropriately to support financial information reported in the financial statements. Furthermore, the lack of contract management and proper maintenance of contract registers hampered the disclosure of accurate figures for commitments in the financial statements and resulted in non-compliance with procurement and contract management legislation.
83. Management had not implemented adequate controls to ensure that monthly reconciliations of transactions were performed to support valid, accurate and complete financial reporting.
84. Management did not prepare regular financial statements to enable an adequate and regular review of the financial statements throughout the year, thereby identifying emerging risks presented by the reporting framework for the preparation of the annual financial statements.
85. Despite the recurring findings, management had not ensured that the action plan developed to address the recurring compliance findings was implemented and monitored. Management did not have adequate controls in place to effectively review and monitor compliance with all relevant legislation. Management did not carry out the

commitments made of implementing monitoring processes to ensure compliance with legislation, specifically relating to procurement and contract management and key compliance focus areas. Vigorous monitoring of the action plan did not occur and the responsibilities of those who should action it were not clear.

Governance

86. Internal audit did not advise the accounting officer and report to the audit committee on matters relating to compliance with relevant laws and regulations.
87. Internal audit did not drive the municipality's action plan to ensure that it was executed in a manner that effectively addressed the prior year's audit findings, since most audit findings were repeat findings.
88. The audit committee did not carry out its core function of providing oversight of the effectiveness of the internal control environment. It did not ensure that internal audit had credible plans to address the audit findings previously raised nor did the committee monitor the function to ensure that it operated in an effective manner and carried out its core function. The audit committee failed to promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight of the effectiveness of the internal control environment. This is evident in the number of internal control deficiencies and non-compliance matters identified during the audit process.

Auditor-General

Cape Town

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit 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.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNEXURE C:
AUDIT
COMMITTEE
ANNUAL REPORT



LAINGSBURG MUNICIPALITY/MUNISIPALITEIT
Van Riebeek Street/ Van Riebeekstraat
Private Bag X4/ Privaatsak X4
Laingsburg, 6900

June 2017

REPORT FROM THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2017

The Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Local Government: Municipal Finance Management Act, 2003 (No. 56) (MFMA), the committee assists the Council through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Municipality.

1. Terms of Reference

The Audit Committee has adopted a formal terms of reference/ Charter that have been approved by Council and has executed its duties during the past financial year in accordance with these terms of reference.

2. Composition

The committee consists of three (3) independent non-executive members. As at 30 June 2017 the Audit Committee comprises of the following members:

NAME	POSITION	PERIOD
R Walters	Chairperson	Oct. 2013 to Oct. 2016 Nov. 2016 to Oct. 2019
H Thomas De Villiers	Member	Mar. 2014 to Mar. 2017 Apr. 2017 to Mar. 2020
A Smit	Member	Feb. 2015 to Feb. 2018

The Municipal Manager, the Chief Financial Officer and other representative from the Internal Audit Activity attend the committee meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee value the invitation to attend the MPAC meeting(s) with councillors. This also served to improve communication between the Audit Committee and the Council.



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3. Meetings

The Audit Committee held four (4) meetings during this period.

Details of the Audit Committee members attendance at meetings is set out in the table below:

MEMBER	23 Aug. 2016	03 Feb. 2017	06 Jun. 2017	06 July 2017
R Walters	X	✓	✓	✓
H Thomas De Villiers	✓	✓	✓	✓
A Smit	X	✓	✓	✓

4. Statutory Duties

In execution of its statutory duties during the past financial year, the Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content or auditing of its financial statements, the internal financial controls of the municipality and other related matters.

5. Delegated Duties

Oversight of Risk Management

The committee has:

Received assurance that the process and procedures followed by the internal auditor and adequate to ensure that financial risks are identified and monitored:

- Financial reporting risks;
- Internal financial controls; and
- Fraud risks relating to financial reporting and Supply Chain Management;



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Internal Financial Controls

The Committee has:

- Review the effectiveness of the municipality's system of internal financial controls; including receiving assurance from management, internal and external audit;
- Reviewing the effectiveness of the internal controls relating to the SCM system specifically as it is one of the key fraud risk areas;
- Reviewing the municipality's compliance with laws and regulations, including also compliance with the SCM regulations; and
- Reviewed significant issues raised by the internal audit process;

Based on the processes and assurance obtained, the committee believes that significant internal controls are effective.

Annual Financial Statements and Report as at 30 June 2017

The committee is concerned that the Auditor-General has issued a Qualified Audit Opinion on the financial statements for the year ended 30 June 2017, making it the first qualification after the municipality achieved three and more years consecutively unqualified audit opinions.

The financial statements are prepared in accordance with the South African Generally Recognised Accounting Practices (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, 2011 (Act 6 of 2011)(DORA).

External Audit

Based on processes followed and assurance received, nothing has come to the attention of the Audit Committee with regards to the external auditors' independence.



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Internal Audit

The Committee has: -

- a) Reviewed and recommended the internal audit terms of reference for approval;
- b) Evaluate the independence, effectiveness and performance of the internal audit function and compliance with its mandate;
- c) Satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the municipality to enable it to discharge its functions;
- d) Approved internal audit plan;
- e) Encourage cooperation between external and internal audit;

The Head of Internal Audit Function reported functionally to the Audit Committee and had unrestricted access to the Audit Committee Chairperson.

Finance Function

The Audit Committee believes that Ms. Alida Groenewald, Municipal Chief Financial Officer, possess the appropriate experience to meet her responsibilities in that position as required by the MFMA.

The Audit Committee is satisfied, noting the opportunity for improvements, with the: -

- a) Expertise and adequacy of resources within the finance function, and
- b) Expertise of the Chief Financial Officer;

In making this assessment the committee obtained feedback from the internal auditor.

Based on the processes and assurance obtained, the committee believe the accounting practice are effective.

Subsequently the Audit Committee notes that Mr. PA Williams' (Municipal Manager), for after eight (8) months within the financial year, contract ended without it been renewed. He was succeeded by Mr. SC Pieterse as Acting Municipal Manager and thereafter as Municipal Manager.



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Conclusion

The Audit Committee is pleased with the continuous progress made by Laingsburg Municipality in improving the overall governance, internal control, risk management and performance management. The municipality continuously strive to obtain a clean audit report from the Office of the Auditor-General. To receive a clean audit outcome, is commendable as it implies the following:

- a) The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion);
- b) There are no material findings on reporting on performance objectives; and
- c) There are no material findings on non-compliance with legislation;

The Audit Committee's acceptance to the conclusions of both Internal Audit and Auditor-General and that the Annual Financial Statements be accepted and read together with the Audit Report of the Auditor-General.

The Committee fully supports the Laingsburg Municipality in its vision as embodied in the IDP and its journey of improved service delivery to the residents of Laingsburg Municipality.

It is recommended that this report be included in the Annual Report.

On behalf of the Audit Committee

Chairperson: Audit Committee

Date

Internal Auditor

Date