



# 2012/13 ANNUAL REPORT

Eden, a future empowered through excellence



# **Vision**

## **Eden, a future empowered through excellence**

### **Elements of the Vision**

#### **EDEN**

Represents the entire jurisdiction of the district, including the seven B-municipalities, which are Hessequa, Mossel Bay, George, Knysna, Bitou, Oudtshoorn and Kannaland.

#### **FUTURE**

Changed environment, well-being of citizens, growth & development.

#### **EMPOWERED**

Training and development, education, economic growth, job creation, self reliance, enabling environment, mentorship, working together, facilitate.

#### **EXCELLENCE**

Service delivery, customer care, innovation, political stability, integrated planning.

# MISSION

The Eden District Municipality as a category C-local authority strives to deliver on our mandate through:

- Providing strategic leadership and coordination to B-municipalities in the district within our resources available;
- Executing integrated development planning in collaboration with sector departments and service organisations; and
- Upholding the principles of good governance in pursuit of excellence as a regional leader in local government.

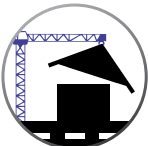
## OUR STRATEGIC OBJECTIVES ARE:



Healthy and socially stable communities



Build a capacitated workforce and communities



Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop council fixed assets



Promote sustainable environmental management and public safety



Promote good governance



Ensure financial viability of the Eden District Municipality



Grow the district economy

# CONTENTS

CHAPTER 1 - Executive Mayor's foreword and executive summary	I
COMPONENT A: Executive Mayor's foreword	I
COMPONENT B: Executive summary	4
1.1. Municipal Manager's Overview	6
1.2. Municipal Functions, Population and Environmental Overview	9
1.3. Service Delivery Overview	9
1.4. Financial Health Overview	10
1.5. Organisational Development Overview	11
1.6. Audited Outcomes	14
1.7. Statutory Annual Report Process	14
CHAPTER 2 - GOVERNANCE	15
COMPONENT A: Political and Administrative Governance	15
2.1 Political Governance	16
2.2 Administrative Governance	25
COMPONENT B: INTERGOVERNMENTAL RELATIONS	27
2.3 Intergovernmental Relations	27
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	31
2.4 IDP Participation and Alignment	31
2.5 Communication	32
COMPONENT D: CORPORATE GOVERNANCE	36
2.6 Risk Management	36
2.7 Internal Audit	37
2.8 Fraud and Anti Corruption	39
2.9 Supply Chain Management	40
2.10 Websites	42
2.11 Shared Services	43
CHAPTER 3 - OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION	47
CHAPTER 3 - SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)	54
3.1.1 Legislative Requirements	54
3.1.2 Organisational Performance	54
3.1.3 The Performance System followed for 2012/13	54
3.1.4 The IDP and the Budget	54
3.1.5 The Service Delivery Budget Implementation Plan (Top layer)	55
3.1.6 Actual Performance	58
3.2 Performance Management	58
3.2.1 Organisational Performance	59
3.2.2 Individual Performance Management	60
3.3 Service Delivery Performance	60
3.3.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)	60
3.3.2 Service Providers Strategic Performance	73
3.3.3 Municipal Functions	75
3.4 COMPONENT A: BULK INFRASTRUCTURE PLANNING	81
3.4.1 Bulk Infrastructure Planning	81
3.4.2 Waste Disposal Sites	82

3.5 COMPONENT B: ROADS AND TRANSPORT	88
3.5.1 Roads	88
3.5.2 Transport	90
3.6 COMPONENT C: PLANNING AND DEVELOPMENT	91
3.6.1 Regional Development and Planning	91
3.6.2 Local Economic Development	93
3.6.3 Tourism	97
3.6.4 EPWP	101
3.6.5 Municipal Resorts	110
3.7 COMPONENT D: COMMUNITY & SOCIAL SERVICES	113
3.7.1 Social Development	113
3.8 COMPONENT E: ENVIRONMENTAL PROTECTION	118
3.8.1 Air Quality Control	119
3.8.2 Environmental Management	124
3.8.3 Natural Resource Management Services	130
3.9 COMPONENT F: MUNICIPAL HEALTH	131
3.9.1 Introduction to Municipal Health	131
3.9.2 Service STATS - Municipal Health	132
3.9.3 Health Inspection: Food and Abattoir Licensing and Inspection	133
3.10 COMPONENT G: FIRE SERVICE AND DISASTER MANAGEMENT	136
3.10.1 Fire Services and Disaster Management Service Statistics	136
3.10.2 Fire	137
3.10.3 Disaster Management	139
3.11 COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES,	142
3.11.1 Executive and Council	142
3.11.2 Financial Services	143
3.11.3 Human Resource Services	146
3.11.4 Information and Communication Technology (ICT) Services	149
3.11.5 Legal Services	150
3.11.6 Property Services	151
3.11.7 Procurement Services	155
3.11.8 Shared Services	157
3.11.9 Internal Audit	159
3.12 COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD	162
3.12.1 Development and Service Delivery priorities for 2013/2014	162
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)	167
4.1 National Key Performance Indicators - Municipal Transformation and Organisational Development	167
4.2 Introduction to the Municipal Workforce	167
4.3 Managing the Municipal Workforce	170
4.4 Capacitating the Municipal Workforce	173
4.5 Managing the Municipal Workforce Expenditure	177
CHAPTER 5 - HIGHLIGHTS OF THE YEAR	179
5.1 Management Services	179
5.2 Support Services	202

CHAPTER 6 – FINANCIAL PERFORMANCE	209
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	209
6.1 Statements of Financial Performance	210
6.2 Grants	214
6.3 Asset Management	215
6.4 Financial Ratios Based on Key Performance Indicators	215
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	217
6.5 Capital Expenditure	217
6.6 Sources of Finance	217
6.7 Capital Spending on 5 Largest Projects	219
6.8 Basic Services and Infrastructure Backlogs	220
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	220
6.9 Cash Flow	220
6.10 Borrowing and Investments	223
6.11 Public Private Partnerships	224
COMPONENT D: OTHER FINANCIAL MATTERS	225
6.12 Supply Chain Management	225
6.13 Grap Compliance	226
CHAPTER 7 – AUDITOR GENERAL REPORTS YEAR 2011/12 (PREVIOUS YEAR)	228
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2011/12	228
7.1 Auditor General Reports Year 2011/12	228
COMPONENT B: AUDITOR-GENERAL OPINION 2012/13 (CURRENT YEAR)	232
7.2 Auditor General Report Year 2012/13	232
7.3 Action Plans for Audit Findings	237
GLOSSARY	260
ABBREVIATIONS	262
APPENDICES	263
APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	263
APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES	270
APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE	273
APPENDIX D: FUNCTIONS OF MUNICIPALITY / ENTITY	274
APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2011/12	276
APPENDIX K(i): REVENUE COLLECTION PERFORMANCE BY VOTE	277
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE	278
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	279
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	280
APPENDIX M (ii): CAPITAL EXPENDITURE – FUNDING SOURCES YEAR 2011/12 - 2012/13	282
APPENDIX O: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	283
APPENDIX Q: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	284
APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71	285
VOLUME II: ANNUAL FINANCIAL STATEMENTS	286
ASSESSMENT OF ARREARS - Municipal Taxes and Service charges	370
CORRECTIVE MEASURES - AUDITOR GENERAL REPORT	371

# CHAPTER I

## EXECUTIVE MAYORS FOREWORD AND EXECUTIVE SUMMARY



Executive Mayor  
Wessie van der Westhuizen

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### COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

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As the Executive Mayor of Eden District Municipality, I am privileged and proud to present the Eden District Municipality's Annual Report for the 2012/2013 Financial year.

#### **A.VISION**

In terms of the Consitution of South Africa, Act 108 of 1996, the objectives of Local Government are clearly defined in Chapter 7 and Section 152(1) "to provide democratic and accountable government for local communities." At Eden District Municipality our vision: "Eden, a future empowered through excellence", is the driving force in our quest to provide quality services to the community.

During the period under review, the district municipality pledged to add more value to the achievement of its 2012/2013 – 2016/2017 strategic objections, articulated in our Integrated Development Plan (IDP): These strategic objectives are:

1. Healthy and socially stable communities;
2. Build a capacitated workforce and communities;
3. Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop council fixed assets;
4. Promote sustainable environmental management and public safety;
5. Promote good governance;
6. Ensure financial viability of the Eden District Municipality; and
7. Grow the district economy.



## **B. KEY POLICY DEVELOPMENTS**

For implementation to successfully realise, policy guidelines and implementation strategies need to be in place. Apart from the existing plans and strategies, the Eden District Municipality followed a wide range of consultative processes to formulate the following policy directives during the 2012/13 financial year:

- A new five year strategic plan (IDP) for the period 2012/2013 to 2016/2017 financial year;
- Review of the current 2007/2011 HAST Plan; and
- Approval of the EPWP Policy.

## **C. KEY SERVICE DELIVERY IMPROVEMENTS**

Local Government in South Africa is the sphere of government that is probably the most challenged with service delivery predicaments. But, despite the aforementioned, the Eden District Municipality was able to meet remarkable achievements in the 2012/2013, some of which included:

- The restructuring of its micro organizational structure, as well as the implementation thereof;
- The implementation of the Municipal Turnaround Strategy;
- The facilitation of a variety of marketing access opportunities for Tourism SMME's;
- The training of 30 previously disadvantaged individuals throughout the Garden Route and Klein Karoo in the catering and hospitality industry and assisting them with employment placement;
- Attending the 2013 Tourism Indaba held in Durban, with strong focus on social media and our region as a tourism brand and destination;
- The provision of skills development training to approximately 136 SMME's;
- The successful intake of 37 "Youth at Risk" at the Chrysalis Academy;
- The roll-out of the HIV Peer Educator Programme in five areas within the jurisdiction of Eden DM;
- The hosting of a Regional Entrepreneurs Week, where entrepreneurs in the region benefited and received assistance and guidance to their businesses based on what these institutions specialize in i.e. business advice, BEE registration, business entity registration, CIDB registration, tax clearance, etc. ; and
- The production of a new Regional Tourism Guide.

## **D. PUBLIC PARTICIPATION**

It is true to argue that in order for service delivery to be certified as victorious, meaningful and constructive participation from all stakeholders is of outmost importance. As part of its quest to ensure meaningful participation in its planning processes, the Eden District Municipality utilized various intergovernmental platforms, public media structures and municipal – community dialogues.

One considerable achievement was the hosting of an "Environmental Health Open Day", which allowed for municipal- and provincial partners to gather as one and to address specific key performance areas related to the rendering of services by Environmental Health Practitioner.

As part of Eden District Municipality's role in creating conducive sustainable environments for job creation and poverty alleviation; and in doing so supporting the national tourism month initiative, I am proud to announce that Eden District Municipality's has donated funds to South Cape College for their annual Tourism Vocational Tour.

## **E. FUTURE ACTIONS**

The financial viability of the district municipality is a critical priority for council and the implementation of the Turnaround Strategy adopted in March 2012, will continue in all earnest in the months and years to come.

## **F. AGREEMENTS / PARTNERSHIPS**

Without collaboration and the sharing of resources, the process of service delivery could be regarded as null and void. It is then for this reason that the Eden District Municipality expanded its capacity to support the notion of strategic collaboration and partnerships to enhance service delivery.


**Some agreements and partnerships forged by the municipality include inter alia:**

- The SANEC collateral which is an international agreement for tourism development;
- Service Delivery agreements with B – Municipalities within the district;
- Shared Services agreements with B – Municipalities within the district;
- The 131 Agreements with national and provincial government departments for service delivery which was a result of Provincial IDP Indaba 2, of 2011;
- Skills partnerships with external role-players, including tertiary institutions and the business sector;
- Facilitate tourism marketing in the district by forming partnerships with Local Tourism Organisations (LTO's); and
- A formal agreement with the Provincial Department of Social Development based on an integrated approach with programmes focusing on, Disability, Early Childhood Development, Substance abuse and Youth Development.

## **G. CONCLUSION**

Local Government in South Africa is on all levels of its operations vulnerable to service delivery interruptions. The Eden District Municipality, unfortunately, also experienced lowlights over the past five years.

As the Executive Mayor of the Eden District Municipality, I trust that this Annual Report will be strategically acknowledged without any prejudice and utilized by all spheres of government as their guideline to improved service delivery.

(Signed by:)  \_\_\_\_\_

Executive Mayor  
Wessie van der Westhuizen

T I.O.I



Municipal Manager  
Godfrey Louw

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## COMPONENT B: EXECUTIVE SUMMARY

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### **I.1 MUNICIPAL MANAGER'S OVERVIEW: ANNUAL REPORT: 2012/2013**

The year under review covers 01 July 2012 until 30 June 2013. As the Accounting Officer of the Municipality, Section 61 of the Municipal Finance Management Act, (2003) Act 56 of 2003 requires of the Accounting Officer to act with fidelity, honesty, integrity and in the best interest of the municipality, in managing its financial affairs. He/she must also disclose to the municipal council and the mayor all material facts which are available to the Accounting Officer or reasonably discoverable, and which in any way might influence the decision or actions of the council or the mayor.

Against this background I hereby wish to reflect on the achievements and challenges of the Municipality.

#### **I) ALIGNMENT OF SERVICES TO THE IDP AND COUNCIL PRIORITIES**

Council has adopted the 3rd Generation IDP on 27 May 2012, which covers the period 2012 to 2017. In terms of Section 27 (1) of the Municipal Systems Act, 2000 Act 32 of (2000), each district municipality, within a prescribed period and after following a consultative process with the local municipalities within its area, must adopt a framework for integrated development planning, in the area as a whole. Chapter 9 of the IDP addresses the linkage between the IDP, budget and Performance Management. Section 8.5 provides for the inter-relationship between the strategic goals and projects of the Eden DM's IDP, which objectives are linked to the budget and SDBIP. The performance reporting requires that the municipality takes the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, and presents this information in a simple and accessible format, relevant and useful to council and the community. Four reports have been submitted to Council, with the alignment of services.

#### **II) SERVICE DELIVERY PERFORMANCE**

Section 69 (3) of the MFMA, 2003 requires the Accounting Officer to submit a draft Service Delivery and Budget Implementation Plan (SDBIP) to the mayor, no later than 14 days after the approval of the budget. The mayor must approve the SDBIP within 28 days after the approval of the budget. This has happened during June 2012. The District Municipality does not provide basic services, such as water, electricity, sanitation and refuse removal, however, sections 83 and 84 of the Municipal Structures Act, (1998) Act 117 of 1998 accord a specific mandate to the District Municipality.

Service delivery happens within the confines and ambit of this legislative mandate and performance is measured with the SDBIP framework. An overall view of the performance of the district stands at 85% for the year under review.

### **III) FINANCIAL SUSTAINABILITY AS REPRESENTED BY THE FINANCIAL HEALTH RATIO'S**

The Auditor General has with the 2010 / 2011 audit performance, expressed a view regarding the “going-concern” of the municipality. Council has adopted a Turn Around Strategy on 27 May 2012, which was primarily aimed at the financial recovery of the municipality. The current ratio for 2011 / 2012 financial year was 1 : 1,02 which represents a negative picture. The ideal ratio is 1:2. District Municipalities are reliant on grants and funding from National Treasury and almost 95% of the revenue is received in the form of grants and subsidies. The percentage increase for the Equitable Share is ±3% where the current expenditure is almost 7,95%. This is indicative of the precarious financial position of the municipality. Heads of Departments have employed a number of austerity measures, with the view to enhancing the financial sustainability of the Municipality.

### **IV) EFFORTS TO CONSERVE ELECTRICITY AND WATER IN ITS OFFICES**

The Municipality established a Savings Task Team during August 2012, with the view to create awareness amongst officials, to inculcate a savings culture and to identify specific initiatives. One of these initiatives was switching off office lights and air conditioners when not required. Special posters were introduced to create awareness amongst employees.

### **V) SPECIAL POLICIES TO CURB IMPACT OF THIS WORLD RECESSION**

- Council has reduced the rate at which claims for travel outside the boundaries of the municipality is being paid. The rate was reduced from 100% - 60% for officials and 70% for councillors.
- No overseas travel will be allowed, unless the full trip is sponsored and paid for by the host country.
- The attendance of conferences and seminars/workshops outside the boundaries of the Eden DM has been limited.

### **VI) SHARED SERVICES**

- A major boost for regional Geographic Information Systems (GIS) has occurred when a partnership with 6 local municipalities was concluded. This partnership entails the provision of an ESRI licence to participating municipalities, which allows them to gain access to state of the art GIS technologies.
- Collaborator (electronic document flow system) has been running in the district with all 8 municipalities since 2008.

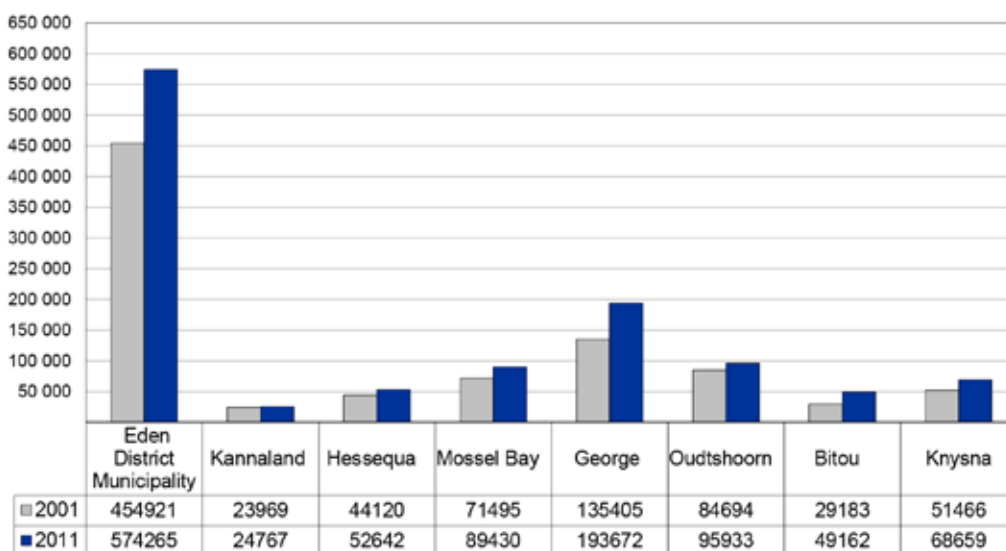
I want to commend all the B-Municipalities for their contributions, to make shared service or Inter-Municipal Cooperation a success. Last, but not least I salute all the Heads of Departments and staff for their diligence, commitment and unwavering support during the 2012 / 2013 financial year. A special word of appreciation and gratitude to all our councillors for their support.

## I.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### I.2.1 POPULATION DYNAMICS 2013/2014 IDP DATA

Compared to other districts, the Eden District have the second largest population after Cape Winelands with 787 490 individuals even though its relative share of the Western Cape population decreased from 10.1 per cent in 2001 to 9.9 per cent in 2011.

**Population distribution across the municipalities within Eden, 2001 and 2011**

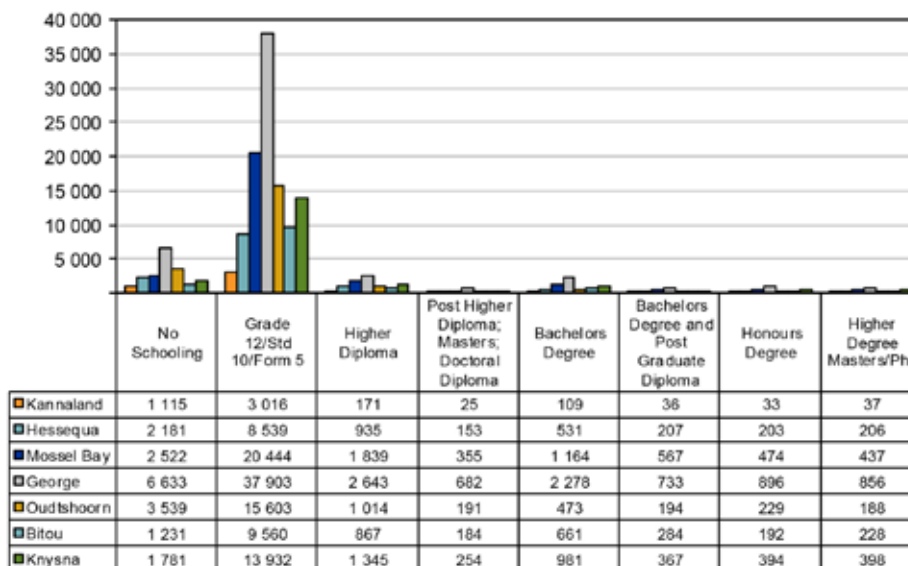


Source: StatsSA, Census 2001 and Census 2011

The 2011 Census results estimates that the George municipal area as the most populous municipal area in the Eden region with 193 672 inhabitants. This is followed by Oudtshoorn with 95 933 individuals and Mossel Bay with 89 430 inhabitants. The least populated municipal areas within the Eden region in 2011 are, Bitou Municipality with 49 162 people, followed by Kannaland with 24 767 people.

### I.2.2 EDUCATION

**Education Level: Eden Region**



The above graph and table compares the educational attainment of the Eden region's population across municipalities. From this it could be detected that George Municipality has the highest number individuals in the Eden District that has obtained grade 12, followed by the Mossel Bay Municipality. The Hessequa Municipality has the second lowest number of its population that has attained grade 12 with 1.5 per cent; whilst the Kannaland Municipality least number of individuals that have obtained grade 12.

Statistics 2011 provides that one in every three enrolled learner's dropout of school and that there is approximately one teacher for every three learners within the schools within the Eden region. Thirty – four (34) per cent of learners are enrolled at schools in the George municipal area and the smallest proportion of learners is enrolled in the Kannaland municipal area. The highest dropout rate appears in the Kannaland municipal area with the second lowest learner teacher ratio.

### **I.2.3 ROADS**

The total coverage of roads of Eden District amounts to 7 200 kilometers. Overall, 1 842 kilometers (25.6%) constitute surfaced roads and 5 359 kilometers (74.4%) are gravel roads.

Graveled divisional roads account for 46.63 per cent of all gravel roads in the district making it the largest proportion of all gravel roads. Trunk roads comprise the largest proportion (41.58%) of surfaced roads in Eden District.

### **I.2.4 ACCESS TO HOUSING**

In 2011, Kannaland Municipality had the largest percentage share of households residing in formal dwellings in the Eden region at 94.8 per cent, followed by Hessequa Municipality at 90 per cent. Mossel Bay Municipality had 73.5 per cent of households that had access to formal dwellings in 2011, whilst George had 76 per cent of households having access to formal dwellings, Oudtshoorn Municipality at 78.3 per cent. Bitou had 68.4 of its households that had access to formal dwellings and Knysna municipality had 65.3 per cent of households that have access to formal dwellings. The lowest percentage share of formal dwellings in 2011 was located in Bitou Municipality at 68.4 per cent and Knysna Municipality at 65.3 per cent.

### **I.2.5 ACCESS TO PIPED WATER**

In 2001, 50 percent of households in the Kannaland Municipality had access to piped water inside their dwellings; whilst in 2011, 76 per cent of households have access to piped water inside their dwellings. Hessequa Municipality in 2001 had 50 per cent of its households having access to piped water inside their dwellings, whilst in 2011 the municipality 81 per cent of households has access to piped water inside their dwellings.

Mossel Bay Municipality in 2001 recorded a 50 percent accessibility of piped water inside dwellings, whilst the municipality had an increase to 78 percent of households having access to piped water inside their dwellings. George Municipality, Oudtshoorn, Bitou and Knysna municipalities all recorded in 2001 that 50 per cent of its households had access to piped water inside their dwellings. In 2011, George and Oudtshoorn recorded that 70 percent and above its households have access to piped water inside their dwellings. The proportion of households with access to piped water inside dwellings was relatively low in Bitou and Knysna relative to other municipalities in the Eden Districts in 2011.

### **I.2.6 ACCESS TO ELECTRICITY**

The percentage of households having access to electricity has seemingly decreased. In 2011, Kannaland Municipality had the highest percentage of its households that had access to electricity; followed by Hessequa, Mossel Bay, George and Oudtshoorn Municipality. On the other end of the spectrum, Bitou and Knysna have the lowest levels of access to electricity within the Eden District in 2011.

## **I.2.7 SANITATION**

In 2011 Mossel Bay Municipality had the largest percentage share of households with access to flush toilets in the Eden region at 93 per cent, followed by George municipality at 89 per cent. In 2011, Knysna municipality ensured that 83 per cent of its households have access to flush toilets; whilst Bitou municipality reported 84 percent of its households that has access to flush toilets in 2011. In Kannaland Municipality 78 per cent of households have access to flush toilets. It is evident from graph 11 that a great improvement in sanitation in general but specifically the provision of flush toilets to households across all the municipalities occurred in 2011.

## **I.2.8 REFUSE REMOVAL**

In 2011, Knysna and Mossel Bay municipalities had the largest percentage share of households with access to refuse removal services at least once per week in the Eden region at 93 per cent. It is reported that in 2011 66 per cent of households in Kannaland had access to refuse removal services at least once per week, the lowest of the Eden District. The other municipalities' accessibility of refuse removal at least once a week by local authority ranged between 79 and 88 per cent in 2011. The percentage share of households with no waste disposal services in 2011 was largest in Kannaland Municipality at 4.8 percent and Oudtshoorn Municipality at 3.3 per cent.

## **I.2.9 UNEMPLOYMENT**

Eden has the second highest unemployment rate (18.5 per cent) after Central Karoo District (30.8 per cent).

George Municipality has the biggest labour force and employed compare to other municipalities in the Eden District municipal area. While Kannaland Municipality has the lowest number of employed compared to other municipalities in the Eden District municipal area, Oudtshoorn Municipality on the other hand has the highest unemployment rate (23.8 per cent) compared to other municipalities in the Eden District Municipality.

The following sectors are the biggest employment contributors in each of the local municipalities in 2007:

- Kannaland (Agriculture; 37.4 per cent)
- Hessequa (Agriculture; 20.2 per cent)
- Mossel Bay (Construction; 17.2 per cent)
- George (Community, social and personal services and Wholesale and retail trade; 15.5 per cent each)
- Oudtshoorn (Community, social and personal services (24.5 per cent)
- Bitou (Wholesale and retail trade; 20.5 per cent)
- Knysna (Wholesale and retail trade; 20.4 per cent)

## **I.2.10 ECONOMIC OUTLOOK**

According to the Municipal Economic Review Outlook (MERO 2012) the Eden District

(ED) economy is the second largest of the district economies in the Western Cape outside of the Cape Metro (which produces 73% of the Western Cape GDP-R). The Eden district accounts for 7.3 per cent of the Western Cape GDP-R and 27.5 per cent of the non-Metro GDP-R. The value of the GDP-R generated during calendar 2010 amounted to R25.5 billion. George is the largest municipality, accounting for close to a third of the Eden district GDP-R, followed by Mossel Bay (25 per cent) and Knysna and Oudtshoorn (12 per cent each); the Bitou municipality contributes 7.6 per cent, Hessequa 5.5 per cent and Kannaland 3.6 per cent.

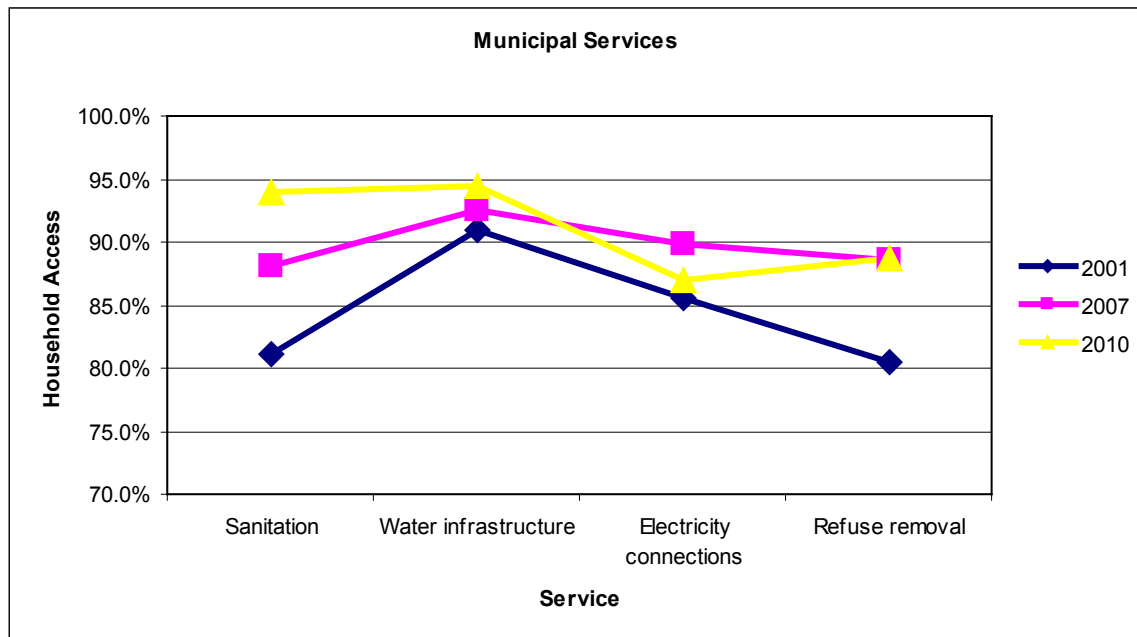
At municipal level, the Bitou municipal economy grew the fastest in the district over the 2000 - 2010 periods (8 per cent per annum), followed by Mossel Bay (7.5 per cent per annum over the corresponding period). According to the Quantec Research data, the Construction sector is well represented in both these municipal economies and performed exceptionally

well by growing by 11.9 per cent and 15.3 per cent respectively over the 2000 to 2010 period. The Wholesale and retail trade, catering and accommodation and Finance, insurance, real estate and business services sub-sectors also grew strongly in Bitou Municipality.

On the other end of the spectrum, the Hessequa Municipality's economy grew the weakest, i.e. by 1 per cent per annum with its Wholesale and retail trade, catering and accommodation sector shrinking and the Mining and Quarrying sector decreasing rapidly. Real growth in the Knysna (5.8 per cent per annum) and Kannaland (5.5%) also demonstrated high economic growth.

## 1.3 SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION



Global Insight Data depicts that the district's percentages of household access to basic municipal services is progressively increasing throughout the region. This is confirmed by the mere fact that an estimated more than 85% of all households residing within the Eden district have access to all basic municipal services prescribed by legislation. Since the amalgamation of the Eden District Management Area (DMA) with George Municipality in 2011, the municipality is no longer directly involved in basic service delivery, but continues as the strategic partner with its B-Municipalities to contribute towards creating an enabling environment for growth in the district. Various service delivery Master Plans were formulated by the Eden District Municipality for the region. Some of which include a Bulk Water Master Plan, District Sanitation Master Plan, Storm Water Master Plan, Air Quality Management Plan, District Integrated Transport Plan, Disaster Management and an Integrated Waste Management Master Plan.



## I.4 FINANCIAL HEALTH OVERVIEW

The 2012/13 budget was tabled and approved by Council on 30 May 2012 and the adjustment budget approved in January 2013 as prescribed in legislation.

An unqualified audit report with emphasis of matter was received for the 2012/13 financial year. The majority of year-end procedures were finalised at 30 June 2013. All section 71 and 72 reports were submitted on deadline as prescribed by legislation. The GRAP compliant annual financial statements was timeously submitted by 31 August 2013. Council is in the process of drafting budget related policies as required by legislation.

The existing Supply Chain Management (SCM) policy was revised and implemented. All creditor payments are made within 30 days after receipt of invoice/statement and GRV's as required by the MFMA. Optimal interests are generated on investments and salary payments are made by the 25<sup>th</sup> of each month.

An adequate Asset Management system is in place but the revision of the current cash management processes and procedures needs to be addressed in the coming financial year.

The financial viability of the District Municipality is a challenge and sound financial reforms and practices will remain a priority in the medium to long term.

FINANCIAL OVERVIEW - 2012/13			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	143 017	147 709	138 093
Taxes, Levies and tariffs			
Other	29 470	29 114	34 990
Sub Total	172 487	176 823	173 083
Less Expenditure	170 847	175 887	157 969
Discontinuing Operations			
Net Total*	1 640	936	15 114
* Note: surplus/(deficit)			T1.4.2

OPERATING RATIOS FOR 2011/12	
Detail	%
Employee Cost	58%
Repairs & Maintenance	2%
Finance Charges & Depreciation	4%
	T1.4.3

**COMMENT ON OPERATING RATIOS T1.4.3:****1. Employee related costs Ratio:**

The ratio for employee related cost is 54%, which is above the norm of 35 - 40%. A turnaround strategy was adopted by Council in May 2012. The macrostructure has been reduced from five Executive Managers to three Executive Managers and the microstructure is being revisited.

**2. Repairs and maintenance Ratio**

The norm for repairs and maintenance is in the region of 20%. District Municipalities' norm will be lower than the norm as traditionally the majority of maintenance is spent on infrastructure maintenance.

**3. Finance cost and depreciation Ratio:**

No new external funding was taken up in 2012/2013. The finance cost is minimal, the total outstanding long term liabilities as at 30 June 2013 is R2.5m.

The depreciation cost decreased with R1.6m from 2011/2012 to 2012/2013 and the main reason for the decrease due to the review of useful list of the assets.

**TOTAL CAPITAL EXPENDITURE: YEAR - I TO YEAR I**

			R'000
Detail	Year 2010/11	Year 2011/12	Year 2012/13
Original Budget	41 226	19 000	1 635
Adjustment Budget	28 804	13 870	935
Actual	15 738	669	730

T1.4.4

**I.5 ORGANISATIONAL DEVELOPMENT OVERVIEW****EDEN ORGANISATIONAL STRUCTURE**

Nationwide municipalities are continuously challenged with the task to fulfill their developmental mandates. In response to this and due to its financial uncomfortable position, the Eden District Municipal Council and Administration in collaboration with the labour sector identified the need to restructure and transform its current organisational structure into a vehicle that is geared to deliver on its strategic goals and objectives.

A new organisational structure was accepted by Council with effect from 1 July 2012 (DC 281/05/12). After approval of the Placement Policy, a placement process followed in April 2013 for placement of staff on the newly accepted organisational structure with effect from 1 June 2013.

**PLACEMENTS**

The Placement Policy was discussed at a Policy Workshop with management and the unions where after the agreement was accepted and signed on 27 February 2013. The Placement Committees consisted of the Office of the Municipal Manager-, Support Services-, Management Services-, Roads Services- and Financial Services Departments, SAMWU and IMATU as well as the Manager: Human Resources who were responsible for the placement of staff in the approved organisational structure of Eden District Municipality.

Placements took place during April 2013.

The final placement meeting was held on 4 June 2013. Placement letters, dated 5 June 2013, were sent to employees confirming their placement position, department and section on the structure with effect from 1 June 2013. Opportunity was given for appeal until 28 June 2013 at 12:00.

## POLICY REVIEW WORKSHOPS

Policy Workshops were established for the purpose to review Council's policies.

**The committee consists of the following 12 representatives:**

1. Cllr Johann du Toit
2. Cllr Tertuis Simmers
3. Cllr Sharon May
4. Municipal Manager: Godfrey Louw
5. Manager: Support Services, Trix Holtzhauzen
6. Manager: Financial Services, Louise Hoek
7. Manager: Roads Services, Hans Ottervanger
8. Manager: Management Services, Clive Africa
9. Manager: Human Resources, Gerhard le Roux
10. Legal Advisor: Jannine de Klerk
11. SAMWU Representatives: Richard Dyantyi
12. IMATU Representatives: Pieter Raath

**The following seven policies were reviewed by the Policy Workshop Committee since the beginning of the year:**

1. Travel and Subsistence;
2. Advance on Salary;
3. Acting allowance;
4. Smoking in the workplace;
5. Contract Appointments;
6. Placement; and
7. Experiential Training.

The Placement Policy was approved by Council and the Advance on Salary-, Smoking-, Contract appointment- and Experiential Training Policies have been referred to Council for approval. The following policies must still be discussed by the Policy Workshop Committee and some are still in the development phase:

- Professional Registration Fees;
- Leave Policy;
- External Bursary;
- Skills Development;
- Student Assistance;
- Ethical Standards;
- Employment Equity;
- Induction Training & Staff Orientation;
- Bouquets;
- Funeral;

- Redeployment;
- EAP;
- Sexual Harassment;
- Imprisonment;
- RPL/Assessment;
- Dresscode;
- HIV/AIDS;
- Substance Abuse;
- Disability;
- SHE Rep / Committee;
- OHS & Environmental;
- Retention; and
- Retrenchment.

## TASK

At the Regional Task Job Evaluation meeting which was held on the 1st of February 2013, where the future of the Task Unit was discussed.

## WORKPLACE SKILLS PLAN

The Workplace Skills Plan is the key strategic planning document relating to workplace training, career pathing, and employment equity for the municipality. The Workplace Skills Plan (WSP) must relate to the key municipal IDP objectives, and to the priority training areas identified in the Sector Skills Plan. The WSP details the training planned by a municipality in a given financial year. To qualify for the mandatory grant, an employer must, in addition to submitting the WSP, submit the Annual Training/Implementation Report to the LGSETA by 30th June yearly. The Implementation Report details the actual training conducted, against the training planned in the WSP.

The role of the Skills Development Facilitators is to co-ordinate all training for both the employees and councillors. One of their functions is to submit annual reports regarding the number of courses/learnerships, as well as the number of people who attended and completed the said courses/learnerships. Another aspect of training is the induction of all new employees.

## EMPLOYMENT EQUITY

The Employment Equity Plan for Eden District Municipality represents the organisation's employment equity goals and objectives for the period 01 March 2013 to 01 March 2018. The goals and objectives developed in this Plan have taken cognisance of the purpose and scope of the Employment Equity Act as well as the targets set out in the Broad Based Black Economic Empowerment General Charter. Affirmative action measures have been developed to ensure the achievement of these goals and objectives but have also taken into account the constraints presented by the labour market and the significant shortage of designated employees with the qualifications, skills and work experience necessary to occupy senior occupational levels within the organisation.

Equally, Eden District Municipality has sought to implement its employment equity plans and objectives without limiting its obligations in terms of the Skills Development Act, Health and Safety legislation and employee wellness initiatives.

**I.6 AUDITED OUTCOMES**

2009/10	2010/11	2011/12	2012/13
<b>Unqualified, with matters</b>	<b>Unqualified, with matters</b>	<b>Unqualified, with matters</b>	<b>Unqualified, with matters</b>

**I.7 STATUTORY ANNUAL REPORT PROCESS**

Nr	Activity	Timeframe
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	August
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3.	Finalise the 4 <sup>th</sup> quarter Report for previous financial year.	
4.	Submit draft year 1 Annual Report to Auditor-General.	August
5.	Municipal entities submit draft annual report to MM.	
6.	Audit/Performance committee considers draft Annual Report of municipality.	
7.	Mayor tables the unaudited Annual Report to Council.	
8.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor-General.	
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	September – October
11.	Municipalities receive and start to address the Auditor General's comments.	November
12.	Mayor tabled Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report.	January
13.	Audited Annual Report is made public and representation is invited.	February
14.	Oversight Committee assesses Annual Report.	
15.	Council adopts Oversight report.	
16.	Oversight report is made public.	March
18.	Oversight report is submitted to relevant provincial council.	
19.	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Report to be used as input.	

**Comment on Annual Report Process:**

In compiling the Annual Report it is important that there exist a clear alignment between the Integrated Development Plan, Budget, Service Delivery and Implementation Plan as well as the organisational implementation strategies. This will enable the timely preparation and submission of the Annual Report which is factually correct and potentially free from unrealistic information and/or omissions.

The Annual Report was tabled end of August. Copies were provided to the legislature.

# CHAPTER 2

## GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Good governance has eight major characteristics. It is participatory; consensus oriented; accountable and transparent; responsive; effective and efficient; equitable; inclusive; and follows the rule of law. It assures that corruption is minimised, 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 the future needs of society.

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Eden District Municipality Support Services ensures that Council, the Executive Mayoral Committee, Portfolio Committees and other standing committees meet regularly in accordance with the pre-approved schedule of meetings. The Committee Services also arrange special meetings, as and when required to do so. Agendas were compiled, produced and distributed in respect of all meetings to the councillors concerned. Minutes of all proceedings were recorded and safely kept for record purposes and for future reference.

#### I. COUNCIL, COMMITTEES AND COUNCILLOR SUPPORT

During the year under review, the following numbers of meetings were held:

TYPE OF MEETING	NR	AGENDAS DISTRIBUTED
Council	5	55 agendas per meeting for councillors, media and officials = 275
Special Council	5	50 agendas per meeting for councillors, media and officials = 275
Executive Mayoral Committee	11	50 agendas per meeting for councillors including members of the Audit Committee and officials = 550
Finance Service Committee	10	47 agendas per meeting for 35 councillors and officials = 470
Corporate Services Committee	10	47 agendas per meeting for 35 councillors and officials = 470
Community Services Committee	8	45 agendas per meeting for 35 councillors and officials = 360
Technical Services Committee	8	45 agendas per meeting for 35 councillors and officials = 360
Strategic Planning Committee	6	45 agendas per meeting for 35 councillors and officials = 270
Economic Development and Planning	8	45 agendas per meeting for 35 councillors and officials = 360
Governance Committee	1	15 agendas per meeting for 7 councillors and officials = 15
Occupational Health & Safety Committee	4	25 agendas per meeting for 3 councillors, Samwu, Imatu and officials = 100
Training & Development Forum	4	20 agendas per meeting for 3 councillors, Samwu, Imatu and officials = 80
Local Labour Forum	6	30 agendas per meeting for 7 councillors, 7 Samwu and 3 Imatu representatives and officials = 180
District Assessment Committee(Land Affairs)	0	No DAC meetings for year under preview
Audit Committee	4	15 agendas per meeting for 3 members and officials = 60
Oversight Committee	4	15 agendas per meeting for 8 councillors and officials = 60
TOTAL OF MEETINGS HELD AND AGENDAS DISTRIBUTED	94	3 885

## 2.1 POLITICAL GOVERNANCE

### POLITICAL STRUCTURE



**MAYOR**  
Executive Mayor,  
Cllr Wessie van der Westhuizen



**SPEAKER**  
Doris Nayler



**DEPUTY MAYOR**  
Executive Deputy Mayor,  
Cllr Lionel Esau

### CHIEF WHIPS



**CHIEF WHIP**  
JA Gerber(DA)



**CHIEF WHIP**  
Cllr P van der Hoven (ANC)



**CHIEF WHIP**  
Cllr JG Maxim (COPE)



**CHIEF WHIP**  
Cllr BDD Linden (ICOSA)



**CHIEF WHIP**  
Cllr J du Toit (ACDP)



## PORTFOLIO CHAIRPERSONS



Chairperson:  
Social Development  
Councillor Sharon May



Chairperson:  
Financial Services  
Councillor Johann Koegelenberg



Chairperson:  
Community Services  
Councillor Henry Mc Combi



Chairperson:  
Corporate Services  
Councillor Tertius Simmers



Chairperson:  
Economic Development and  
Planning  
Councillor John Maxim



Chairperson:  
Strategic Services  
Councillor Johan du Toit

Chairperson: Infrastructure Services  
**VACANT**

Note: The Chairperson: Infrastructure was vacant during the 2012/13 financial year.



## CHAPTER 2

### 2011/2016 TERM - COUNCIL



Cllr D Abrahams  
African National Congress



Cllr NC Booisen  
Democratic Alliance



Cllr N Bityi  
African National Congress



Cllr S de Vries  
African National Congress



Cllr M Fielies  
African National Congress



Cllr H Floors  
Democratic Alliance



Cllr JA Gerber  
Democratic Alliance



Cllr J Harmse  
African National Congress



Cllr JG Janse van Rensburg  
Democratic Alliance



Cllr R Johannes  
Democratic Alliance



Cllr P Luiters  
African National Congress



Cllr S Mbandezi  
African National Congress



Cllr W Meshoa  
ICOSA



Cllr MM Mbali  
African National Congress



Cllr N Ndayi  
Democratic Alliance



Cllr C Ngalo  
African National Congress



## CHAPTER 2

### 2011/2016 TERM - COUNCIL



Cllr NP Ngemntu  
Democratic Alliance



Cllr GC Niehaus  
Democratic Alliance



Cllr LN Qupe  
Democratic Alliance



Cllr CMA Skietekat  
Democratic Alliance



Cllr MN Tanda  
African National Congress



Cllr T Teyisi  
African National Congress



Cllr P van der Hoven  
African National Congress



Cllr D van Rensburg  
ACDP



Cllr V Waxa  
African National Congress



Cllr D Xego  
African National Congress



Cllr NM de Waal  
Democratic Alliance  
2012-10-01 - 2012-11-01

### Comments on Councillors

**Eden District Municipal Council, consists of 35 Councillors:**

- 17 DA Councillors
- 13 ANC Councillors
- 2 ICOSA Councillors
- 2 ACDP Councillors
- 1 COPE Councillor

### **Breakdown of Council Compilation (Refer to Appendix A & B):**

- 9 Councillors are appointed on a full time basis
- 15 Councillors are Proportional Councillors
- 15 Councillors are from respective wards in the district

### **COMMITTEES**

#### **COUNCIL MEETINGS**

Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee.

The Council meets quarterly during the last week of the month to resolve matters that have not been delegated to officials or MAYCO. The Council may not delegate the passing of by-laws, the approval of budgets, the imposition of rates and other taxes, levies and duties, the appointment of the Municipal Manager or Senior Manager or the raising of loans.

Council meetings are chaired by the Speaker and all Councillors are obliged to attend.

#### **EXECUTIVE MAYORAL COMMITTEE**

The Executive Mayor of the Municipality, Councillor Wessie van der Westhuizen, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility.

Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in consultation with the Mayoral Committee. The Mayoral Committee is chaired by the Executive Mayor.

The name and portfolio of each Member of the Mayoral Committee is listed on page 17.

### **COMMITTEES**

Councillors attend three types of decision making meetings:

Section 80 or Portfolio Committee meetings usually meet monthly to discuss matters referred to them and to make suitable recommendations to the Mayoral Committee; Mayoral Committee also usually meets every month to consider the recommendations of the Section 80 Committees and to either resolve on matters referred to it in terms of delegated authority, or make recommendations to Council in matters not delegated to it; and Council meetings.

#### **PORTFOLIO COMMITTEES**

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

#### **SECTION 79 COMMITTEES**

Section 79 committees are temporary in nature and appointed by the Council as needed. They are usually set up to investigate and report on a particular issue and do not have any decision making powers. These committees report directly to Council. Once their ad hoc task has been completed, Section 79 committees are disbanded.

## EDEN DISTRICT MUNICIPALITY - SECTION 80 COMMITTEES: AS AT 30 JUNE 2012/13

	TANDO	VACANT	REHANA	REHANA	REHANA	TANDO	REHANA	TANDO
PARTIES	COMMUNITY SERVICES	INFRASTRUCTURE SERVICES	FINANCIAL SERVICES	CORPORATE SERVICES	STRATEGIC SERVICES	ECONOMIC VELOPMENT & PLANNING	SOCIAL DEVEL- OPMENT	
CHAIR	HJ MCCOMBI	VACANT	JJA KOEGELEBERG	TA SIMMERS	J DU TOIT	J MAXIM	SF MAY	
D E P U T Y CHAIR	S May	JJA Koegelenberg	J du Toit	Vacant	J Maxim	TA Simmers	HJ McCombi	
DA	GC Niehaus	H Floors	JG Janse van Rensburg	NP Ngemntu	LBC Esau	HJ McCombi	H Floors	
	T Simmers	NC Booisen	JJ Gerber	JJ Gerber	NP Ngemntu	NC Booisen	GC Niehaus	
	LN Qupe	JG Janse van Rensburg	SF May	GC Niehaus	LN Qupe	CMA Skietekat	LN Qupe	
ANC	NM Tanda	P van der Hoven	D Xego	T Teyisi	P van der Hoven	N Bityi	M Fielies	
	CN Ngalo	D Abrahams	P van der Hoven	S Mbandezi	MM Mbali	vacant	V Waxa	
COPE	J Maxim							
ICOSA				BDD Linden			W Meshoa	
ACDP		J du Toit	D van Rensburg		D van Rensburg			
TOTAL	8	8	8	8	8	8	8	

## SECTION 79 COMMITTEES

			T HOLTZHAUSEN	T HOLTZHAUSEN	REHANA	TANDO	DAPHNE	DISCIPLINARY COMMITTEE
Parties	BUDGET STEERING	APPEALS COM	GOVERNANCE	SCOPA	TRAINING & DEV	HEALTH & SAFETY	LOCAL LABOUR FORUM	ASAND WHEN REQUIRED
CHAIR	JJA KOEGELEBERG	D VAN RENSBURG	D NAYLER	D XEGO	TA SIMMERS	TA SIMMERS	TA Simmers	
DA	JJ Gerber	JJ Gerber	JJ Gerber	LN Qupe HJ Floors JG Janse van Rensburg	NP Ngemntu	Vacant GC Niehaus	J du Toit TA Simmers HJ McCombi SF May Municipal Manager T Holtzhausen I Official	
ANC			P van der Hoven	S deVries		MM Mbali	P van der Hoven T Teyisi	
COPE			J Maxim		J Maxim			
ICOSA			BDD Linden	BDD Linden	W Meshoa		BDD Linden	
ACDP		J du Toit	J du Toit	D van Rensburg				
UNIONS					2 Imatu Vacant(samwu) M April	P Koopman D Baartman M Solani	7 Samwu 3 Imatu	

## OTHER COMMITTEES IN TERMS OF LEGISLATION

	WORKPLACE & RESTRUCTURING	BASIC CONDITIONS OF SERVICES	HUMAN RESOURCE DEV COMMITTEE	AUDIT COMMITTEE
	DAAPHNE	DAAPHNE	DAAPHNE	DAAPHNE
CHAIR				J STOFFELS  JRN Metelerkamp  G Harris  A Potgieter
DA	TA Simmers  SF May	TA Simmers  GC Niehaus  NP Ngemntu	TA Simmers	
ANC				
COPE			J Maxim	
ICOSA				
ACDP	J du Toit		J du Toit	
SAMWU	D Baartman  N Nkasozi	Shane Qhalo  NW Nkasozi	D Baartman  M April	
IMATU	P Raath  P Koopman	P Raath  P Koopman	P Koopman	

OTHER COMMITTEES

Political Party	Public Transport Council representatives	Road Agency	DAC
	Chairperson of Infrastructure	Chairperson of Infrastructure	Chairperson of Social Dev (SF May)
DA	NC Booisen as secundus	NC Booisen as secundus	JJA Koegelenberg
ANC			JG Janse van Rensburg (secundus)
COPE			
ICOSA			
ACDP			

## EDEN DISTRICT MUNICIPALITY - SECTION 80 COMMITTEES

POLITICAL DECISION-TAKING

All decisions were implemented during the 2012/13 financial year.

T2.1.3

**2.2 ADMINISTRATIVE GOVERNANCE**Introduction

In terms of Section 55 (i) of the Municipal Systems Act, 2000 Act 32 of 2000 the Municipal Manager is the head of administration of the municipality and is subject to policy directions of the municipal council, responsible and accountable for;

(a) .....

(b) the management of the municipality's administration is accordance with this act and other legislation applicable to the municipality;

(i) advising the political structures and political office bearers of te municipality;

In terms of section 60 of the Municipal Finance Management Act, 2003 Act 56 of 2003 (MFMA,2003), the Municipal Manager of a municipality is the accounting officer of the municipality and must provide guidance and advice on compliance with the MFMA, 2003 to the political structures, political office-bearers and officials of the municipality.

The Municipal Council has during 2012 approved a revised macro structure, reducing the number of senior managers from 5 to 4 (excluding the municipal manager). A recruitment and selection proceess was followed and the following senior managers were appointed during the first half of 2013 viz,

- (i) Senior Manager: Roads - Mr. H Ottervanger
- (ii) Executive Manager: Support Services - Ms B Holtzhausen
- (iii) Chief: Financial Offier - Ms L Hoek

The Senior Management Team was only fully staffed by May 2013. Despite this for the period under review., the senior management team operated under difficult circumstances, with 3 acting managers. Regular Management meetings were held, at least twice a month, and a positive *esprit di Corps* and cohesion existed between the senior managers. At the time a Turn Around Strategy approved by Council on 27 May 2012, was implementated with a strong focus on revenue enhancement initiatives a number of these enhancement initiatives were concluded viz;

- ESRI Enterprise licence for GIS
- Memorandum of Agreement with Provincial Department of Social Development.
- Service Level Agreement with Hessequa and George Municipalities, for the delivery of Fire Service.
- Service Level Agreement for website development for George and Hessequa Municipalities.
- Service Level Agreement with Mossel Bay Municipality for the delivery of a Call Centre.

During this year under review Council approved a new micro organisational structure and staff were placed according to agreed upon principles with Organised Labour. Final objections were resolved during August 2013 with the process being concluded during October 2013 (just outside the period under review).

In conclusion the Municipal Manager and his senior management team has provided a qualitative and quantitative service to the institution and Council.



## TOP ADMINISTRATIVE STRUCTURE



Godfrey Louw  
Municipal Manager



Trix Holtzhausen  
Executive Manager: Support Services



Clive Africa  
Executive Manager:  
Management Services



Louise Hoek  
Chief Financial Officer



Hans Ottervanger  
Senior Manager: Roads

### Organigram

Section 57 positions are displayed on Annexure C.

**COMPONENT B: INTERGOVERNMENTAL RELATIONS****INTRODUCTION TO CO-OPERATIVE GOVERNANCE  
AND INTERGOVERNMENTAL RELATIONS**

Chapter 3 of the Constitution of South Africa provides that the three spheres of government are distinctive, interdependent and interrelated. The principles that underlie the relations between the three spheres are that of co-operative government and intergovernmental relations (IGR). In terms hereof, each sphere must, among other things:

- respect the constitutional status, institutions, and powers and functions of government in the other spheres;
- exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere;
- co-operate with one another in mutual trust and good faith by:
  - assisting and supporting one another;
  - consulting one another on matters of common interest;
  - co-ordinating their actions and legislation with one another; and
  - adhering to agreed procedures.

The purpose of this guideline document is to support the creation and operation of national, provincial and local intergovernmental structures.

**2.3 INTERGOVERNMENTAL RELATIONS****NATIONAL INTERGOVERNMENTAL STRUCTURES**

T2.2.1

Eden District Municipality as a category C – local authority strives to deliver on its mandate, and the cooperate national forums is to ensure that the mission of Eden DM in providing strategic leadership and coordination to B Municipalities in the district, and upholding the principles of good governance in pursuit of excellence as a regional leader in local government is achieved.

The following table:

Name of the Meeting	Responsible of Person	Sphere of Government
Tourism Indaba (exhibition)	Ms Fathima Hassain Ms Amagene Pietersen	National
South African Institute for Environmental Health	Mrs Emmy Douglas	National

**PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

T2.2.2

IGR in South African context concern the interaction of different spheres of government. The Constitution declares that government is comprised of National, Provincial and Local Spheres of government which are distinctive, interdependent and interrelated. These platforms are used as platform in the creation of a developmental state through district wide collective planning amongst all municipalities.

## CHAPTER 2

The following table:

Forum/ Meeting Attended	Responsible Person	Sphere of Government
SCM & Moveable Assets Forum	Mr T Mpuru	Provincial
SCM & Moveable Assets Forum	Ms D Raubenheimer Mr T Mpuru	Provincial
Western Cape Air Quality Officers Forum	Mr J. Schoeman Mr D Baartman	Provincial
Eden Air Quality Officers Forum	Mr J Schoeman Mr D Baartman	Provincial
Annual Air Quality Lekgotla	Mr J Schoeman Mr D Baartman	Provincial
Steering Committee Provincial Spatial Development Framework	Mr H Hill	Provincial
Land Use Steering Committee	Mr H Hill	Provincial
Provincial Coastal Committee	Mr V Gibbs-Halls	Provincial
Garden Route Initiative – Eden's Environmental Committee	Mr V Gibbs-Halls	Provincial
Gouritz Cluster Biosphere Reserve	Mr V Gibbs-Halls	Provincial
SanParks Stewardship Forum	Mr V Gibbs-Halls	Provincial
Blue Flag Forums	Mr V Gibbs-Halls	Provincial
24 Conservancies	Mr V Gibbs-Halls	Provincial
Keurbooms Estuary Forum Groot Brak estuary Forum Klein Brak Estuary Forum Gouritz Estuary Forum Goukou Estuary Forum Duiwenhoks Estuary Forum Breede River Estuary Forum	Mr V Gibbs-Halls	Provincial
Provincial Public Participation & Communicators Forum	Ms K Masiza	Provincial
Western Cape Municipal Managers Forum	Mr G Louw	Provincial
LG MTECH Engagement	Mr G Louw	Provincial
Premier's Coordinating Forum	Mr G Louw	Provincial
Municipal Risk Management Forum	Mr G Louw	Provincial
Ministers and Mayoral Forum  Min May Tech	Eden DM, Executive Mayor Cllr W van der Westhuizen and Municipal Manager, Mr G Louw	Provincial
Shared Services	Ms T Holtzhausen	Provincial
Provincial IDP Managers Forum	Ms R Louw, Mr R Davids	Provincial
IDP Indaba 1 and 2	Ms R Louw, Senior Manager	Provincial
Provincial HR Technical Forum	Mr G le Roux	Provincial
Quarterly CAE Forum & Quarterly Risk Management Forums	Miss N Dlengezele	Provincial
Southern Cape Karoo Environmental Health Forum	Mr H Herwels and Environmental Health Practitioners	Provincial
Western Cape Municipal Health working group	Mr J Compion, and Ms E Douglas	Provincial
South African Institute for Environmental Health	Ms E Douglas	National and Provincial
WESGRO Tourism Meeting	Ms F Hassain	Provincial
Dept of Economic Development Tourism Meeting	Ms F Hassain	Provincial
Provincial Local Economic Development Forum	Ms N Raubenheimer	Provincial
Regional Chamber of Commerce	Ms F Hassain	Provincial
SALGA – HR Task Workgroup	Mr G le Roux	Provincial
SALGA Practitioner Forum	Mr G le Roux	Provincial

## DISTRICT INTERGOVERNMENTAL STRUCTURES

T2.2.4

According to the Constitution of the Republic of South Africa, Act No. 108 of 1996, Section 41(2) an Act of Parliament must establish or provide structures and institutions to promote and facilitate Intergovernmental Relations (IGR) and provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

As a district municipality, the responsibility of the Unit is to create platforms to enhance effective communication systems between various stakeholders for the benefit of the organization and most importantly for the community of the Eden district.

The functional IGR district forum meetings during the year, and Communications is responsible for the secretariat functions of the District Coordinating Forum, Municipal Managers Forum and District Public Participation and Communicators Forum.

## FUNCTIONAL EDEN IGR FORUMS

Name of the Forum	Purpose of the Forum	Composition	Frequency of the meetings
IDP Managers Forum	Platform to engage on the IDP process of the district & local b' municipalities in the district; share best practices on IDP.  Aim for alignment between the IDP of District & B- Municipalities	IDP Managers  Assistant IDP Offices  Municipal Stakeholders	Quarterly
LED Managers Forum	Platform for Economic Development Practitioners to discuss best practices for the implementation of LED project and programs to stimulate the local economy.	LED Managers, SEDA, Provincial Department and Relevant Stakeholders	Bi-Monthly
District Communicators & Public Participation Forum	Platform for local communications in the region to discuss plans, strategies and best practices for public participation and communications	Public Participation Official  Communications Officers  GCIS  DPLG – Public Participation Directorate	Quarterly
District Coordinating Forum  (Mayoral Forum)	To identify and implement programs aimed at realizing one of the key objectives of local government, i.e to deepen local democracy	Mayors, Municipal Managers and Provincials Departments (when requested)	Bi-Monthly
Eden Municipal Managers Forum	To discuss matters of Municipal Interests	Municipal Managers, and Provincial Departments	Bi-Monthly
Eden District Youth Council	Discuss district –wide issues	Civil society structures  Youth Coordinators	Bi-Monthly

## CHAPTER 2

Integrated Communications and Technology (ICT) Forum	To discuss and strategize issues with regard to IT	Local Municipalities IT Specialists and administrators	Bi-Monthly
Public Transport Technical Steering Committee	To discuss Integrated Public Transport related issues regionally	District and Local Municipalities and Relevant Provincial Department	As requested
Eden Waste Management Forum	To discuss matters related to waste management	Provincial Waste Managers Regional Waste Managers Environmental Officers	Bi-Monthly
Eden Disaster Management Forum	To discuss the regional disaster management related issues	District and local municipalities Head of Departments Provincial and local Head of Departments in Government	On - Request
Regional Tourism Organisation	To plan for the impact upon, improve and monitor tourism development	Tourism portfolio Councillors Tourism Officials Technical Committee Members (LTO Members)	Bi-Monthly
Legal Advisors Forum	To discuss legal matters in the district	District and Local Municipalities Legal Advisors	Bi-Monthly
Eden District AIDS Council	To discuss issues related HIV/AIDS pandemic and creating awareness on issues that affect Youth in the district	District and Local Municipalities officials and relevant stake holders	Bi-Monthly
Eden/ Central Karoo HR Forum	To discuss Corporate issues	District and local Municipalities HR Managers and Labour Relations Officers	Bi-Monthly
Regional Skills development facilitators forum	Coordinate skills development initiatives in the region	Skills Development Facilitators Representatives from both unions	Quarterly
Labour Relations Forum	To address and determine best practices and uniform approach	Regional Labour Relations Officers	Bi-Monthly
Occupational Health and Safety Forum	To discuss Health and Safety issues, and consultation with employees representations	Councilors Executive Managers Health & Safety sub-committees reps Union reps	Quarterly
Chief Financial Officers Forum	Provincial and National Department provide update on any financial related issues.	CFO'S Designated Persons	Quarterly
Environmental Health Forum	Discuss KPI's , development and share experiences	District & Local Health Practitioners Law enforcement Officers	Quarterly
District Speakers Forum	To identify and implement programs.	District Speaker  Local Municipalities Speakers	Not active

Copies of the minutes are kept on record and noted at the Municipal Managers Forum meeting.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4 IDP PARTICIPATION AND ALIGNMENT

The IDP, Budget and Performance Management System of a municipality is required to be seamlessly integrated.

The 2012/2017 IDP review process of the Eden DM was initiated with the adoption of the IDP/Budget/PMS process plan on August 2011 by Council. The institutional arrangements used to manage the 2012/2017 IDP review process included:

- The internal IDP Task Team;
- Structured Stakeholder engagements;
- District IGR Forums (Municipal Managers Forum (MMF), District Coordinating Forum (DCF); Regional IDP Managers Forum); and
- Provincial IDP Managers Forum.

The table below evaluates the 2012/2017 IDP of the Eden District with the legislative requirements of the Municipal Systems Act and the Municipal Finance Management Act.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Only input and outcome
Does the IDP have priorities, objectives, KPI's, development strategies?	Yes
Does the IDP have multi-year targets?	Targets were set in 2012/13 IDP review
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPI's in the Strategic Plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.4.1

In the development of its new 5 year IDP for 2012/17 the District Municipality aimed to achieve better alignment between the IDP and Performance Management with the setting of multi-year performance indicators and targets.

## 2.5 COMMUNICATION

### INTRODUCTION

The Communications function is responsible for corresponding good quality and professional image of the organization to internal and external parties. The function itself relies on internal human resources including other internal departments to ensure that the tasks that need to be executed are performed within a desired timeframe in order to attain satisfying outcomes. All performed tasks added to a well promoted organisation and these initiatives were mainly generated by the Unit through correct protocol. The Unit reported all activities and tasks (in progress or finalised) throughout the year to the Portfolio Committee responsible for Communications as well as to Provincial Government.

### STAFF COMPONENT

During the reported period the Unit was staffed by the following officials:

1 x Acting Manager: Communications and IDP

After the position of the Manager: Communications became vacant, the following persons acted as Managers during the year of review, namely:

- Rochelle Louw (July 2011 to September 2012)
- Fathima Hassain (October 2012 to November 2012)
- Ricardo Davids (November 2012 to June 2013)

1 x Senior Communications Officer: IGR and Public Participation – Kholiswa Masiza

1 x Graphic Designer – Herman Pieters

2 x Content Creators – Marlene Nqumse, Marillia Veldkornet

### INTERNAL FUNCTIONS

The core functions of the Communications section are as follows:

- Media Liaison
- Content Creation (Copywriting, Speechwriting, proofreading, translation, interviews)
- Corporate Branding
- Placement of Advertisements/Public Notices
- Graphic Design
- Photography
- Website Administration
- Marketing (Social Networking)
- Coordination of a weekly events calendar
- Production of Staff Newsletter (Internal Communications with internal staff)
- Production of IGR District Newsletter (Communications with external parties)

### Media Liaison

Media liaison took place in various forms throughout the year, namely: the issuing of press releases/news articles, responses to requests from the media as well as press conferences. Throughout the year the section continued to vigorously carry out these duties.

In certain cases, when it was too late to invite media to events, the Content Creators drafted the news articles themselves and fed the information through to the media for publishing. In most situations media representatives were invited to attend such events themselves to publish information in their newspapers or broadcast it on their radio's precisely the way they experienced these events and not from the Organisation's point of view.

The section at all times strives to respond to the media's requests within a certain timeframe as per Council's draft policy and also to consider the deadlines of the media houses. When receiving such media requests, the Unit immediately starts to source information from internal departments on the specific topic. As soon as the information is received, the official can only then write a response for the media. However, in certain cases, information could not be processed within the specific timeframe, especially when it covered a topic related to the Environmental Health function, where an inspection had to be carried out first to be able to respond accordingly.

### Content Creation (Copywriting, Proofreading, Speechwriting, Translation, Interviews)

Content Creators were very active in ensuring that sufficient and relevant news articles were created for publishing on Eden's website, fanpage and newsletters. Apart from writing texts such as news articles, these pieces had to be proofread and/or translated and certain pieces were sent to the various media houses, depending on the potential target audiences, for publishing in the various newspapers.

### Corporate Branding

For the Municipality to maintain a professional image, a new corporate brand was designed and it was decided that the previous year's brand be replaced with the new brand. Only certain parts of the previous brand were replaced – the logo of the municipality remains as is. Due to limited financial resources certain elements such as new fleet signage, signage for the main office etc. could not be finalised. Throughout the year, smaller items such as business cards, door signage, e-mail signatures were designed as this did not have a major impact on Council's finances. As custodian of the corporate branding function, all material was designed by the Unit and all the necessary designed templates were maintained and kept safe to ensure that the uniformity of the brand remained consistent. Before the end of the year of review, a decision was also made by Management to implement a uniform dress code for staff. This will not have a financial impact on Council as staff will, in their personal capacity; purchase the clothing from selected stores. The Unit will continue to ensure that the corporate clothing reflects the correct image of the organization; however staff is under no obligation to purchase it, as they have to fund their own clothing.

### Placement of Advertisements

Throughout the year of the review the unit processed all advertisements as provided by the internal departments. The Unit provided a proof reading function of all content of advertisements that were sent to the newspaper for placement. These advertisements were also published on Eden's website and fanpage. The Supply Chain Unit ensured that the advisements were placed on the notice boards. The type of advertisements included: tenders, vacancies, council meeting, notices such as Council meetings etc.



## CHAPTER 2

### Graphic Design

The following tasks were carried by Eden's Graphic Designer during the year of review. These visuals were done to assist internal as well as external parties to help achieve their goals, satisfy their needs and to visually connect the Eden brand to the different audiences. By rendering the services, it also contributed to the Unit's performance in terms of achieving its targets.

Type	Output totals
Invitations	17
Programmes	14
E-mail signatures	112
Annual Report	1
Brochures/Flyers	11
Logo's	3
Banners/X-frames	12
Booklets	2
Indaba material	10
Stickers	8
Newsletters	4
Name tags	75
Certificates Templates	4
Website	1
Door signs/lables	35
Social Networking posts	110

### Photography

Events were photographed by all officials within the Unit during the year. Although some Sections within the organization do have their own cameras, it is still expected from the Communication Unit to ensure that high quality photographs are taken. News articles should also be accompanied by photographs, no matter the platform it will serve on, in order attract more readers. The following number of sessions/events were photographed:

Month	Total Sessions/Events
July 2012	20
August 2012	13
September 2012	13
October 2012	17
November 2012	6
December 2012	20
January 2013	5
February 2013	11
March 2013	11
April 2013	13
May 2013	8
June 2013	8

### Marketing (Social Networking)

During the year of review a Facebook fanpage for the Municipality was created in order to target online audiences, but more specifically the youth. Not only news articles were published on the fanpage, but opportunities like tenders, vacancies, as well as notices were published on the page. The total number of “likes” to the fanpage at the end of the year amounted to approximately 300 which is a clear indication that this fanpage is growing faster than expected and that the message does reach the specific target audience.

### Coordination of a weekly events calendar

An activity calendar that reflects all the events that are initiated by the municipality, were published by the Unit on a weekly basis. The calendar contains information such as council meetings, special events e.g. handover ceremonies, public participation meetings, open days, etc. All the essential information accompanied the actual listed events including, dates, contact details, venues, times etc. This tool was used to inform the public of service delivery related events. The calendar is published on the website, as well as on the notice boards of all offices of the Municipality (main building and satellite offices).

### Production of staff newsletter (Internal Communications with internal staff)

During the year of review good quality A3 fold to A4 newsletters with relevant information were produced by the Unit. Information such as staff related events, achievements, highlights, educational content and updates were published in the Newsletter. The content creators wrote the text and if it was needed, conducted interviews with staff members, took photographs and did research on special features in order for the entire publication content to be sufficient. Internal departments also provided the Unit with information to be published of which was then proof read by the Content Creators and/or translated. The Graphic Designer was responsible for the layout and editing of pictures. The printing of the publication was outsourced and only staff members with no e-mail facilities each received a hard copy after it became available on a quarterly basis. The rest of the staff received their soft copies via the intranet.

### Production of IGR District Newsletter (Communications with external parties)

This tabloid style publication contained information such as news events, service delivery information. Almost at the end of the year, the Municipal Managers Forum discussed to review the type of content of this publication and it was requested that more focus should be given to services information on local as well as district level, meaning all B-municipalities will have to provide services related information to the Unit for publishing in this newsletter.

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

In terms of Section 62 (1) (c) of the Municipal Finance Management Act 2003, Act 56 of 2003, the accounting officer of a municipality is responsible for the financial administration and must take all reasonable steps to ensure that the municipality has and maintain effective, efficient and transparent systems of financial and risk management.

Eden District Municipality has identified the following critical risk themes (in no specific order) namely;

1. Financial viability/sustainability
2. Inadequate standards of service delivery
3. Deficiencies in staff skills and capacity
4. Maintaining infrastructure
5. Weaknesses in governance and accountability
6. Unsatisfactory levels of compliance
7. Failure and non-integration of IT systems
8. Natural Disasters
9. Reputational damage
10. Safety and security
11. Lack of funds for implementation of projects

Quarterly reports on risk management are submitted to the Risk Committee for their review and identification of new risks and mitigation of current risks. Other duties of the Risk Committee are that of reviewing all claims of Eden DM, as well as reviewing the anti-fraud monthly reports from PWC (where applicable).

The risk officer, on behalf of the risk committee, submits quarterly reports to the Audit and Performance Audit Committee for dealing with mitigating action plans from the different departments for the high critical operational risks, as well as strategic risks.

The Risk Management Policy, the Risk Strategy and Implementation Plan have been reviewed, have served at the Mayoral Committee for their review and will be submitted to Council in December 2013 for approval. An evaluation of the risk tolerance and risk appetite will be performed in due course, as the municipality is striving to attain a level 4 status.

The Internal Audit Unit and the Audit Committee plays an integral part in providing quality assurance and integrity to the Enterprise Risk Management process.

## 2.7 INTERNAL AUDIT

Section 165 of the Municipal Finance Management Act, No. 56 of 2003, prescribes that each municipality must have an internal audit unit.

### The Internal Audit unit is responsible for the following:

- (a) Preparing a Risk Based Audit Plan for each financial year-and Internal Audit Program for each financial year
- (b) Advising the Municipal Manager and report to the Audit and Performance Audit committee on the implementation of the audit plan and matters relating to:
  - Internal audit;
  - Internal controls;
  - Accounting procedures and practices
  - Risk and risk management;
  - Performance management;
  - Loss control;
  - Compliance with the Municipal Finance Management Act No. 56 of 2003; and
  - The annual Division of Revenue Act and any other applicable legislation.
- (c) Perform any other such duties as may be assigned to the unit by the Municipal Manager. The municipality may determine that it is cost effective to outsource the auditing function.

### The role of Internal Audit at Eden DM can be summarised as follows:

- The role of the internal audit is to assist the Municipal Manager and the Council to meet their objectives and to discharge their responsibilities by providing an independent evaluation of the adequacy and effectiveness of Eden District Municipality's network of risk management, control and governance processes.
- Develop a three year strategic and flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management and submit that plan to the Audit Committee for review and approval;
- Implement the risk-based annual audit plan, as approved covering Section 165(2) of the Municipal Finance Management Act (MFMA) and as appropriate, any special tasks or projects requested by management and the Audit Committee;
- Establish policies and procedures to guide the Internal Audit Unit and direct its administrative functions;
- Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this charter (Refer standard 1200 of the Standards for the professional practice of internal auditing);
- Establish a quality assurance program by which the Chief Executive Auditor assures the operation of internal audit activities (Refer standard 1300 of the Standards for the professional practice of internal auditing);
- Perform consulting services, beyond internal auditing assurance services, to assist management in meeting its objectives.

Examples may include training, advisory services. Informal consulting engagements include routine activities such as participating in Council and management meetings, ad hoc meetings and routine information exchange (Refer standard 1100 of the Standards for the professional practice of internal auditing); and

- Issue at least quarterly reports to the Audit Committee and management summarising results of audit activities.

### Internal Audit Activities

- Actions plans on the Auditor-General audit findings for the financial year 2011/12 were developed and maintained by the internal audit unit in conjunction with the GRAP Steering Committee. Action plans were verified for effectiveness and outstanding action plans were monitored. This report was reviewed at the audit committee meetings.
- Follow-up was performed on previously audited areas to confirm whether the reported recommendations has been implemented alternatively other action plans has been put in place in order to determine the status of the risks identified.
- Extensive internal audit procedures were performed based on our Audit Plan (2012/2013) on the following areas:

Number	Area of review	Critical	Significant	Housekeeping	Total
1	SCM		9		9
2	Petty Cash Report			8	8
3	Project Management - Leases				In progress
4	Human Resources – HR audit		14		14
5	Expenditure Management				In progress
6	Inventory Stock take	4			4
7	Performance Management Information		4		4
8	DoRA GRANTS (Income Received vs Expenditure on conditional grants)				
10	Follow-Up Resorts		7		7
11	Follow-Up Political Administration		3		3
12	Follow-Up of the Mr J Zeele's forensic investigation audit	12			12
13	Follow up of the AG findings		56		56
14	Follow up of the Disaster Management		46		46
15	Follow up of auxiliary services	14			14

### Assistance to B-municipalities

At this stage, the Eden internal audit unit has limited staffing capacity to assist B-municipalities with their internal audit function on a regular basis.

### Composition of the Audit and Performance Audit Committee (APAC)

The APAC is an independent advisory body to the municipal council and this committee was established by Council to assist it with execution of its mandate. The APAC comprises of four (4) members and both the internal and external auditors had

unrestricted access to the Audit Committee. The roles of the APAC are set out in section 166 of the MFMA.

### Main responsibilities of the Audit Committee

- Advising Council, the political office-bearers, the accounting officer and the management staff of the municipality.
- Overseeing internal controls, financial reporting and compliance with regulatory matters.
- Review the effectiveness of the council's system of internal control and risk management.
- Review the financial reporting and financial statements.
- Review the internal audit function.
- Review the performance management system and reports.
- Review compliance to policies, regulations and procedures in terms of prescribed guidelines and applicable laws.

Internal audit reports are submitted to the Audit Committee on a quarterly basis for review, through formal meetings.

The Audit Committee is fully functional and their purpose is in line with the Municipal Finance Management Act and clearly outlined in the audit committee charter which was approved by Council. For the period under review, the audit committee convened 4 meetings at the following dates:

- 16 November 2012
- 28 February 2013
- 8 May 2013
- 6 June 2013

### Internal Audit related constraints / challenges

1. To ensure that the Internal Audit division is fully capacitated in terms of:
  - Warm bodies
  - Certification of staff and professional development.
2. We are striving to cover the full mandate of the Internal Audit within the municipality by ensuring that we are providing an independent, objective assurance and consulting service beyond internal auditing assurance service, to assist management in meeting its objectives that is designed to add value and improve the municipality's operations.
3. We are also striving to assist the Municipal Manager and council by providing an independent evaluation on the reliability and integrity of financial and operational information before being submitted to the Auditor General.
4. Being able to extend the Internal Audit to the district as a regional facilitator through the shared services.
5. We had a functioning and effective Internal Audit unit and we have exceeded our legislated deadline of reporting to the Audit and Performance Audit Committee (APAC) for the year. The management developed action plans to address the issues identified in the previous years and in our Internal Audit Reports and the municipality is working towards achieving operational clean audit report.

## **2.8 FRAUD AND ANTI-CORRUPTION STRATEGY**

The annual review of the Anti-Fraud and Corruption prevention policy draft is in progress and has been circulated to Senior Management. It will be submitted to Council for approval and will be workshopped.

The implementation of the said policy has been awarded to KPMG and the rollout of this initiative includes the community of all seven (7) B-municipalities. Eden District Municipality is currently awaiting confirmation from the relevant Councils' in respect of their intention to participate in this initiative. The said policy shall be workshoped with Council and staff. Support Services shall act as the champion of this initiative.

An Ethical hotline facility is available on 0800 21 47 64 to report fraud or unethical behaviour. The said number is toll free from a Telkom line only.

- The Hotline operates 24 hours a day, 365 days a year and all information received is treated in the strictest confidence. It enables a concerned employee, as well as third parties to anonymously and at no cost to them, to disclose fraudulent, corrupt and unethical practices in the workplace.
- Alternatively fraud or unethical behaviour may be reported via the following mediums:
  1. KPMG Hotfax- 0800200796
  2. KPMG Hotmail- fraud@kpmg.co.za
  3. KPMG Post- KPMG Hotpost, at BNT 371, PO Box 14671, Sinoville 0129
  4. KPMG Webmail at <http://www.thornhill.co.za/kpmgethicslinereport>

Eden District Municipality's Risk Committee will act as the Anti-Fraud and Corruption Prevention Committee and all reports shall be submitted to the Accounting Officer within 24 hours. The Accounting Officer is responsible to submit a report to the Audit Committee on a monthly basis.

A well planned marketing plan will be utilized in order to sensitize staff and the community regarding the new initiative.

The final reviewed policy shall be uploaded on Eden District Municipality's website and filed in Eden District Municipality's policy register.

## 2.9 SUPPLY CHAIN MANAGEMENT

### INTRODUCTION

When we look back and reflect on the year gone, it is evident that Supply Chain Management in Government is far from stagnation and Regulatory framework is delving into deeper aspects of Supply Chain Management over and above the procurement process. With the issuing of Treasury Circular Mun No. 36 of 2012, Local Production and Content, regulating the environment within which Accounting Officers and Accounting Authorities may procure as per designated sectors in accordance with Preferential Procurement Regulation 9 "Local Production and Content." Government through Department of Trade and Industry (DTI) continues to show its commitment towards local economic empowerment. All three spheres of Government will now have to re-look at re-aligning their Supply Chain Management Policy with the Local economic policy to ensure that Government spending goes beyond acquisition of goods and service but is a mechanism to which Local Economy is given a life line to become active and competitive. By regulating procurement in certain designated sectors local business will be forced to use a minimum stipulated threshold for local production and content thus giving rise to a vibrant local economy and creating employment. Entities that thrive on imports for their competitive edge will no longer derive the benefit of government spending to the full extent as in the past and that in itself is an opportunity for local business to enter into these sectors and be given leverage that ordinarily will not exist. This is therefore a wake-up call to all local entrepreneurs to investigate these sectors and take full advantage of the business opportunity that government has created for them.

From a local authority's perspective, this will bring about new challenges of managing forever scarce and dwindling resources to accommodate these new requirements and still seek to be efficient, economical and effective in how we manage government resources. We will endeavour to uphold the principles of fairness, transparency, competitiveness, equitable distribution and cost effectiveness as per section 217(1) of the constitution of South Africa. Eden District Municipality prides itself in the manner of integrity through which Supply Chain Management has been managed however we acknowledge the dark cloud of fraud and corruption that hangs over Government procurement still exist, however it is not the norm in the



Western Cape.

With South African markets opening to foreign competition we realise that local business is enduring even harsher market conditions and Government procurement has in most cases become the life line of local economy. The number of objections and appeals have become significant not because of procurement process followed but simply out of greater financial distress. More and more business are now giving due recognition to government spending and therefore policies will begin to reflect greater inclusion for local economic empowerment and specific attention to SMME's and emerging business. We therefore urge that the communities begin to actively engage their local authorities and seek information sessions to empower them on processes and regulatory frame work. Eden District Municipality will continue to engage with service providers and actively inform and facilitate information sessions to empower local business.

## SCM POLICY

Regulation 3 of the Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations states:

### **The Accounting Officer of a municipality or municipal entity must:**

1. Promptly prepare and submit a draft supply chain management policy complying with regulation 2 to the council of the municipality or the board of the directors of the municipal entity for adoption.
2. At least annually review the implementation of the policy; and
3. When the accounting officer considers it necessary, submit proposals for the amendment of the policy to the council or board of directors.
4. The accounting officer may for the purpose of sub-regulation (1)(a) make use of any Treasury guidelines determining standards for municipal supply chain management policies, submit to the council or board of directors that guideline standard, or any modified version thereof, as a draft policy.
5. If the accounting officer submits a draft policy to the council or the board of directors that differs from the guideline standard, the accounting officer must ensure that such draft policy complies with regulation 2.
6. The accounting officer must report any deviations from the guidelines standard to the National Treasury and the relevant provincial treasury.
7. When preparing or amending its supply chain management policy, a municipality or municipal entity must take account of the need for uniformity in the supply chain management practices, processes and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses.

## BACKGROUND: PROCESS REVIEW

During the 2011/12 and the 2012/13 financial year, the Provincial Treasury embarked on a process of assessing municipalities Supply Chain Management policies as articulated in the Provincial Treasury Circular 49-2010, issued 29 October 2010.

The National Treasury issued MFMA circular No. 22 in August 2005 instructing each Municipal Council and board of directors of a municipality and municipal entity to adopt a policy that gives effect to the Supply Chain Management legislation. Due regard in respect of availability and willingness of each Municipality to submit its policy for assessment and review to provincial Treasury was given.

Adoption dates, amendment and review dates were also identified and considered, however priority was given to the

municipalities which have policies in place dating far back and those that require immediate attention. During 2011/12 Financial Governance Review (FGRO) process, the management of Eden District Municipality requested for a fully-fledged SCM Policy assessment process by Provincial Treasury.

Subsequent to the request, the Provincial Treasury conducted a SCM policy assessment process for the municipality and a report dated 23 May 2012 was compiled and issued to the Municipality, which indicated areas where the policy needed to be amended. In response to the Provincial Treasury's policy assessment report, the Municipality has taken cognisance of most of the findings and recommendations indicated in the report and forwarded through to the Provincial Treasury its amended SCM Policy for further review.

The Municipal Manager and the extended management team reviewed the policies on the 25 June 2012 and made the necessary amendments as per legislative requirements. In addition to the review, the following items were added as annexures to the policy:

- Supply Chain Management processes;
- Code of Conduct for Supply Chain Management Practitioners and other Role players;
- Appointment of Bid adjudication Members; and
- Financial Delegations register.

The Policy was work shopped with the Mayoral Committee, Council and the Unions before being adopted by Council in March 2013.

### Compliance to Supply Chain Management prescripts:

In striving to uphold clean governance and comply with the MFMA prescripts, Eden District Municipality maintains a clear separation of powers and duties between the political office bearers and administration. No councillors were involved in any part of the Supply Chain Management process or served in any of the Supply Chain Management committees in the 2012/13 financial year.

### Compliance to Minimum Competency Regulation:

With regards to compliance to the minimum competency regulations all finance personnel have been enrolled for Minimum Competency course with either the University of Stellenbosch or the Deloitte's program. With an intense schedule that has been followed we are pleased with the progress being made and trust that all personnel shall be competent within the prescribed period as amended.

## **2.10 WEBSITES**

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Eden DM view its website as an integral part of communication infrastructure and strategy. Two websites are currently administrated by the Communication Unit, namely: the Eden corporate website ([www.edendm.co.za](http://www.edendm.co.za)), as well as the district information portal.

The role of Eden District Municipality's website, as platform for information dissemination, participation and disclosure has been significantly catered for in various pieces of legislation, including:

- The Local Government Municipal Systems Act No 32 of 2000 (MSA);
- The Local Government Municipal Financial Management Act No 56 of 2003; and
- The Municipal Property Rate Act, No 6 of 2004

The Communication Unit strive to place all relevant information on the website as require in terms of above legislation. In order to achieve Eden's vision: "Eden a future empowered through excellence" the website are use as a tool to disclose information to the public and external users about decisions taken, council's finances and activities.

Currently Eden's website meets the requirements as set out, however, there is still room for improvement. To address this, a revised corporate website is in the process of being developed and will be up and running within the next few months. The new website will be more functional and user friendly.

No progress was made in placing computers in accessible locations for public access.

T2.10.1.1

## **2.11 SHARED SERVICES**

### **GIS**

The implementation of a Spatial Information Management System. Eden District Municipality is in the final stages of negotiations to establish a uniform GIS software/hardware platform within the region. All role players agreed to embark on an Enterprise License Agreement(ELA) that will enable Eden DM being the first district municipality to implement a cross-boundary platform for Spatial Information Management.

The participating municipalities are: Eden DM, Bitou, Knysna, George, Mossel Bay, Hessequa, and Oudtshoorn.

Some of the benefits of an Enterprise Licence Agreement includes:

- A lower cost-per-unit for licensed software;
- Flexibility to deploy software products when and where needed; and
- Standardised GIS platform across the region, improving collaboration between the Local Authorities, Eden DM, PGWC and other spheres of Government.

### **GRAPHIC, WEB DESIGN**

The Eden Communication Unit currently employed a Graphic Designer. All the B-Municipalities in the district use external service providers for their professional design needs.

The Communication's Unit identified this shared service opportunity, where the Graphic Designer can render a professional design service to B-Municipalities at a reduced cost of external service providers. This project can be driven as a shared services initiative to the district.

### **FIRE SERVICES**

The Eden District Municipality Fire and Rescue section can provide Category-B fire fighting services to other local authorities in the region. Currently Hessequa-, Bitou- and George Municipalities have entered into Service Level Agreements(SLA) with Eden District Municipality.

### **DISASTER MANAGEMENT**

The Eden District Municipality Disaster Management Centre has a state of the art, fully functional Joint Operational Command

(JOC) facility linked to their GIS database. By the end of June 2013, this database will be updated with the latest regional risk assessment data. This facility can be used by local authorities as a platform from where strategic planning and event management could be done.

### **CALL CENTRE**

Eden District Municipality has a state of the art, fully functional call taking and dispatch facility. The centre was designed to effectively and efficiently cater for approximately 50 000 calls per month with full voice-and data capturing. The centre is run by a qualified Centre Supervisor and 24/7 shift seniors.

Currently the utilization of the centre is at 50%. The designed capacity for local authority's economy of scale could be reached by centralisation of their call centre function. Municipalities do not have to fear losing their individualism - as the software currently in use can be programmed to identify the area from where the caller is phoning. This allows the call centre agents to answer the caller with reference to the area from where the call is being made. If the caller is from Bitou, the call centre agent in George could answer "Bitou Municipality hello."

### **FUNDING MOBILISATION**

This initiative was launched in the 2011/2012 Financial Year.

The following proposals were received:

1. Training and Development;
2. Infrastructure Development;
3. ICT Support; and
4. Green Waste Management.

**These initiatives are work in progress.**

### **ANTI-FRAUD HELPLINE**

The tender has been awarded in February 2013. Implementation is under way and will prove to be an effective fraud combating programme. B-Municipalities will be contacted to determine their willingness to participate in this regard.

### **AIR QUALITY CONTROL**

Eden District Municipality continues to fulfil its role as leading authority with regards to Air Quality Management in the district. Considerable success is evident that has yielded positive response and has developed its capacity in preparation to implement its air quality mandate.

The successful implementation of the National Environmental Management: Air Quality Act (39) of 2004, is dependent on successful governance. The Air Quality Unit is equipped to assist B-Municipalities in complying with its Statutory Air Quality functions.

### **BULK INFRASTRUCTURE FEASIBILITY STUDY**

Eden District Municipality, in collaboration with Knysna-and Bitou Municipalities, commenced with a project to compile a feasibility study for the regional integration of the Bulk Water Supply systems of the two municipalities.

This study will include the investigation of the viability of currently planned bulk water augmentation schemes compared to an optional integrated regional approach.

The overall objectives of the feasibility study can be summarised as follows:

1. To identify the water resource and bulk water requirements of both Knysna-and Bitou Municipalities for the next 20 years;
2. To explore the technical and economic viability of integrating the Bulk Water Supply system of Knysna- and Bitou Municipalities; and
3. To ensure that the feasibility study is fully designed with water resource planning of the Department of Water Affairs.

To be able to achieve the objectives, a project team comprising of officials from participating municipalities, Department of Water Affairs and the Development Bank of South Africa, was established to monitor the process.

### **TOURISM**

Eden District Municipality continues to market the district under the official Tourism Brand “Garden Route & Klein Karoo.” We will continue to be the strategic enabler, to ensure that we work with all spheres of government, bringing opportunities to the Garden Route and Klein Karoo.

Forthcoming Memorandum of Agreements (MOA’s) with Cape Town Tourism, WESGRO, and Cape Winelands will be entered into – this will lend itself to exchanging of ideas, campaigns, marketing opportunities, creating a wider audience via Social Networks. We will keep the MOA’s short, with realistic deliverables, in order to achieve quick wins that have the desired impact.

The Garden Route and Klein Karoo website will be launched in March 2013. The collaboration between Eden DM and the local LTO’s has led to sharing of costs to attend marketing platforms, like the Getaway show in Gauteng, TAFI, the Golfing Industry Trade show as well as various other marketing opportunities.

The rolling out of the Eden School of Culinary Arts to every B-Municipality within the district has completed its cycle. Learners who excelled progressed onto a 3-year diploma course, some have started their own catering businesses and some have found work in the larger hotel groups and Bed and Breakfast. This program was highly successful in ensuring employment and proving further education and training to previously disadvantaged individuals.

### **LOCAL ECONOMIC DEVELOPMENT**

The Local Economic Development function of the Eden District Municipality continues to fulfil its role as a coordinating and facilitating enabler for economic growth and development in the region.

Some of the indicators for the aforementioned are, amongst others: Trade and Investment promotion, Business Retention and Expansion, Skills Development and Capacity Building, etc. The above processes are coordinated on a consultative basis in collaboration with the B-Municipalities in the district and often require combined efforts in terms of budgets, capacity, and strategy to execute the relevant processes.

Indicators are broadly discussed in the SDBIP.

### **ICT** **Website Hosting**

Eden District Municipality has the infrastructure and resources to host municipal websites.

This infrastructure is scalable and available for other municipalities. The current participating municipalities are: Eden District Municipality and Oudtshoorn Municipality.

#### **The benefits of such a Shared Services are:**

- Economy of scale;
- Scalability – use and extend as needed; and
- Standardization and skills sharing.

### **Inter-Municipal Sharing**

Eden District Municipality is currently engaged with the Hessequa Municipality regarding assistance in various ICT fields. This includes hardware deployment, software setup and planning. This relationship started from informal talks and requests at the Regional ICT Forum.

#### **Projects/Tasks completed:**

- Migration from Workgroup to a Domain;
- Virtualization and certain Disaster Recovery Processes;
- Backup implementation; and
- Currently assisting with an ICT Helpdesk Environment and ICT Inventory/Monitoring.

## **BIODIVERSITY AND COASTAL MANAGEMENT**

The Biodiversity and Coastal Management Unit of Eden District Municipality ensures that our mandate to protect our natural resources within the region is fulfilled. This includes conservation of important biomes, ecological patterns and processes within the Gouritz Cluster Biosphere Reserve, Garden Route Initiative and the coastal zone.

These management interventions are based on multi-disciplinary approaches to climate change, an integrated coastal management programme and robust environmental education.

The Unit strives to ensure sustainable development in the region concentrating on building the green economy and encouraging the use of renewable energy alternatives.

## **ROADS**

Eden District Municipality have established an informal working group between all the authorities in the district to promote public transport. This committee is known as the Eden Public Transport and Steering Committee. This Committee has since become part of the N2 Work Group, a committee established by Province to monitor the implementation of projects as set out in the Provincial Land Transport Framework ( Provincial IDP ). The N2 Work Group reports to the Integrated Transport Steering Group who in turn reports to the Office of the M.E.C. for Transport and Public Works. Eden is also represented on this forum.

Eden DM is part of the maintenance authority for the upkeep of provincial roads and therefore has regular meetings with Province in this regard.

# CHAPTER 3

## 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 April 2007 and a Performance Management Policy that was adopted by Council in April 2007. Eden District Municipality is currently in the process of reviewing the policy and will submit to Council by August 2013.

## 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.



## ORGANISATIONAL PERFORMANCE

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

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

### THE PERFORMANCE SYSTEM FOLLOWED FOR 2012/13

The municipality adopted a performance management framework that was approved by Council in 2007

Eden District Municipality is currently in the process of reviewing the policy and will submit to Council by August 2013.

### THE IDP AND THE BUDGET

The IDP was reviewed for 2012/13 and the budget for 2012/13 was approved by Council on 30 May 2012 as per Council Resolution DC 261/05/12.

The strategic goals and projects of Eden's IDP are linked to the district's budget through the SDBIP. The SDBIP serves as a performance management tool and forms part of the Eden District Municipality's Performance Management System. At the Eden District Municipality, each of the four departments has prepared its own KPI's to give effect to the municipal strategic objectives and to meet departmental service delivery and performance targets.

The strategy map below illustrates the strategic link of the focus areas of the municipality with the National Key Performance Areas. The National Key Performance Areas is aligned with the strategic objectives that were identified in the 2012/13 reviewed IDP. The strategic objectives are linked to the outcomes for 2012/13.

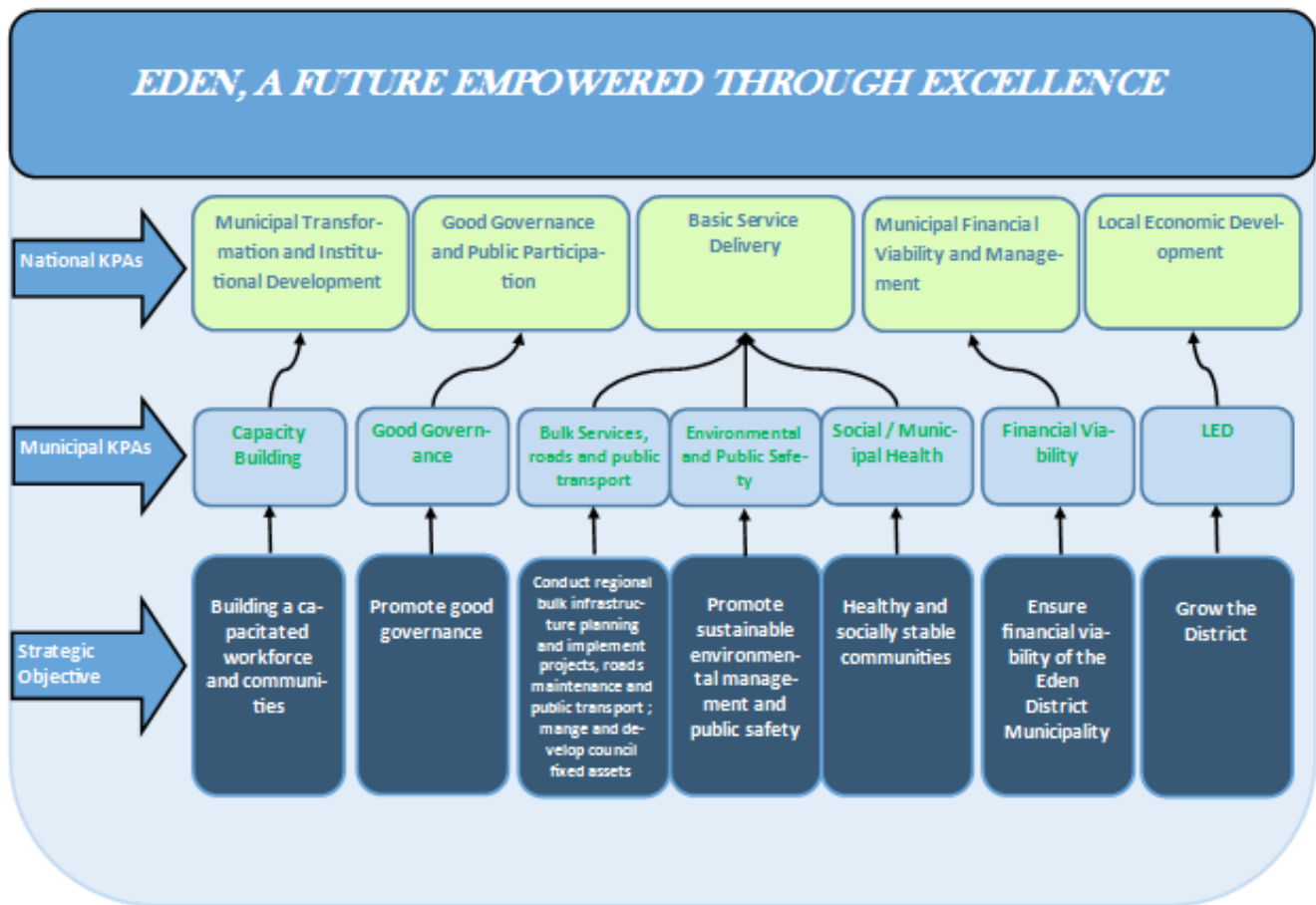


Figure 1 Strategy Map

## ORGANISATIONAL PERFORMANCE

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

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipality

## THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

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

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

The MFMA Circular No.13 prescribes that:

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

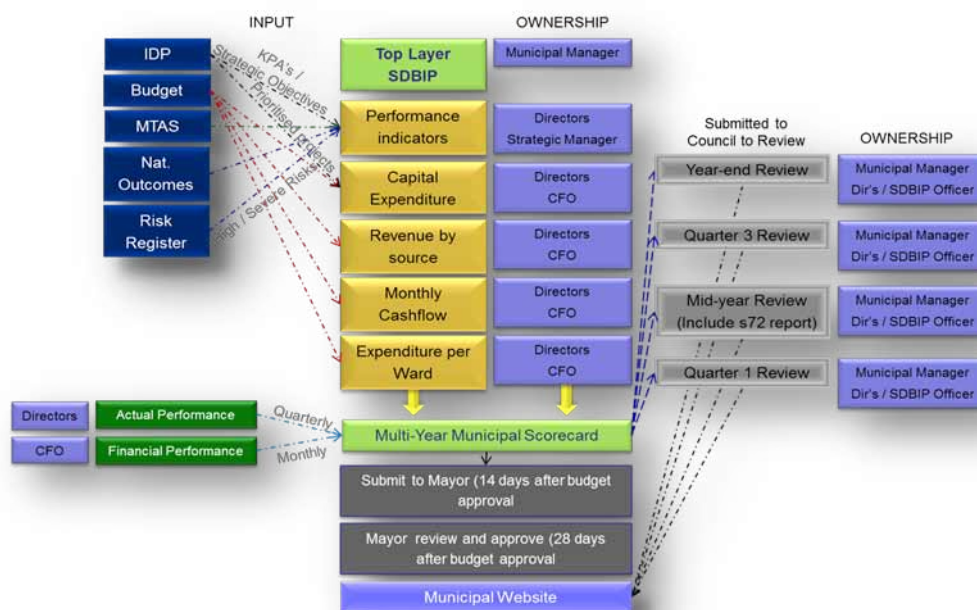
The SDBIP were prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 27 May 2013. (Date should be for 2012/13)

## THE MUNICIPAL SCORECARD (TOP LAYER SDBIP)

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

- One-year detailed plan, but should include a three-year capital plan
- The 5 necessary components includes:
- Monthly projections of revenue to be collected for each source
- Expected revenue to be collected NOT billed
- Monthly projections of expenditure (operating and capital) and revenue for each vote
- Section 71 format (Monthly budget statements)
- Quarterly projections of service delivery targets and performance indicators for each vote
- Non-financial measurable performance objectives in the form of targets and indicators
- Output NOT input / internal management objectives
- Level and standard of service being provided to the community
- Ward information for expenditure and service delivery
- Detailed capital project plan broken down by ward over three years

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



Top Layer KPI's were prepared based on the following:

Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.

KPI's identified during the IDP and KPI's that need to be reported to key municipal stakeholders.

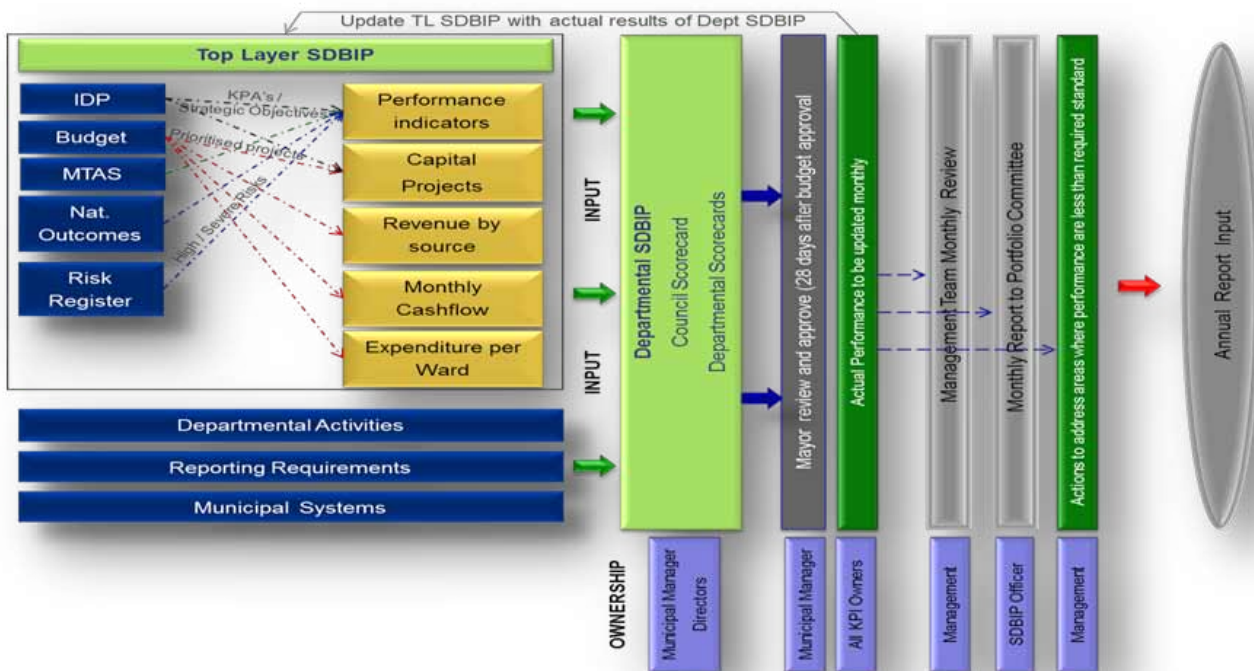
KPI's to address the required National Agenda Outcomes, priorities and minimum reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes.

## DIRECTORATE/DEPARTMENTAL SCORECARDS

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

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



KPI's were developed for Council, the Office of the Municipal Manager and for each Directorate. The KPI's:

- Address the TL KPI's by means of KPI's for the relevant section responsible for the KPI.
- Include the capital projects KPI's for projects. The targets are aligned with the projected monthly budget and project plans.
- Address the key departmental activities.
- Each KPI have clear monthly targets and are assigned to the person responsible for the KPI's.

### **ACTUAL PERFORMANCE**

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

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

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

### **I. PERFORMANCE MANAGEMENT**

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The municipality adopted a performance management framework that was approved by Council in 2007 and will is currently in the process of review and will be submitted to Council during August 2013.

### **ORGANISATIONAL PERFORMANCE**

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

The Top Layer SDBIP was submitted by the end of June but only approved by the Mayor on the 27th of May 2013 and the information was loaded on an electronic web based system.

The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the 10th of every month for the previous month's performance.

Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web based system.

The actual results against monthly targets set, are discussed in the one on one session with the MM and Executive Managers to determine early warning indicators and discuss corrective measures if needed.

The first quarterly report was submitted to Council 27 March 2013 and the second quarterly report formed part of the section 72 report in terms of the Municipal Finance Management Act, which was submitted to the Mayor on ?????. The third quarter report was submitted to Council on ???? (Agenda item ???).

The Quarterly SDBIP performance reports are also submitted to the Performance Audit Committee. The quarterly reports were submitted to the committee on ???? , ???? , ???? and ???.

Internal Audit performed a statutory compliance review which included revision of the information contained in the budget / SDBIP and reviewed IDP and reported thereon. In addition, a compliance review was performed on the submission of the budget / SDBIP and performance agreements of managers reporting directly to the Municipal Manager to ensure compliance to the relevant legislative requirements. Furthermore, a review of the 4th quarter performance proof of evidence against signed-off key performance indicators for 2011/12, were performed.

## INDIVIDUAL PERFORMANCE MANAGEMENT

### MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2012/13 financial year were signed during July 2012 as prescribed.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2011/12 financial year (1 January 2012 to 30 June 2012) took place on ???? and the mid-year performance of 2012/13 (1 July 2012 to 31 December 2012) took place on ????.

The appraisals was done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Executive Mayor
- Portfolio Chairperson
- Municipal Manager
- Chairperson of the Audit Committee
- Municipal manager from other municipality

### OTHER MUNICIPAL PERSONNEL

The municipality is in process of implementing individual performance management to lower level staff in annual phases.

# SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

## 1.1 LEGISLATIVE REQUIREMENTS

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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.

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

## 1.3 THE PERFORMANCE SYSTEM FOLLOWED FOR 2012/13

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### 1.3.1 Adoption of a Performance Management Framework

The Municipality reviewed the Performance Policy Framework and was sent to Mayoral Committee on 25 July 2013. It was recommended that the Item be work shopped at the next Mancom – MayCo meeting. At the workshop the performance management officer supply the Councillors more information regarding the Ignite System.

## 1.4 THE IDP AND THE BUDGET

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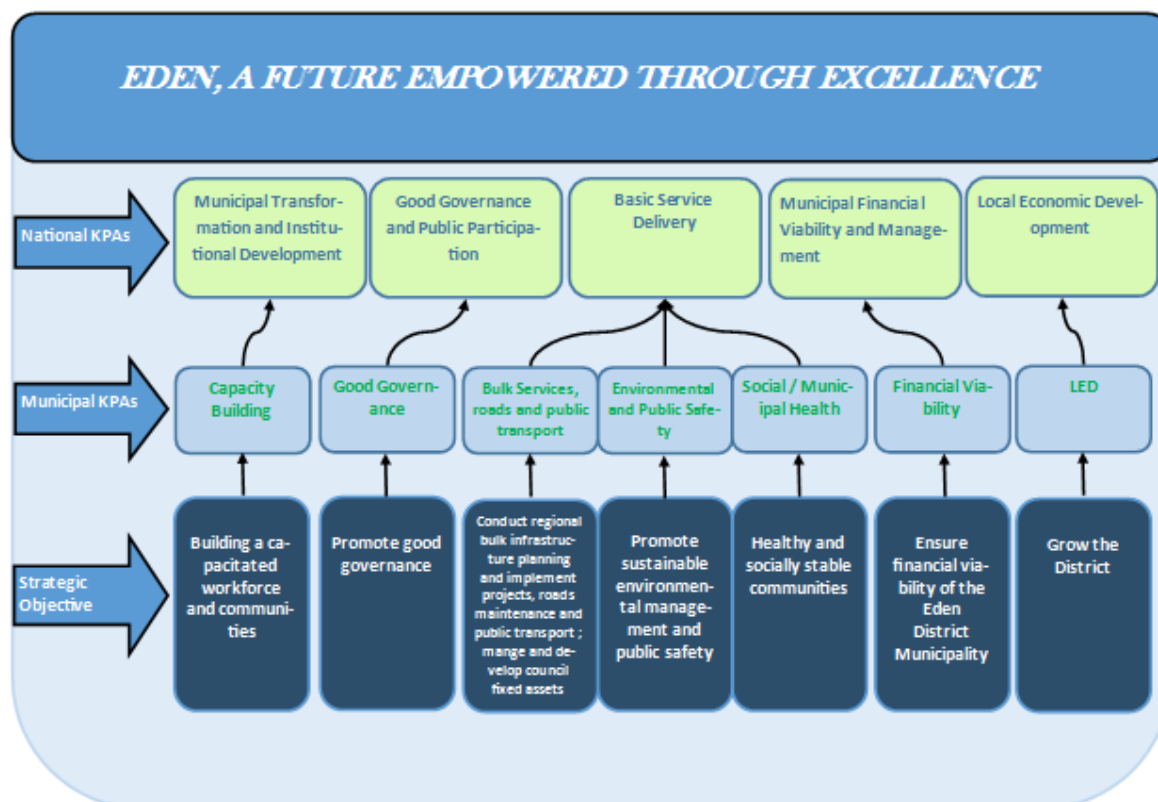
The IDP was reviewed for 2012/13 and the budget for 2012/13 was approved by Council on 30 May 2012 as per Council Resolution DC 261/05/12.

The strategic goals and projects of Eden's IDP are linked to the district's budget through the SDBIP. The SDBIP serves as a performance management tool and forms part of the Eden District Municipality's Performance Management System. At the Eden District Municipality, each of the four departments has prepared its own KPI's to give effect to the municipal strategic objectives and to meet departmental service delivery and performance targets.

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The strategy map below illustrates the strategic link of the focus areas of the municipality with the National Key Performance Areas. The National Key Performance Areas is aligned with the strategic objectives that were identified in the 2012/13 reviewed IDP. The strategic objectives are linked to the outcomes for 2012/13.



**Figure 1 Strategy Map**


## 1.5 THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

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

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

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next 12 months

-  The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

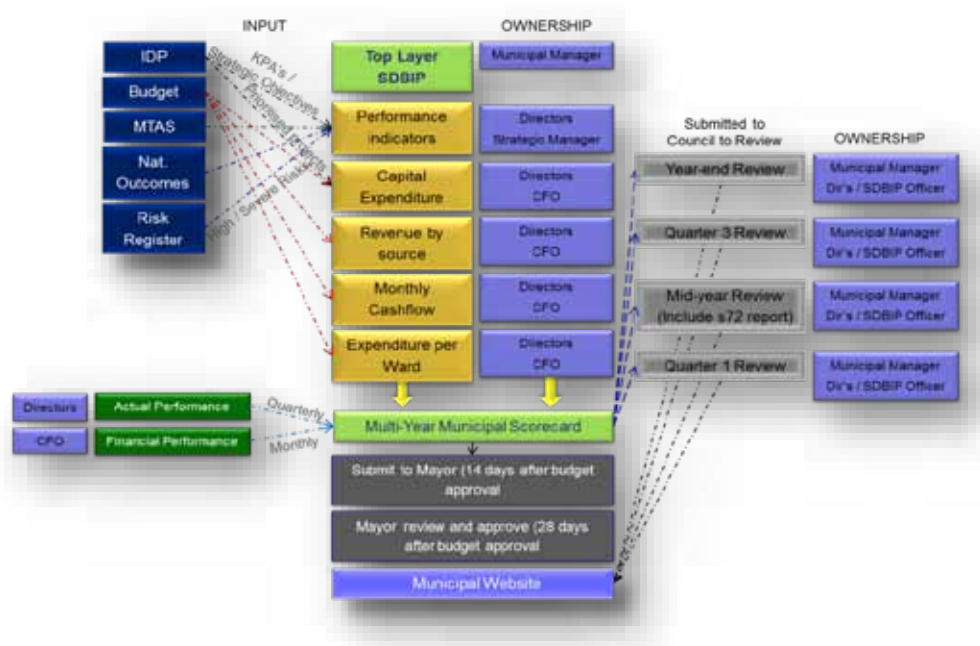
The SDBIP were prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on **27 July 2012**.

## 1.5.1 The municipal scorecard (Top Layer SDBIP)

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

- ∞ One-year detailed plan, but should include a three-year capital plan
- ∞ The 5 necessary components includes:
- ∞ Monthly projections of revenue to be collected for each source
- ∞ Expected revenue to be collected NOT billed
- ∞ Monthly projections of expenditure (operating and capital) and revenue for each vote
- ∞ Section 71 format (Monthly budget statements)
- ∞ Quarterly projections of service delivery targets and performance indicators for each vote
- ∞ Non-financial measurable performance objectives in the form of targets and indicators
- ∞ Output NOT input / internal management objectives
- ∞ Level and standard of service being provided to the community
- ∞ Ward information for expenditure and service delivery
- ∞ Detailed capital project plan broken down by ward over three years

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



Top Layer KPI's were prepared based on the following:

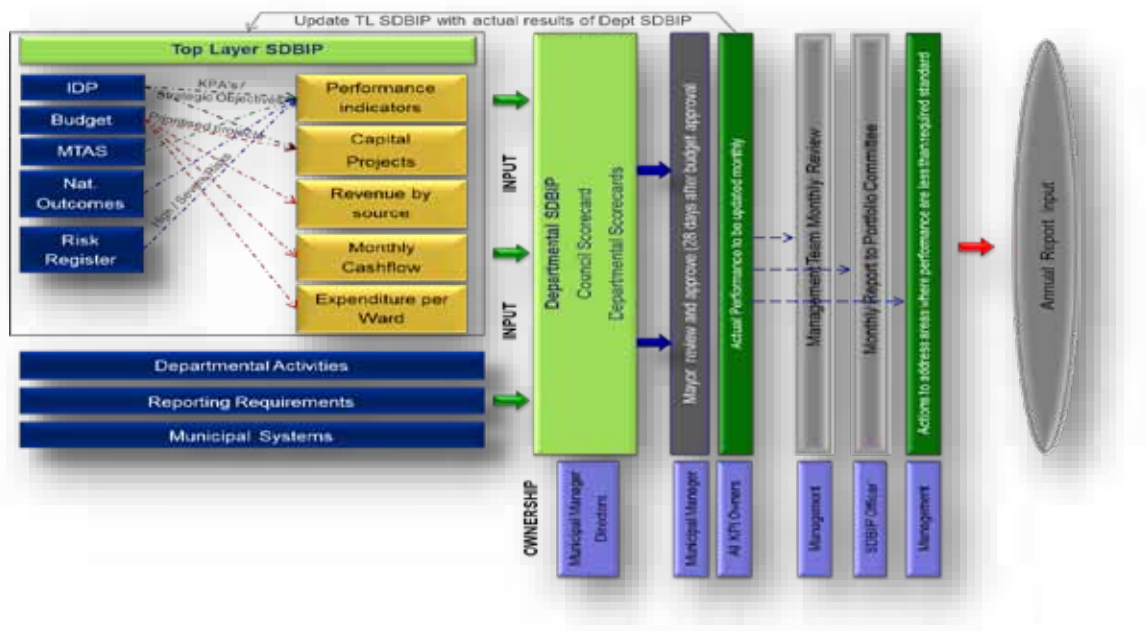
- Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- KPI's identified during the IDP and KPI's that need to be reported to key municipal stakeholders.
- KPI's to address the required National Agenda Outcomes, priorities and minimum reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes.

## 1.5.2 Directorate/Departmental scorecards

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

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



KPI's were developed for each Directorate. The KPI's:

- Address the TL KPI's by means of KPI's for the relevant section responsible for the KPI.
- Include the capital projects KPI's for projects. The targets are aligned with the projected monthly budget and project plans.
- Address the key departmental activities.
- Each KPI have clear monthly targets and are assigned to the person responsible for the KPI's.

## 1.6 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.

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

## 2. PERFORMANCE MANAGEMENT

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the

aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

The municipality adopted a performance management framework that was approved by Council in 2007 and will be currently in the process of review and will be submitted to Council during August 2013.

## 2.1 ORGANISATIONAL PERFORMANCE

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

- The Top Layer SDBIP was submitted by the end of June but only approved by the Mayor on the **27<sup>th</sup> of July 2012** and the information was loaded on an electronic web based system.
- The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the 10<sup>th</sup> of every month for the previous month's performance.
- Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web based system.
- The actual results against monthly targets set, are discussed in the one on one session with the Municipal Manager and Executive Managers to determine early warning indicators and discuss corrective measures if needed.
- Performance reports are submitted on a quarterly basis to the Municipal Manager and Council. The sec 72 report as prescribed by the MFMA, was submitted to the Mayor and Council for approval. This report contained requests for changes from departments with regards to the SDBIP. These changes were noted by Council, referred to SCOPA for perusal and approval on 15 March 2013.
- Quarterly SDBIP performance reports will be submitted to the Performance Audit Committee going forward in the 2013/2014 financial year. The quarterly Audit reports reflecting the SDBIP and audited actuals were submitted to the committee.

## 2.2 INDIVIDUAL PERFORMANCE MANAGEMENT

### 2.2.1 Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually.

This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2012/13 financial year were signed during July 2012 as prescribed.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2011/12 financial year (31 July 2011 to 30 June 2012) only took place during February 2013 due to the unavailability of a complete panel and the mid-year performance of 2012/13 (1 July 2012 to 31 December 2012) took place on 28 March 2013 and 6 June 2013.

The appraisals was done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Executive Mayor
- Portfolio Chairperson
- Municipal Manager
- Chairperson of the Audit Committee
- Municipal manager from other municipality

### 2.2.2 Other municipal personnel

The municipality is in process of implementing individual performance management to lower level staff in annual phases.

## 3. SERVICE DELIVERY PERFORMANCE

### Introduction

This section provides an overview of the key service achievements of the municipality that came to fruition during 2012/13 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2012/13 compared to actual performance in 2011/12.

### 3.1 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)

#### 3.1.1 Overall performance

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

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to their Strategic Objectives.

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

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

**Figure 2 SDBIP Measurement Categories**

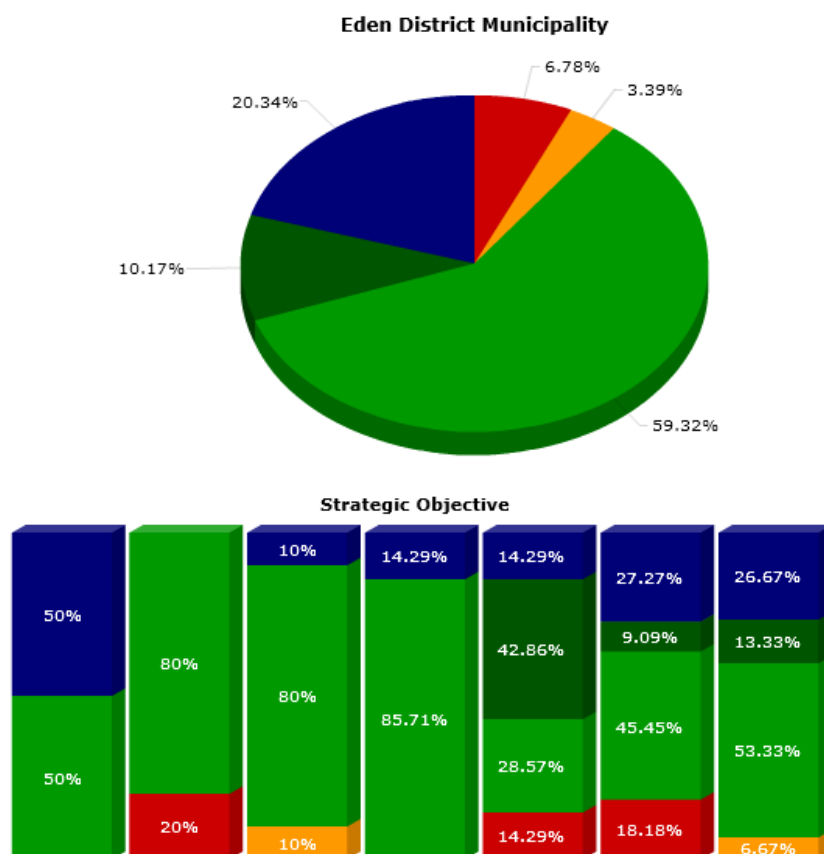
The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP per Strategic objective are indicated in the table and graph below:

	Eden District Municipality	Strategic Objective						
		Build a capacitated workforce and communities	Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop Council fixed assets	Ensure financial viability of the Eden district municipality	Grow the District economy	Healthy and socially stable communities	Promote good governance	Promote sustainable environmental management and public safety
KPI Not Met	4 (6.8%)	-	1 (20%)	-	-	1 (14.3%)	2 (18.2%)	-
KPI Almost Met	2 (3.4%)	-	-	1 (10%)	-	-	-	1 (6.7%)
KPI Met	35 (59.3%)	2 (50%)	4 (80%)	8 (80%)	6 (85.7%)	2 (28.6%)	5 (45.5%)	8 (53.3%)
KPI Well Met	6 (10.2%)	-	-	-	-	3 (42.9%)	1 (9.1%)	2 (13.3%)
KPI Extremely Well Met	12 (20.3%)	2 (50%)	-	1 (10%)	1 (14.3%)	1 (14.3%)	2 (27.3%)	4 (26.7%)
<b>Total:</b>	<b>59</b>	<b>4</b>	<b>5</b>	<b>10</b>	<b>7</b>	<b>7</b>	<b>11</b>	<b>15</b>

**Table 1: Top Layer SDBIP Performance per Strategic Objective**



*The graph below displays the overall performance per Strategic Objective for 2012/13:*



**Graph 1: Overall Strategic performance per Strategic Objective**

## 3.1.2 Actual strategic performance according to Strategic Objectives and corrective measures that will be implemented.

a) Build a capacitated workforce and communities

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance 2012/13								Corrective measures for targets not achieved
				Targets								
				Q1	Q2	Q3	Q4	Annual	Actual	R		
TL23	Appoint people from the employment equity target groups in the 3 highest levels of management in compliance with the municipality's approved EE plan	Number of people employed in the three highest levels of management	1	0	0	0	1	1	1	G	n/a	
TL24	Limit vacancy rate to less than 15% of budgeted post (Number of funded posts	% Vacancy level	9.20%	0%	0%	0%	15%	15%	10.6%	B	n/a	

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance 2012/13							
				Targets							Corrective measures for targets not achieved
				Q1	Q2	Q3	Q4	Annual	Actual	R	
	vacant divided by budgeted funded posts)										
TL26	Spent 0.5% of operational budget on training (Actual total training expenditure divided by total operational budget)	% of the operational budget spend on training	24.70%	0%	0%	0%	0.50%	0.50%	0.80%	B	n/a
TL62	Hold inter-departmental strategic sessions with the management and middle management team	Number of sessions held	New performance indicator for 2012/13. No comparatives available	1	1	1	1	4	4	G	n/a

**Table 2: Top Layer SDBIP – Build a capacitated workforce and communities**

- b) Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop Council fixed assets

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for Sep 2012 to Jun 2013							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
TL30	Update and Implement the Eden Bulk Infrastructure Master Plan through a cross border feasibility study by the end of June	Study completed by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL31	Prepare and submit funding applications to source additional income for infrastructure development	Number of funding applications submitted	0	0	0	0	1	1	1	G	n/a
TL34	100% of the approved provincial roads maintenance budget spent (Actual expenditure	% of budget spent	100%	25%	50%	75%	100%	100%	100%	G	n/a

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for Sep 2012 to Jun 2013							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
	divided by the approved budget)										
TL35	Implement initiatives of the District Mobility Strategy (Integrated Transport Network)	Number of initiatives implemented	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	0	R	District Municipalities' no longer receives any funding for implementation. Funding distributed to the B – Municipalities
TL36	Revise the District Integrated Transport Master plan (DITP) and submit to council by end June	Revised District Integrated Transport Master plan (DITP) submitted to council by end June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a

**Table 3: Top Layer SDBIP – Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop Council fixed assets**

- c) Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop Council fixed assets

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
TL61	Implement revenue enhancement initiatives	Number of initiatives implemented	New performance indicator for 2012/13. No comparatives available	0	0	0	4	4	4	G	n/a
TL67	Procure services of an external fundraiser and sign agreement with service provider by the end of June	Number of agreements signed	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL68	Submit funding applications to establish a process for funding mobilization for	Number of funding applications submitted	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
	the Eden region by end June		tives available								
TL70	Financial viability measured in terms of the current assets to cover current liabilities (current assets/current liabilities)	Ratio achieved	New performance indicator for 2012/13. No comparatives available	2.1	2.1	2.1	2.1	2.1	1.64	O	
TL71	Report quarterly to the MM on the progress made with the addressing of the audit findings in the audit report	Number of reports submitted	0	0	0	1	1	2	2	G	n/a
TL72	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	0	1.2	1.2	1.2	1.2	1.2	1.99	B	n/a
TL73	Review required financial policies annually by the end of March	Number of policies reviewed	New performance indicator for 2012/13. No comparatives available	0	0	4	0	4	4	G	n/a
TL74	Submit the final main budget to Council by the end of May	Final main budget submitted by the end of May	1	0	0	0	1	1	1	G	n/a
TL75	Submit the adjustment budget to Council by the end of February	Adjustments budget submitted to council by the end of February	1	0	0	1	0	1	1	G	n/a
TL76	Submit the approved financial statements by the end of August to the Auditor-General	Financial Statements submitted to the AG by the end of August	1	1	0	0	0	1	1	G	n/a

**Table 4: Top Layer SDBIP –Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop Council fixed assets**

d) Grow the District economy

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
TL77	Review the LED Strategy for the Eden region and submit to council by end June	Reviewed LED strategy submitted to council for approval by end June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL78	Review the tourism strategy and submit to council for approval by end March	Reviewed strategy submitted to council by end March	New performance indicator for 2012/13. No comparatives available	0	0	1	0	1	1	G	n/a
TL80	Develop a turnaround strategy for municipal resorts and submit for Council approval by the end of June	Developed and approved by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL83	Create temporary jobs through EPWP projects with person working days - FTE's developed	Number of person working days developed	New performance indicator for 2012/13. No comparatives available	0	0	0	1,610	1,610	1,610	G	n/a
TL85	Sign a municipal protocol agreement and incentive agreement with the National minister for Public Works by the end of June	Number of agreements signed	New performance indicator for 2012/13. No comparatives available	0	0	0	2	2	4	B	n/a
TL86	Coordinate the District EPWP programmes with all local (B) municipalities through the bi-monthly forum meetings	Number of meetings	New performance indicator for 2012/13. No comparatives available	1	2	1	2	6	6	G	n/a
TL87	Finalise the project plan for all internal (EPWP) projects by the end of June	Finalised by the end June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a

Table 5: Top Layer SDBIP – Grow the District economy

## e) Healthy and socially stable communities

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
TL1	Conclude a three year service level agreement with the Department of Water Affairs by the end of June	Signed agreement by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL2	Monitor the water quality through the number of samples per annum in the district as per the EQMS program	Number of samples	187	174	174	174	174	696	803	G 2	n/a
TL3	Monitor the food premises through the number of samples taken per month	Number of samples	245	174	174	174	174	696	781	G 2	n/a
TL4	Monitor the non-food premises through the number of inspections per annum	Number of inspections	1090	1,110	1,110	1,110	1,110	4,440	5,598	G 2	n/a
TL20	Review the HAST plan by the end of June and submit to Council for approval	Reviewed HAST plan submitted to Council by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	0	R	The HAST plan has been successfully reviewed by all applicable role-players eg B-municipalities. The item will be presented at the next Council meeting as the Council meeting was postponed [recess] at the time when the review of the HAST plan was completed.
TL21	Sign a MOU with Dept. of Social Development by	MOU signed by the end of June	New performance	0	0	0	1	1	1	G	n/a

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
	the end of June to assist with the social development programmes		indicator for 2012/13. No comparatives available								
TL22	Report to the portfolio councilor on the implementation of the youth policy	Number of reports submitted to the portfolio councillor	New performance indicator for 2012/13. No comparatives available	0	1	0	1	2	21	B	n/a

Table 6: Top Layer SDBIP – Healthy and socially stable communities

## f) Promote good governance

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q1	Q1	Q1	Annual	Actual	R	
TL25	Submit the draft annual report to council by the end of January	Report submitted before the end of January	New performance indicator for 2012/13. No comparatives available	0	0	1	0	1	1	G	n/a
TL38	Draft an immovable asset management (property) policy by the end of June and submit to Council for approval	Policy submitted to council by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL39	Draft a process plan with regards to alienation and lease by the end of June and submit to Council for approval	Plan submitted to council by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL40	Establish Public-Private Partnerships in order to develop certain council	Number of PPP's established	New performance indicator for	0	0	0	2	2	3	B	n/a



# CHAPTER 3

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q1	Q1	Q1	Annual	Actual	R	
	properties by the end of June		2012/13. No comparatives available								
TL41	Review the existing lease agreements by the end of June	Number of agreements reviewed	New performance indicator for 2012/13. No comparatives available	0	0	0	10	10	14	G 2	n/a
TL52	Develop a district communication strategy by the end of June and submit to council for approval	Strategy developed and submitted to council by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	0	R	Communication strategy is in process. Draft policy is available. Busy with the finalizing of the implementation plans per department. Will be tabled before the Mayoral Committee in October 2013.
TL55	Develop the district integrated development plan (IDP) and table for approval by the end of May	IDP table by the end of May	1	0	0	0	1	1	1	G	n/a
TL57	Sign Service level agreements for the procurement and roll out of ESRI GIS system in the District by the end of June	Number of SLA signed by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	8	8	14	B	n/a
TL59	Formally evaluate the performance of sec56 and sec57 employees to their performance agreements	Number of formal performance evaluations completed	New performance indicator for 2012/13. No comparatives available	1	0	1	0	2	2	G	n/a
TL60	Implement initiatives of the municipal	Number of initiatives implemented	New performance	0	0	0	18	18	10	R	It was not feasibly possible to

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q1	Q1	Q1	Annual	Actual	R	
	turnaround strategy identified for 2012/13		indicator for 2012/13. No comparatives available								complete the said strategies within a year's time. The KPI therefore has moved to the next financial year for completion.
TL65	Review existing shared services agreements (SLA's) annually by end of June	Number of shared services agreements reviewed by end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	2	2	3	B	n/a

**Table 7: Promote good governance**

## g) Promote sustainable environmental management and public safety

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
TL5	Monitor diaries through quarterly inspections to ensure legislative compliance	Number of inspections	106	111	111	111	111	444	413	O	Three vacant post existed in the organogram and was later filled and it made the achievement of this KPI difficult. The inspection of dairies takes time and is mainly in rural communities. The benchmark of 2012/2013 will be used as a yardstick to improve performance in the 2013/2014 year.

# CHAPTER 3

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
TL6	Report monthly to the National Department of Health (Sinjani)	Number of reports	3	3	3	3	3	12	16	G 2	n/a
TL7	Coordinate the district waste management forums	Number of forums	New performance indicator for 2012/13. No comparatives available	1	1	1	1	4	4	G	n/a
TL11	Implement the Air Quality Management (AQM) plan through the number of awareness campaigns	Number of awareness campaigns	New performance indicator for 2012/13. No comparatives available	1	1	1	0	3	3	G	n/a
TL12	Review the Air Quality Management (AQM) plan by the end of June and submit to council for approval	Reviewed plan submitted to council	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL13	Monitor the air quality through the number of samples taken/ inspections done on a monthly basis by implementing phase 1-4	Number of monthly samples taken/ inspections done	0	72	72	72	72	288	358	G 2	n/a
TL14	Coordinate meetings of the Eden Air Quality Forum	Number of meetings	0	1	1	1	1	4	6	B	n/a
TL15	Develop the Coastal Management Plan in terms of the integrated coastal management act by the end of June and submit to council for approval	Plan developed by the end of June	New performance indicator for 2012/13. No comparatives available	0	0	0	1	1	1	G	n/a
TL16	Identify a Biosphere domain for the Garden Route initiative by the end of June and	Domain identified by the end of June	New performance indicator for 2012/13.	0	0	0	1	1	1	G	n/a

# CHAPTER 3

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
	submit report to council		No comparatives available								
TL44	Renew and sign the MOU with the fire protection agency by the end of September	MOU signed by the end of September	New performance indicator for 2012/13. No comparatives available	1	0	0	0	1	1	G	n/a
TL45	Implement a severe weather early warning sms system in collaboration with SA Weather Service by the end of December	Developed by the end of December	New performance indicator for 2012/13. No comparatives available	0	1	0	0	1	1	G	n/a
TL46	Sign MOUs to render fire services to B-municipalities on a shared services basis by the end of July	Number of MOUs signed	New performance indicator for 2012/13. No comparatives available	2	0	0	0	2	3	B	n/a
TL48	Forward risk assessment guidelines to the B-municipalities by the end of June	Number of guidelines forwarded	New performance indicator for 2012/13. No comparatives available	0	0	0	7	7	12	B	n/a
TL49	Update the disaster management framework and contingency planning in collaboration with PDMC and local municipalities by the end of January	Updated by the end of January	0	0	0	1	0	1	1	G	n/a
TL50	Support and implement environmental awareness programmes in liaison with partners & civil society, NGO's, SANBI, Biosphere	Number of awareness initiatives and programmes supported	New performance indicator for 2012/13. No compara-	1	1	1	1	4	8	B	n/a

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13							Corrective measures for targets not achieved
				Targets							
				Q1	Q2	Q3	Q4	Annual	Actual	R	
	reserve and research institutions		tives available								

**Table 8: Promote sustainable environmental management and public safety**

### 3.2 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. According to AG's office:

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

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

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

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

The tables below indicate service providers utilised per Directorate:

#### 3.2.1 Office of the Municipal Manager

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
n/a	n/a	n/a	n/a	n/a	n/a

**Table 9: Service Providers Performance – Office of the Municipal Manager**

### 3.2.2 Financial Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Meyer Otto and Mubeko: Accounting support / Financial Statements	3 Years	Refer to contract	Up to date	Satisfied	Not applicable
BAUD: Asset Register	3 Years	Refer to contract	Up to date	Work in process	Active constant liaison between parties as issues arises

**Table 10:** *Service Provider Performance – Financial Services*

### 3.2.3 Support Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Telephone communication system Telkom	3 years	Installing of telephone communication system(handsets and lines)	3.5	Still in process of installation at some of the sites	Regular inspection
Nationwide Security Holdings: Security Services at Victoria Bay Caravan Park	7 Months	Security Service	6.5 on a Scale of 1-10	Satisfactory	Ad Hoc Meetings

**Table 11:** *Service Provider Performance – Support Services*

### 3.2.4 Management Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
ICT support: AFRICON	Whole year	Disaster Management Centre and Eden call centre	Very good	Services rendered on time and efficient	None required
Provision of aerial resources: WOF	December 2012 to April 2013	Eden fire service	Very good	Services rendered on time and efficient	None required
INVASIVE PLANT SOLUTIONS	1 April 2013 – 30 June 2013	Natural Resource Management Services	Good	Services rendered on time and efficiently	None required

**Table 12:** *Service Provider Performance – Management Services*

### 3.2.5 Roads Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Supply of Concrete Stone	2 Years	Provision of road building materials	Good	None	None
Supply of Bitumen	2 Years	Provision of road building materials	Good	None	None
Supply of cutting edges, end bits, ripper teeth	2 Years	Provision of construction plant accessories	Good	None	None
Supply of pre-mix concrete	2 Years	Provision of construction materials	Good	None	None
Supply of two piece overalls	2 Years	Provision of PPE	Good	None	None
Supply of subbase and base course materials	3 Years	Provision of construction materials	Good	None	None
Hire of machinery	3 Years	Provision of construction plant	Good	None	None
Supply of reinforcing steel	2 Years	Provision of construction materials	Good	None	None

**Table 13: Service Provider Performance – Roads Services**

## 3.3 MUNICIPAL FUNCTIONS

### 3.3.1 ANALYSIS OF FUNCTIONS

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	yes
Building regulations	no
Child care facilities	Yes, none core
Electricity and gas reticulation	No
Firefighting services	yes
Local tourism	yes
Municipal airports	no



## CHAPTER 3

Municipal Function	Municipal Function Yes / No
Municipal planning	yes
Municipal health services	yes
Municipal public transport	yes
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	no
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	Bulk infrastructure
Trading regulations	yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	no
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	yes
Billboards and the display of advertisements in public places	yes
Cemeteries, funeral parlours and crematoria	yes
Cleansing	No
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, only with regard to provincial roads
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	No
Local sport facilities	No
Markets	No
Municipal abattoirs	Yes
Municipal parks and recreation	No
Municipal roads	No. Agent for PGWC on provincial roads
Noise pollution	Yes
Pounds	No
Public places	No
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	No
Traffic and parking	No

**Table 14: Functional Areas**

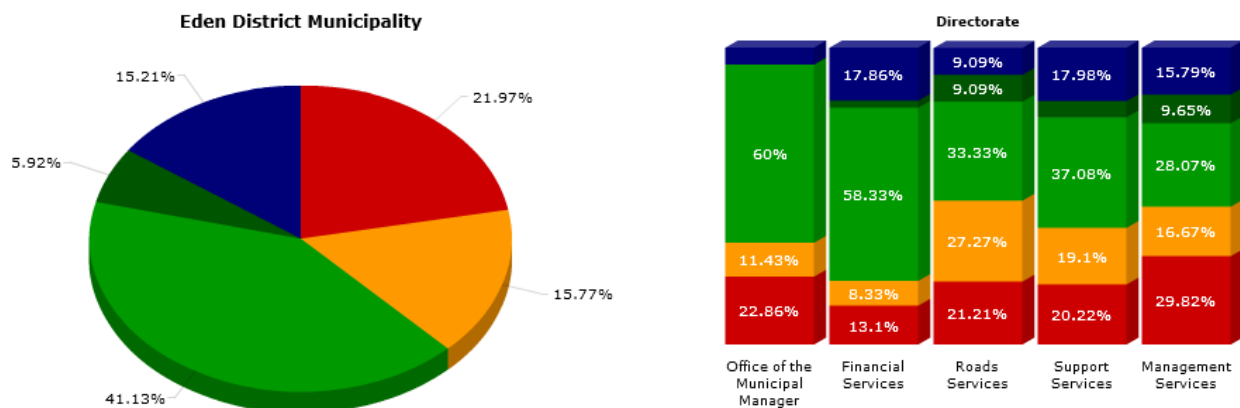
## 3.3.2 OVERVIEW OF PERFORMANCE PER DIRECTORATE

The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the Departmental SDBIP for the 2012/13 financial year and where applicable, in comparison to the 2011/12 financial year. The graphs provide an illustrative overview of the overall performance results of all the KPI's measured as at 30 June.

Directorates	Financial Year	Total KPIs	KPIs Extremely Well Met	KPIs Well Met	KPIs Met	KPIs almost Met	KPIs not Met
Council and Executive	2011/12	13	0	0	2	1	10
	<b>2012/13</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Office of the Municipal Manager	2011/12	50	3	2	40	2	3
	<b>2012/13</b>	<b>35</b>	<b>2</b>	<b>0</b>	<b>21</b>	<b>4</b>	<b>8</b>
Financial Services	2011/12	123	3	3	71	26	20
	<b>2012/13</b>	<b>84</b>	<b>15</b>	<b>2</b>	<b>49</b>	<b>7</b>	<b>11</b>
Roads	2011/12	54	2	1	31	5	15
	<b>2012/13</b>	<b>33</b>	<b>3</b>	<b>3</b>	<b>11</b>	<b>9</b>	<b>7</b>
Management Services	2011/12	83	13	4	25	15	26
	<b>2012/13</b>	<b>114</b>	<b>18</b>	<b>11</b>	<b>32</b>	<b>19</b>	<b>34</b>
Support Services	2011/12	119	9	1	30	13	66
	<b>2012/13</b>	<b>89</b>	<b>16</b>	<b>5</b>	<b>33</b>	<b>17</b>	<b>18</b>
Corporate Services	2011/12	74	10	26	27	5	6
	<b>2012/13</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Eden District Municipality</b>	2011/12	516	40	37	226	67	146
	<b>2012/13</b>	<b>355</b>	<b>54</b>	<b>21</b>	<b>146</b>	<b>56</b>	<b>78</b>
<i>Statistics included have been populated from SDBIP reports generated for the 2012/13 respectively, as extracted from the web-based system utilised for performance monitoring</i>							

**Table 15: Summary of total performance per Directorate**

**The following graph indicates the overall results of all the KPIs measured of the various directorates in terms of the municipal SDBIP performance management system:**



**Graph 2: Overall performance of directorates for 2012/13**

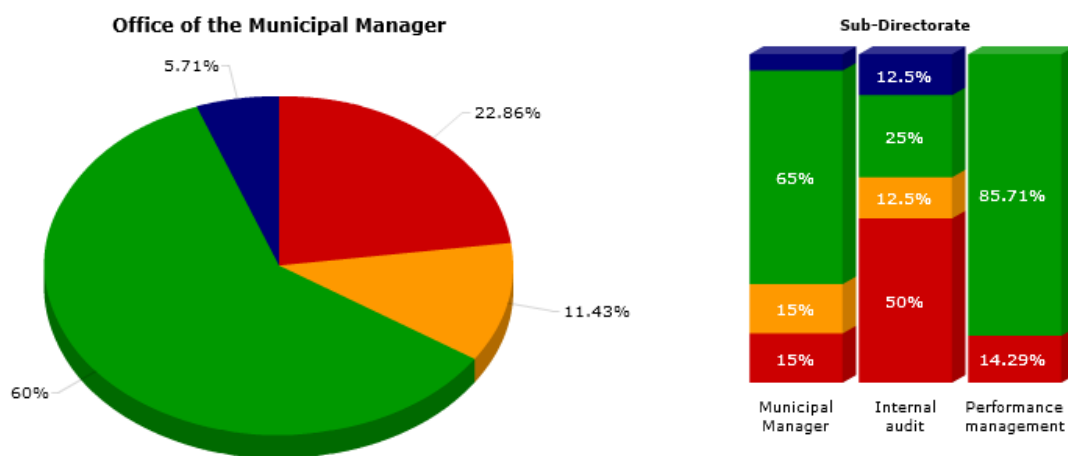
### 3.3.3 PERFORMANCE PER FUNCTIONAL AREA (DEPARTMENTAL/OPERATIONAL SDBIP)

#### a) Office of the Municipal Manager

The Office of the Municipal Manager SDBIP consists of the following divisions:

- Municipal Manager
- Internal Audit
- PMS

The following graph indicates the performance of the various sub-directorates within Office of the Municipal Manager directorate in terms of the municipal SDBIP performance management system:



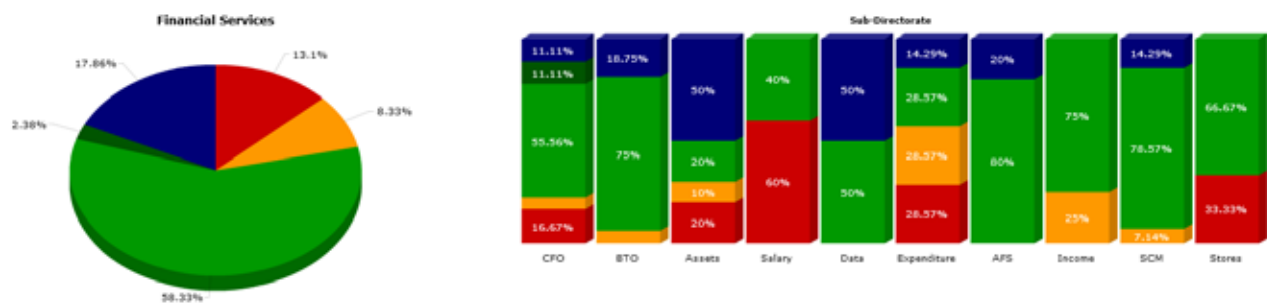
**Graph 3: Office of the Municipal Manager, sub-directorate performance**

## b) Financial Services

The Financial Services SDBIP consists of the following divisions:

- Manager: Finance
- Assets
- Budget and Treasury office
- Expenditure and Salary
- Financial Statements
- Income
- SCM
- Stores

**The following graph indicates the performance of the various sub-directorates within Financial Services directorate in terms of the municipal SDBIP performance management system:**



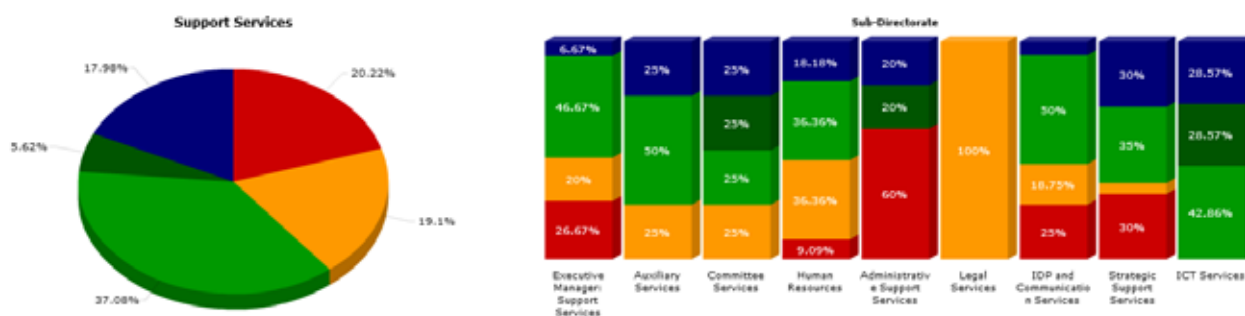
**Graph 4: Financial Services sub-directorate performance**

## c) Support Services

The Support Services SDBIP consists of the following divisions:

- Executive Manager: Support Services
- Strategic Support Services
- IDP and Communication
- ICT Services
- Committee Services
- Human Resources
- Resorts
- Auxiliary Services
- Legal Services

The following graph indicates the performance of the various sub-directorates within Support Services directorate in terms of the municipal SDBIP performance management system:



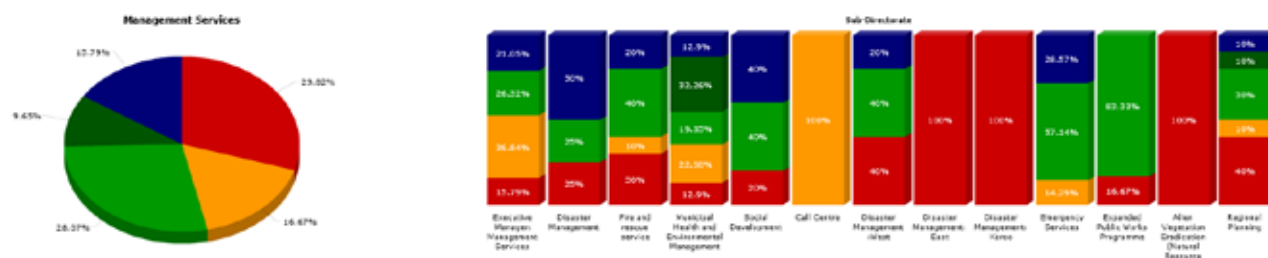
Graph 5: Strategic Services sub-directorate performance

## d) Management Services

The Management Services SDBIP consists of the following divisions:

- Executive Manager: Community Services
- Disaster Management
- Fire and rescue service
- Municipal Health & Environmental Services
- Social Development
- Disaster Management: West
- Disaster Management: East
- Disaster Management: Karoo
- Emergency Services
- EPWP
- Alien Vegetation Eradication
- Regional Planning

The following graph indicates the performance of the various sub-directorates within Management Services directorate in terms of the municipal SDBIP performance management system:



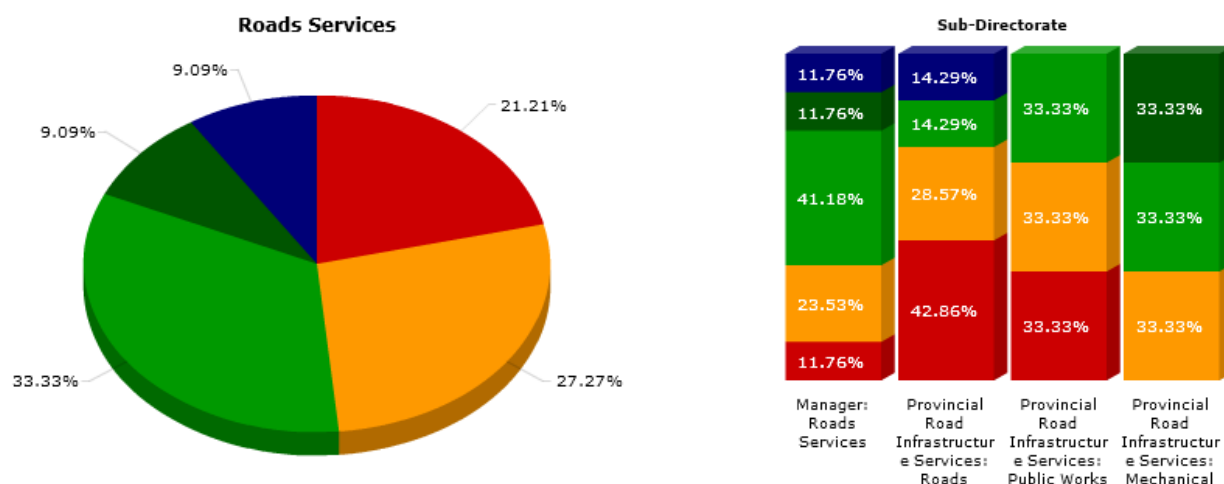
Graph 6: Management Services sub-directorate performance

### e) Roads Services

The Roads Services SDBIP consists of the following divisions:

- Manager: Roads Services
- Provincial Road Infrastructure Services: Roads Agency
- Provincial Road Infrastructure Services: Public Works
- Provincial Road Infrastructure Services: Mechanical Fleet Maintenance

**The following graph indicates the performance of the various sub-directorates within Roads Services directorate in terms of the municipal SDBIP performance management system:**



**Graph 7: Roads Services sub-directorate performance**

## 3.4 COMPONENT A: BULK INFRASTRUCTURE PLANNING

This component includes Bulk supply of water; bulk supply of electricity; bulk sewerage purification works and main sewerage disposal

### 3.4.1 BULK INFRASTRUCTURE PLANNING

#### a) Service Statistics – Water

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL30	Update and Implement the Eden Bulk Infrastructure Master Plan through a cross	Study completed by the end of June	New performance indicator for 2012/13. No comparatives available	1	1	G

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
	border feasibility study by the end of June					
TL31	Prepare and submit funding applications to source additional income for infrastructure development	Number of funding applications submitted	0	1	1	G

Table 16: SDBIP Water Services

## b) Employees: Bulk Services

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	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	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

Table 17: Employees: Bulk Services

## c) Capital Expenditure: Bulk Services

No capital expenditure was incurred for the 2012/2013 financial year.

## 3.4.2 WASTE DISPOSAL SITES

## a) Introduction to Waste Disposal Provision

Within the Eden District are situated the municipalities of Bitou, George, Hessequa, Kannaland, Knysna, Mossel Bay and Oudtshoorn. A new regional waste disposal facility is needed as the contract for the disposal of the solid waste from Bitou, George, Gouritsmond, Knysna and Mossel Bay at the PetroSA waste disposal site near Mosselbay will be expiring at the end 2014, as PetroSA needs the facility for the disposal of their own waste.

The size of the PetroSA site has been reduced due to the construction of the Gourikwa Power Station and the extension of their waste disposal site is therefore problematic. PetroSA also indicated to the Eden District Municipality that they do not want to allow the continued disposal of general waste at their site as this is not their responsibility but the responsibility of the Municipality.

The Municipalities of Bitou, George, Hessequa (Albertina and Gouritsmond), Knysna and Mossel Bay all suffer from a lack of appropriate waste disposal sites to serve in the needs of the community. The individual Municipalities have indicated the need for a regional waste disposal facility. The waste that is currently disposed at the PetroSA waste disposal site cannot continue as stated above due to mainly capacity constraints and also that the responsibility of waste disposal in the region lies with the Municipalities and not with PetroSA. No suitable sites were found east of PetroSA.

### **Introduction**

Anél Blignaut Environmental Consultants (ABEC) was appointed by PD Naidoo & Associates Consulting Engineers (Pty) Ltd on behalf of the Eden District Municipality (EDM) to undertake an Environmental Impact Assessment for the proposed new regional waste disposal site.

Within the Eden District are situated the municipalities of Bitou, George, Hessequa, Kannaland, Knysna, Mossel Bay and Oudtshoorn. A new regional waste disposal facility is needed as the contract for the disposal of the solid waste from George, Gouritsmond, Knysna and Mossel Bay at the PetroSA waste disposal site near Mosselbay will be expiring, as PetroSA needs the facility for the disposal of their own waste. The size of the PetroSA site has been reduced due to the construction of the Gourikwa Power Station and the extension of the waste disposal site is therefore problematic. PetroSA also indicated to the Eden District Municipality that they do not want to allow the continued disposal of general waste at their site as this is not their responsibility but the responsibility of the Municipality. A negative mapping report and consultation with the proponent has resulted in the identification of three potential sites for the waste disposal facility. The suitability of each site for the disposal of solid waste will be investigated through the Environmental Impact Assessment Process.

### **Need and Desirability**

The need and desirability of the proposed project has been considered in detail in this draft EIR. The Municipalities of Bitou, George, Hessequa (Albertina and Gouritsmond), Knysna and Mossel Bay all suffer from a lack of appropriate waste disposal sites to serve in the needs of the community. The individual Municipalities have indicated the need for a regional waste disposal facility. The waste that is currently disposed at the PetroSA waste disposal site cannot continue as stated above due to mainly capacity constraints and also that the responsibility of waste disposal in the region lies with the Municipalities and not with PetroSA. No suitable sites were found east of PetroSA.

### **Project Description**

The proposed waste disposal facility will serve the Municipalities of Bitou, George, Hessequa (Albertina and Gouritsmond), Knysna and Mossel Bay and will have a lifetime of approximately 50 years. It is proposed that



both general waste and hazardous waste will be disposed on the landfill site. All hazardous waste disposed of at the site will have a low to medium hazard rating. Examples of hazardous waste with low hazard ratings would be solvents and paints generated by the mechanical and metal industries in the area, as well as waste from the port and fishing industry such as ballast. Sewage sludge from the sewage works may also be disposed of at the site. Provision has been made for a future materials recovery facility, a composting area and an area for the processing of construction and demolition waste (builders' rubble).

Other infrastructure includes roads, storm water pipelines, a leachate storage dam, a contaminated storm water dam, offices, a laboratory, and a weighbridge and security infrastructure. The footprint of the waste site will cover an approximate area of 130-200ha (depending on the site that is selected) and the landfill site itself will reach a maximum height of 12m. Individual cells will be excavated and filled sequentially. Each cell will be designed to last approximately 5 years, depending on the success rate of waste reduction. After about 2-3 years the construction of the following cell will commence. The site will be excavated to a depth of 6m below natural ground level and the landfill will reach a height of 12m above natural ground level.

The site will be fenced to prohibit unauthorized entry and to control windblown litter. Unpolluted storm water will be diverted away from the site through a storm water cut off trench. The landfill cells will be constructed in line with the DWAF's Minimum Requirements for Waste Disposal by Landfill specified for an H:h and a G:L:B-site. H:h refers to the section of the site that will receive hazardous waste where G:L:B- refers to the section of the site that will receive general waste. The "L" refers to a large site and the "B-" to the negative water balance of the site, which broadly indicates that no significant leachate production is expected.

### **Alternatives**

The identification and consideration of alternatives is recognised as required practice in environmental assessment procedures globally. Regulatory requirements in the NEMA EIA Regulations stipulate that "*alternatives to the proposed activity that are feasible and reasonable*" be considered during the EIA process, at the earliest proposal development stage. The Scoping Phase therefore screens alternatives to derive reasonable and feasible project alternatives to focus the EIA phase in the EIA process. Environmental and technical factors were considered during the site selection process and also the design layout of each of the three proposed sites. The criteria used to provisionally eliminate areas from further consideration were based on the identification of areas with inherent Fatal Flaws as defined in the Department of Water Affairs and Forestry's (DWAF) Minimum Requirements document (DWAF, 1998). These include the following:

- Areas in proximity to significant surface water bodies;
- Sensitive ecological and/or historical areas;
- Catchment areas for important water resources such as dams;
- Areas overlying or adjacent to important or potentially important aquifers;
- Areas overlying or adjacent to major fault zones;

- Areas with highly permeable soils;
- Areas associated with steep slopes; and
- Areas in close proximity to land uses, which are incompatible with waste disposal.

Taking the above-mentioned factors into consideration a composite map was compiled which indicates areas suitable for a regional waste disposal site. Subsequent to the completion of the Waste Disposal Site “Window” Identification a site reconnaissance of the areas potentially suitable for a waste disposal site was conducted. The site reconnaissance led to the identification of a number of scenarios for the waste disposal by the EDM. These scenarios needed further investigation in order to determine the economic feasibility of the different transport arrangements for delivering municipal solid waste to the various new regional landfill sites proposed for the Eden District.

The study recommended the following:

That as the existing waste disposal arrangement cannot continue and as one or other of three alternatives must be implemented, that the development of a new landfill site at Site 1 is the best choice for the Municipalities of Mossel Bay, George, Knysna and Bitou.

That waste from Hessequa Municipality should be transported to the potential future site B, with the exception of waste from Albertinia and Gouritzmond which should be transported to Site 1; and that the waste from Calitzdorp should be transported to the upgraded landfill site at Oudtshoorn.

Other options that were considered were the co-disposal of general waste with hazardous waste compared to the separate disposal of general and hazardous waste. The objective of the co-disposal of General Waste and Hazardous Waste is to absorb, dilute and neutralize any liquids and to provide a source of biodegradable material in order to encourage microbial activity that will assist in the degradation of hazardous substances. Where co-disposal is properly managed, the landfill surface has more area on which traffic (trucks) can drive. It is proposed to co-dispose liquid and low to moderate level hazardous wastes with general dry wastes on the landfill site. Research has shown that a properly controlled co-disposal operation would be a safe and efficient disposal option for hazardous and liquid wastes. The no-go option was also considered and serves as a baseline against which the Alternatives presented in this report can be evaluated. The concept of a regional waste disposal site compared to maintaining the status quo with disposal at PetroSA was discussed under the no-go or no development option.

It is however impossible to continue with the no-go option due to the fact that the contract for the disposal of the solid waste from George, Gouritzmond, Knysna and Mossel Bay at the PetroSA waste disposal site near Mossel Bay will be expiring, as PetroSA needs the facility for the disposal of their own waste. The size of the PetroSA site has been reduced due to the construction of the Gourikwa Power Station and the extension of the waste disposal site is therefore problematic. PetroSA also indicated to the Eden District Municipality that they do not want to allow the continued disposal of general waste at their site as this is not their responsibility.

The no-go option also implies that the existing agricultural land use on the respective properties is likely to continue. It was concluded that Sites 1-3 should be considered in the draft EIR phase as alternatives to be investigated in greater detail for the establishment of a Regional waste disposal site. Waste from the Bitou, George, Knysna and Mossel Bay Municipalities should be transported to the site as well as waste from the towns of Albertinia and Gouritsmond.

## b) Service Statistics – Waste

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL7	Coordinate the district waste management forums	Number of forums	New performance indicator for 2012/13. No comparatives available	4	4	G

**Table 18: SDBIP Waste**

## c) Highlights: Waste Disposal

Highlights	Description
Implementing Used Oil Recycling	Depots were placed at municipalities to receive used oil from households to recycle by the service provider
Implementing E-waste Recycling	3.650 tons already recycled
Waste Information System	All waste generators were registered on system

**Table 19: Waste Disposal Highlights**

## d) Challenges: Waste Disposal

Description	Actions to address
Completion of the Regional Landfill Facility at the end of September 2014	Finances to execute the process was not available and must still be sourced.
Co-operation of Management of Municipalities	Regular introduction/presentation of Waste Management Issues at top management forums.

**Table 20: Waste Disposal**

## e) Employees: Waste Disposal

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	1	0	1	100
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>33</b>

Table 21: Employees Waste Disposal

## f) Capital: Waste Disposal

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Mossel Bay Regional Landfill Facility	550	35	550	0	1 900
<i>Total project value represents the estimated cost of the project on approval by Council</i>					

Table 22: Capital Expenditure 2012/13: Waste Disposal

## 3.5 COMPONENT B: ROADS AND TRANSPORT

### 3.5.1 ROADS

#### a) Introduction to Roads

The main objective is to provide an excellent service to the principle, which is PGWC. This is done through consistent planning and monitoring and regular feedback to PGWC with regards to expenditure, production and quality.

The major success is to meet the requirements of the principle but simultaneously meet the requirements of the general public that use the roads. This comes down to effective spending, high quality maintenance and quick response to public complaints.

The major challenge for this department as maintenance authority is the lack of funding to adequately maintain the road network. Funding is on a downward spiral as the increase of funding on a year to year basis is less than previous years due to the effects of inflation. This constraint is also applicable to PGWC. The effective “shrinkage” of funds has the effect that the quality of our roads is going down and it could reach a stage where it will not be reversible. This in fact has a negative impact on the morale of the workers as it is becoming increasingly difficult to carry out proper repairs and maintenance.

#### b) Service Statistics – Roads

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL34	100% of the approved provincial roads maintenance budget spent (Actual expenditure divided by the approved budget)	% of budget spent	100%	100%	100%	G
TL35	Implement initiatives of the District Mobility Strategy (Integrated Transport Network)	Number of initiatives implemented	New performance indicator for 2012/13. No comparatives available	1	0	R
TL36	Revise the District Integrated Transport Master plan (DITP) and submit to council by end June	Revised District Integrated Transport Master plan (DITP) submitted to council by end June	New performance indicator for 2012/13. No comparatives available	1	1	G

**Table 23: SDBIP Roads**

#### c) Highlights: Roads

Highlights	Description
Upgrading of P6456 (Cheese Factory road)	600 meters of road was upgraded to a class 4 road

**Table 24: Roads Highlights**

**d) Challenges: Roads**

Description	Actions to address
Lack of funding to adequately maintain the road network	To work more effectively and efficiently

**Table 25: Roads Challenges****e) Gravel Roads**

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2011/12	4557.88	0	0	4557.88
2012/13	4557.88	0	0	4557.88

**Table 26: Gravel road infrastructure****f) Tarred Roads**

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2011/12	680.23	0	46.54	0	680.23
2012/13	680.23	0	62.09	0	680.23

**Table 27: Tarred road infrastructure****g) Construction and Maintenance Cost**

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		
2012/13	26 000	15 800	42 700

\* The cost for maintenance include stormwater

**Table 28: Cost of construction/maintenance of roads**

**h) Employees: Roads**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	5	181	180	1	0.6
4 - 6	15	47	43	4	9
7 - 9	16	43	39	3	7
10 - 12	79	28	24	4	14
13 - 15	1	4	4	0	0
16 - 18	177	1	1	0	0
19 - 20	0	1	1	0	0
<b>Total</b>	<b>293</b>	<b>304</b>	<b>292</b>	<b>12</b>	<b>4</b>

**Table 29: Employees: Roads****i) Capital Expenditure: Roads**

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Regravel and P6456	26 000	-	26 000	0	26 000
Reseal	15 800	-	15 800	0	15 800
<b>Total All</b>	<b>41 800</b>	<b>-</b>	<b>41 800</b>	<b>0</b>	<b>41 800</b>
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

**Table 30: Capital Expenditure 2012/13: Roads****3.5.2 TRANSPORT****a) Introduction to Transport**

In terms of the National Land Transport Act, the provision of Public Transport is a B Municipal competency. In the Eden Area, it was decided to establish a forum (Eden Public Transport Technical and Steering Committee) on which all the municipalities in the area will be represented. The function of this committee is to assist in the co-ordination of the LITP's and the DITP. Funds were made available to the District Municipality for projects in previous financial years, but PGWC decided as from the 2011/12 financial years not to allocate funding for infrastructure to C Municipalities.

Since the Provincial Strategic Objectives required monitoring of the objectives, the Integrated Transport Steering Com has been established which has now also incorporated the Eden Public Transport Forum.

### 3.6 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

#### 3.6.1 REGIONAL DEVELOPMENT AND PLANNING

##### a) Introduction to Regional Development and Planning

Sustainable economic development in a region is in the first place only possible if there is a balance between the urban-rural and larger-smaller town developments (thus, if there is spatial development balance). Secondly, it requires sufficient protection of all dimensions of the natural environment and, thirdly, the different elements of the physical infrastructure have to develop at a sufficient pace.

These three areas are easily taken for granted in the daily efforts of private enterprises to make a profit, break even or fulfil their short-term goals vs., the objectives of public policy to protect and allocate resources to ensure long term sustainability.

##### b) Service STATS – Regional Development and Planning

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for Sep 2012 to Jun 2013		
				Target	Actual	R
TL55	Develop the district integrated development plan (IDP) and table for approval by the end of May	IDP table by the end of May	1	1	1	G
TL65	Review existing shared services agreements (SLA's) annually by end of June	Number of shared services agreements reviewed by end of June	New performance indicator for 2012/13. No comparatives available	2	3	B
TL67	Procure services of an external fundraiser and sign agreement with service provider by the end of June	Number of agreements signed	New performance indicator for 2012/13. No comparatives available	1	1	G
TL68	Submit funding applications to establish a process for funding mobilization for the Eden region by end June	Number of funding applications submitted	New performance indicator for 2012/13. No comparatives available	1	1	G
TL77	Review the LED Strategy for the Eden region and submit to council by end June	Reviewed LED strategy submitted to council for approval by end June	New performance indicator for 2012/13. No comparatives available	1	1	G



Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for Sep 2012 to Jun 2013		
				Target	Actual	R
TL78	Review the tourism strategy and submit to council for approval by end March	Reviewed strategy submitted to council by end March	New performance indicator for 2012/13. No comparatives available	1	1	G
TL80	Develop a turnaround strategy for municipal resorts and submit for Council approval by the end of June	Developed and approved by the end of June	New performance indicator for 2012/13. No comparatives available	1	1	G
TL83	Create temporary jobs through EPWP projects with person working days - FTE's developed	Number of person working days developed	New performance indicator for 2012/13. No comparatives available	1,610	1,610	G
TL85	Sign a municipal protocol agreement and incentive agreement with the National minister for Public Works by the end of June	Number of agreements signed	New performance indicator for 2012/13. No comparatives available	2	4	B
TL86	Coordinate the District EPWP programmes with all local (B) municipalities through the bi-monthly forum meetings	Number of meetings	New performance indicator for 2012/13. No comparatives available	6	6	G
TL87	Finalise the project plan for all internal (EPWP) projects by the end of June	Finalised by the end June	New performance indicator for 2012/13. No comparatives available	1	1	G

**Table 31:** *SDBIP – Regional Development and Planning*

### c) Highlights: Regional Development and Planning

Highlights	Description
Implementation plan and policy with regards to council property.	Strategic implementation plan and policy completed with regards to council property.

**Table 32:** *Regional Development and Planning Highlights*

**d) Challenges: Regional Development and Planning**

Description	Actions to address
Support and co-operation from local municipalities presently absent.	IGR process

**Table 33:** *Regional Development and Planning Challenges***e) Employees: Regional Development and Planning**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 – 3	1	1	1	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	1	1	1	0	0
19 – 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>
<i>Employees and Posts numbers are as at 30 June.</i>					

**Table 34:** *Employees: Regional Planning and Development***f) Capital: Regional Development and Planning**

No capital expenditures incurred for the 2012/2013 financial year.

**3.6.2 LOCAL ECONOMIC DEVELOPMENT****a) Introduction to LED**

The Eden District, the Western Cape's largest and most significant rural district covers one of the country's best-known scenic tourism areas and boasts a relatively broad-based, steadily expanding regional economy. Agriculture, tourism, wholesale and retail trade, business and financial services, construction and manufacturing are key sectors of the regional economy, in terms of value addition, opportunity creation (business development) and employment provision, with some of these sectors showing distinct potential/demand as well as need for expansion.

Eden's future economic growth will not be determined by any single, dominating sector, but its competitive advantage lies in the relative strength of several niches of the key growth sectors, in other words, the diversification of its economic base.

This remains a challenge and the driving force behind the regional economic development strategy which had been developed, and has shaped the strategy document.




The Eden Regional Economic Development Strategy (EREDS) has been packaged as a strategic implementation framework in order to address the creation of employment opportunities, investment and business development and the resultant positive spin-off effects throughout these key sectors of the regional economy of the EDM.

The aim of the ERDS is to implement a district-wide strategy that harnesses the resources and skills of all stakeholders, in a uniform and coherent manner, in order to achieve agreed aims and objectives. In other words, projects and initiatives are coordinated and facilitated by the District Municipality, but not owned by the District Municipality only.

Furthermore, it is also aimed at ensuring that the municipality can efficiently and effectively facilitate the creation of an appropriate enabling environment conducive to economic development and investment for the entire Eden region.

## b) Highlights: LED

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

Highlights	Description
Entrepreneurship and business assistance  Entrepreneurs Week  Access to finance and incentives road show  Business Retention & Expansion Surveys	This takes place on a continuous basis as technical assistance and referrals are provided to businesses as and when required. This includes creating linkages, networking platforms, providing mentorship, business advising, business needs analysis (retention and expansion surveys) Etc.
Regional Funding Mobilization Process	<p>Municipalities are increasingly facing financial challenges which causes projects to remain unimplemented.</p> <p>The Resource Mobilization process has been initiated by Eden DM in order to obtain project funding for various projects initiated by the DM and all its B-municipalities, through the assistance of external service providers, to assist municipalities achieve their objectives in terms of their Key Performance Areas.</p> <p>The process entailed the advertisement of an opportunity for service providers to assist the district and B-municipalities to source funding or other means of project assistance.</p> <p>Consultations were held with LED and Tourism managers at the municipalities to determine what their priorities are in terms of funding requirement. A Project Portfolio has been compiled containing projects with reference to description, goals and objectives as well as the funding requirement for the projects. This serves as an information document to</p>

Highlights	Description
	<p>guide the service providers in their efforts to obtain external funding.</p> <p>Service providers are expected to source funding for projects contained in municipal Economic, Tourism, Sport and Social Development strategies as well as the Integrated Development Plan. All applications for funding will be done on behalf of the municipalities at risk by the service provider(s) without any legal and financial obligations to the municipality.</p> <p>The advertisement was placed in the local and provincial newspapers. A briefing session was held which was attended by interested service providers from the engineering, financing and investment recruitment fields.</p> <p>At this session presentations were made by all relevant municipal officials providing a thorough overview and context of the priorities the municipalities have in terms of projects requiring funding. This session also created an opportunity for the service providers to ask questions for clarity and allowed the service providers to interact with the relevant municipal officials.</p> <p>The service providers responded enthusiastically by indicating their interest in assisting with funding mobilization for projects within the below sectors of the regional economy:</p> <ul style="list-style-type: none"> <li>● Tourism/Hospitality</li> <li>● Housing Infrastructure</li> <li>● Social Development</li> <li>● Sport and Culture</li> <li>● Charcoal</li> <li>● Essential Oils</li> <li>● Water, Sanitation and Roads Infrastructure and Management</li> <li>● Business Infrastructure</li> <li>● Agriculture Beneficiation</li> <li>● Timber</li> <li>● Science and Innovation (ITC)</li> <li>● Urban renewal</li> <li>● Manufacturing</li> <li>● Construction</li> <li>● Electricity</li> <li>● Public Transport Infrastructure</li> </ul>

Table 35: *LED Highlights*

### c) Challenges: LED

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

Description	Actions to address challenges
Funding constraints for implementation of projects	Resource Mobilization Process

Table 36: *Challenges LED*

### d) Strategic areas

The LED strategy identifies various issues and strategic areas for intervention such as:

Strategic areas	Description
Regional business retention and expansion	<p>In the Eden regional economy the highest percentage of employment and the creation of new employment opportunities exist within the existing businesses in communities, rather than businesses attracted to a community or the starting up of new businesses. Retaining and expanding existing businesses is a more effective and efficient economic development tool than recruiting new ones from other towns or focusing on starting up new enterprises. The process of BR &amp; E helps communities to understand local business needs and to respond in a way that encourage businesses stay, grow, and become more committed to that specific community.</p> <p>The aim for Eden DM is to get the local municipalities involved in comprehensive business retention and expansion planning, in order for leaders, communities and businesses to work together to identify barriers that local businesses face as they try to survive and grow.</p> <p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>To identify the ideas, concerns and priorities of local business and the obstacles that are preventing them from expanding</li> <li>To respond immediately to urgent concerns</li> <li>To develop an action plan to assist businesses to solve problems, improve performance and explore opportunities</li> <li>To enhance the relationship between local businesses and the wider community</li> </ul>
Co – ordinate regional infrastructure	Ensuring that strategic infrastructure requirement in order to stimulate the regional economy are met, and to assist with the facilitation of processes to address infrastructural challenges.
Increase trade and investment	<p>Facilitating the process of packaging regional projects and ensuring that these projects become investment-ready with reference to conceptualization, scoping and planning.</p> <p>Facilitating the process of investment promotion, marketing these opportunities which exist within the region.</p>
Increase skills and economic development through institutional support	Facilitating the process of capacity building amongst municipal LED offices within the region to help ensure they possess the appropriate skills base to effectively bring about economic development.
Enabling an Environment for Economic growth through procurement	Ensuring that the process of preferential procurement is implemented in a fair manner as well as increasing the skill and awareness levels of businesses with regard to procurement process, procedures and requirements.

**Table 37: LED Strategic areas**

### e) Employees: Local Economic Development

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
7 – 9	0	0	0	0	0
10 - 12	2	2	2	0	0
13 - 15	0	1	0	1	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>33</b>

**Table 38:** *Employees: Local Economic Development*

#### f) Capital: LED

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
ARIYA PROJECTS – Neighbourhood Development Grant	50 175	-	50 175	0	50 175
All leisure payment	6 925	-	6 925	0	6 925
<b>Total All</b>	<b>57 100</b>	<b>-</b>	<b>57 100</b>	<b>0</b>	<b>57 100</b>
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

**Table 39:** *Capital Expenditure 2012/13: LED*

### 3.6.3 TOURISM

#### a) Introduction to Tourism

Eden district municipality is responsible for tourism marketing and development and runs a regional tourism office Garden Route and Klein Karoo tourism from where tourism is coordinated at a district Level. The office works closely with the local tourism bureaus, provincial, national and international tourism organizations in promoting the Garden Route and Klein Karoo.

The Regional Tourism Office's main functions are inter alia:

- To coordinate regional projects.
- To compile a database of information on tourism promotion in the region and to coordinate shows and exhibitions throughout the world.
- Coordinate and control application processes formation and support on aims, objectives and plans to develop the potential and plans to develop the potential of the region.
- The marketing and developing of tourism projects, events and function and,
- The analysis and evaluation, of outcomes from research and studies on the interventions and initiatives on tourism growth and/or positioning of the region as preferred tourism destination.
- To ensure that priorities for the region are, to increase the volume of tourists, increase the average spends per tourist, and increase the length of stay.
- Improve geographical spread, improve seasonality patterns and to promote transformation.




Our core international markets, in line with South African Tourism and Wesgro have been identified as Germany, Holland, Belgium, Ireland, United Kingdom and African Countries of Kenya, Nigeria and Namibia. And the emerging markets which are China, UAE and Gulf, Australia, Brazil, Sweden and the Nordic countries.

The above targeted markets and countries therefore reflect in our marketing plans and hence our proposed participation in strengthening our position within our lucrative core markets to increase awareness of Garden Route and Klein Karoo environments as premier and desirable destination within South Africa and therefore increasing visitor numbers and tourism spend from these countries to the Garden Route and Klein Karoo.

## b) Highlights: Tourism

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

Highlights	Description
SOUTH CAPE COLLEGE SPONSORSHIP SEPTEMBER	As part of Eden District Municipality's role in creating conducive/sustainable environments for job creation and poverty alleviation; and in doing so supporting the national tourism month initiative The Eden District Municipality's Strategic Support Services Department(Human Resources and Tourism Unit) has sponsored South Cape College the amount of R9000 .00 for their annual tourism vocational tour.
GAUTENG GETAWAY TOURISM SHOW	The Getaway Show is one of the largest consumer tourism and leisure shows in South Africa. The Garden Route and Klein Karoo Tourism who are responsible for tourism marketing and development for the whole Eden District Municipality, contributed in sending 3 local Tourism offices in the region to attend this show with the aim of maximizing the marketing and development opportunities available there and to market the Garden Route and Klein Karoo as

Highlights	Description
	prime holiday destination in South Africa and the Western Cape.
TERMS OF REFERENCE FOR GARDEN ROUTE & KLEIN KAROO TOURISM FORUM	Eden District Municipality is responsible for Tourism Marketing and Development and runs a regional tourism office Garden Route and Klein Karoo tourism from where tourism is coordinated at a district Level. With the above in mind, the Eden District Municipality drafted a Terms of Reference for the Garden Route and Klein Karoo Tourism regional forum in order to streamline all tourism activities in the region.
GARDEN ROUTE RAILWAY EXCURSIONS	Based at the Outeniqua Railway Museum, the largest railway museum of its kind in the Southern Hemisphere, Garden Route Railway excursions are ideally placed to provide a unique historic railway tourism experience to a variety of destinations in the Garden Route and Klein Karoo.  The strategic intent of this venture is to kick off with a variety of excursions to Harold, a rural town just north of George, in the heart of the Upper Langkloof agricultural region, with a plethora of offerings such as Angora goats, ostriches, hops plantations, vineyards, fruit orchards and much, much more.
INDABA 2013	Indaba is a showcase for the widest variety of the best South African tourism products and draws both international and domestic media and trade professionals. Indaba 2013 was attended by Mrs. Fathima Hassain (Acting LED & Tourism Manager), Ms. Amagene Pietersen (Tourism Development Officer), as well as Mr. Lionel Esau (Deputy Executive Mayor) representing the Garden Route and Klein Karoo Tourism from Eden District Municipality.
CATER CARE PROGRAMME	Absa Bank has once again made the commitment to sponsor the Cater Care training programme. The training which is sponsored by ABSA bank is a unique collaboration between the François Ferreira Academy previously known as the Eden School of Culinary Art who provides the training and Eden District Municipality's Tourism Department that coordinated the identification of the beneficiaries with the cooperation of the B Municipalities.  The François Ferreira Academy, previously known as the Eden School of Culinary Art (ESCA) in association with ASBA Bank and the Eden District Municipality seeks to address the high rate of unemployment within the Eden District. In particular ESCA seeks to provide culinary skills training for people who are unemployed in the Garden Route and Klein Karoo area. The training is intended to equip people to access jobs in the local hospitality industry.
REGIONAL TOURISM GUIDE	The Eden District Municipality's Tourism Department has successfully produced the new Regional Tourism Guide. It was a collaborative effort between the Tourism and Communications Unit.  The guide contains Tourism office contact Information and has Four Main Tourism themes/unique selling points that the region and its areas were divided into: <ul style="list-style-type: none"> <li> Sparkling Coastline (Oceans, beaches)</li> <li> Lets Tee – off...(Golfing)</li> <li> Go Safari Go Wild Go Nature(flora, fauna,)</li> </ul>




Highlights	Description
	 Explore our heritage(People, architecture, arts, crafts etc)
TRAVEL AGENTS FEDERATION INDIA (TAFI)	<p>Garden Route and Klein Karoo Tourism who are responsible for tourism marketing and development of the whole Eden District Municipality had been approached by TAFI organisers and we were given the opportunity to host Post TAFI tours in collaboration with Local Tourism Offices from 27 February to 02 March 2013.</p> <p>Each Tourism Office (Oudtshoorn, Plettenberg Bay and Mossel Bay) were required to draw up an itinerary for these tours that would capture the full essence of the Garden Route and Klein Karoo.</p> <p>On Wednesday, 27 February 2013, 27 Indian Travel Agents arrived in Oudtshoorn for the start of their 3 day Garden Route &amp; Klein Karoo tourism educational.</p>

Table 40: *Tourism Highlights*

### c) Challenges: Tourism

The following challenges with regard to the implementation of the Tourism strategy are:

Description	Actions to address challenges
Budgetary Constraints – limited/no budget	The Regional offices' functions are to facilitate and coordinate tourism marketing and development within the region, with that said The Eden DM Tourism office, has started to form more effective partnerships with private stakeholders, provincial and national government in order to piggy back on projects and initiatives to be rolled out in the region.
Shortage of permanent tourism staff	Currently the Tourism unit has one permanent employee and one employee on contractual basis. As per the restructuring of the organisation, a permanent position for 1 tourism official is vacant and will be filled within the financial year 2013/2014.

Table 41: *Challenges Tourism*

### d) Employees: Tourism

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 - 12	2	2	2	0	0
13 - 15	0	0	0	0	0

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

Table 42: *Employees: Tourism*

### e) Capital: Tourism

No capital expenditure was incurred for the 2012/2013 financial year.

### 3.6.4 EPWP

#### a) Introduction to EPWP

The legacy of the past has resulted in a large proportion of the South African population not yet having the skills or opportunities to effectively participate in South Africa's economy and earn a living. The EPWP is one of the South African government's initiatives to bridge the gap between the growing economy and the large numbers of unskilled and unemployed people who have yet to fully enjoy the benefits of economic development.

The National EPWP framework provides that local government develop an EPWP Policy is embedded within Eden District's Integrated Development Plan. Eden District Municipality's EPWP policy document promotes EPWP principles and the re-structuring of local government activities to facilitate and create greater employment opportunities per unit of expenditure. EDM's Management Service's EPWP Unit is responsible for District –wide coordinating and supporting the implementation of the National Expanded Public Works Programme.

The National Development Plan Vision 2030 through the Diagnostic Report identified nine main challenges facing South Africa, amongst others are: two few people work and the quality of education available to the majority is poor. The persistently high rate of unemployment in South Africa (25%) is one of the most pressing socio-economic challenges facing government. High youth unemployment in particular means young people are not acquiring the skills or experience needed to drive the economy forward. This inhibits the country's economic development and imposes a larger burden on the state to provide social assistance.

EPWP has created 466 work opportunities and 9754 person days work in the 2012/13 financial year.

### b) Highlights: EPWP

The following performance highlights with regard to EPWP are:

Highlights	Description
Approval of EPWP Policy Document	Council Resolution: DC 451/03/13 .
Created 200% of FTE target in terms of jobs created	2012/13 Incentive Agreement FTE target 21.
All 2012/13 project beneficiaries received accredited training	During 2012/13 a total of 115 beneficiaries district-wide received accredited training in First Aid Level 3.
All 2012/13 project beneficiaries signed an Employment Contract with Council	In terms of Council's EPWP Policy, each project beneficiary is entitled to sign an Employment Contract, which ensures their remuneration / stipend paid via their Banking Institution, deduction of UIF and being covered by COIDA for any injury on the job.

**Table 43: EPWP Highlights**

### c) Challenges: EPWP

The following challenges with regard to EPWP are:

Description	Actions to address challenges
The Institutionalization of the EPWP remains a huge challenge internally as well as District-Wide concerning our B-Municipalities.	Ensure EPWP performance form part of KPA's and Performance Employment Contracts of all Municipal Managers and Section 56 Executive Managers.
Attendance of Managers at EPWP policy and best practice engagement platforms such as National Summits, Provincial Steering Committees and District Forum Engagements.	Appoint only Managers to attend these platforms on a compulsory basis.
Accurate data / information on the National MIS or IRS, EPWP project integrated reporting system is a constant challenge.	Continues upgrading and training on these information / data systems is crucially important for all Eligible Public Bodies to improve job creation and decision-making.

**Table 44: Challenges EPWP**

### d) Job creation through EPWP

The table below Indicates the number of FTE's created for the 2011/12 and 2012/13

Job Creation through the National Expanded Public Works Programme (EPWP)					
Financial Year	Number of EPWP Projects	Number Of Work Opportunities	Number of Training Opportunities	Number of Training Days	Number of FTE [Full Time Equivalent]
2011/12	33	289	142	44	27.16
2012/13	17	313	115	25	42.41

**Table 45: EPWP job creation**

### e) Jobs created per EPWP project

The table below identifies the detail of various EPWP Projects initiatives implemented by Eden District Municipality district-wide using the EPWP DORA allocation of R 1069 000 during the financial year under review:

*Note: The total expenditure on various EPWP projects exclude: All PPE's and operational Costs for jobs created*

Description of project	No of man-days created	Total Investment	Amount spent	Amount spent per day
Rheenendal Phase One: Environmental Sector: Project	39	R 76 284.00	R 76 284.00	R 1956.00
Kranshoek Phase One: Environmental Sector Project	39	R 79 404.00	R 79 404.00	R 2036.00
Albertinia Phase One: Environmental Sector Project	39	R 75 284.00	R 75 284.00	R 1956.00
Gouritzmond Phase One: Environmental Sector Project	39	R 77 064.00	R 77 064.00	R 1976.00
Rheenendal Phase Two: Environmental Sector Project	27	R 50 652.00	R 50 652.00	R 1876.00
Dysselsdorp Phase One: Environmental Sector Project	29	R 71 804.00	R 71 804.00	R 2476.00
Kranshoek Phase Two: Environmental	21	R 36 036.00	R 36 036.00	R 1716.00
Albertinia Phase Two: Environmental Sector Project	25	R 49 400.00	R 49 400.00	R 1976.00
Gouritzmond Phase Two: Environmental Sector Project	25	R 49 400.00	R 49 400.00	R 1976.00
Rheenendal Phase Three: Environmental Sector Project	37	R 67 192.00	R 67 192.00	R 1816.00
Dysselsdorp Phase Two: Environmental Sector Project	20	R 49 520.00	R 49 520.00	R 2476.00
Kranshoek Phase Three: Environmental Sector Project	37	R 63 492.00	R 63 492.00	R 1716.00
Albertinia Phase Three: Environmental Sector Project	37	R 67 192.00	R 67 192.00	R 1816.00
Gouritzmond Phase Three: Environmental Sector Project	37	R 66 452.00	R 66 452.00	R 1796.00

Description of project	No of man-days created	Total Investment	Amount spent	Amount spent per day
Dysselsdorp Phase Three: Environmental Sector Project	20	R 37 520.00	R 37 520.00	R 1876.00
Mission Street Infrastructure Sector Project	32	R 25 616.00	R 25 616.00	R 800.50
<b>Total</b>	<b>466</b>	<b>R 942 312.00</b>	<b>R 942 312.00</b>	<b>R30 240.50</b>

Table 46: EPWP Projects

## f) Registered work opportunities per EPWP sector

Work opportunities breakdown in each EPWP sector			
Infrastructure	Environmental	Social	Total work opportunities
32	434	-	466

Table 47: Registered Work Opportunities

## g) Performance against annual EPWP target:

Performance against annual target			
Municipality	Annual FTE target	Total FTE's created	% Achieved against annual target
Eden	21	42	200%

Table 48: Performance Against Annual EPWP target

## h) Training opportunities created through EPWP

Date of Training	Municipal Area benefitted	Description of Training provided	Number of Training Opportunities created	Total of Women trained	Total of Disabled trained	Total of Youth Age 18 -35 trained	Total Costs of Training: [Including Logistic & Stipends]
18 -22 Feb '13	Bitou: Kranshoek	First Aid Level 3 Accredited	18	15	0	18	R 14 160
18-22 March'13	Knysna: Rheenendal	First Aid Level 3 Accredited	20	10	0	13	R 9 380
04-08 March'13	Hessequa: Albertinia	First Aid Level 3 Accredited	21	9	0	18	R 10 680
04-08 March'13	Hessequa: Gouritzmond	First Aid Level 3	21	11	0	14	R 16 680

Date of Training	Municipal Area benefitted	Description of Training provided	Number of Training Opportunities created	Total of Women trained	Total of Disabled trained	Total of Youth Age 18 -35 trained	Total Costs of Training: [Including Logistic & Stipends]
		Accredited					
15-19 April'13	Oudtshoorn: Dysselsdorp	First Aid Level 3 Accredited	32	18	0	30	R 13 980
<b>Total</b>			<b>112</b>	<b>63</b>	<b>0</b>	<b>93</b>	<b>R 64 880</b>

**Table 49:** 2012/13 Financial Year: EPWP Accredited Training opportunities created

## i) Expenditure on daily accumulated leave by projects beneficiaries per project

Project Description	Duration of Project	Number of Beneficiaries	Grade level of Project Beneficiaries	Daily Cost per Beneficiary	Total Qualified Leave Accumulated	Total Costs to be paid per Beneficiary	Total Costs
<b>Rheenendal Phase One</b>	39 Days	21	1x Trainee Project Manager	R 286@ day	2 days	R 572	R 3912
			1x Supervisor	R 150@ day	2 days	R 300	
			19 x General Workers	R 80@day	2 days	R 3040	
<b>Kranshoek Phase One</b>	39 Days	22	1x Trainee Project Manager	R 286 daily rate	2 days	R 572	R 3912
			1x Supervisor	R 150 daily rate	2 days	R 300	
			19x General Workers	R 80 daily rate	2 days	R 3040	
<b>Albertinia Phase One</b>	39 Days	21	1x Trainee Project Managers	R 286 daily rate	2 days	R 572	R 3912
			1x Supervisor	R 150 daily rate	2 days	R 300	
			19x General Workers	R 80 daily rate	2 days	R 3040	
<b>Gouritzmond Phase One</b>	39 Days	20	2x Trainee Project Managers	R 286 daily rate	2 days	R 1144	R 4524
			1x Supervisor	R 170 daily rate	2 days	R 340	
			19x General Workers	R 80 daily rate	2 days	R 3040	

## CHAPTER 3

Project Description	Duration of Project	Number of Beneficiaries	Grade level of Project Beneficiaries	Daily Cost per Beneficiary	Total Qualified Leave Accumulated	Total Costs to be paid per Beneficiary	Total Costs
<b>Rheenendal Phase Two</b>	27 Days	19	1x Trainee Project Manager	R 286 daily rate	1 day	R 286	R 1876
			1x Supervisor	R 150 daily rate	1 day	R 150	
			18x General Workers	R 80 daily rate	1 day	R 1440	
<b>Dysselsdorp Phase One</b>	29 days	27	1x Trainee Project Manager	R 286 daily rate	1 day	R 286	R 2476
			1x Supervisor	R 150 daily rate	1 day	R 150	
			2x Ass Supervisor	R 100 daily rate	1 day	R 200	
			23x General Workers	R 80 daily rate	1 day	R 1840	
<b>Kranshoek Phase Two</b>	21 days	18	1x Trainee Project Manager	R 286 daily rate	1 day	R 286	R 1716
			1x Supervisor	R 150 dailyrate	1 day	R 150	
			16x General Workers	R 80 daily rate	1 day	R 1280	
<b>Albertinia Phase Two</b>	25 days	20	1x Trainee Project Manager	R 286 daily rate	1 day	R 286	R 1976
			1x Supervisor	R 150 daily rate	1 day	R 150	
			1x Ass Supervisor	R 100 daily rate	1 day	R 100	
			18x General Workers	R 80 daily rate	1 day	R 1440	
<b>Gouritzmond Phase Two</b>	25 Days	20	1x Trainee Project Manager	R 286 daily rate	1 day	R 286	R 1976
			1x Supervisor	R 170 daily rate	1 day	R 170	
			19x General Workers	R 80 daily rate	1 day	R 1520	
<b>Rheenendal Phase Three</b>	37 Days	18	1x Trainee Project Managers	R 286 daily rate	2 days	R 572	R 3432
			1x Supervisor	R 150 daily rate	2 days	R 300	
			16x General Workers	R 80 daily rate	2 days	R 2560	

# CHAPTER 3

Project Description	Duration of Project	Number of Beneficiaries	Grade level of Project Beneficiaries	Daily Cost per Beneficiary	Total Qualified Leave Accumulated	Total Costs to be paid per Beneficiary	Total Costs
Dysselsdorp Phase Two	20 days	27	1x Trainee Project Manager	R 286 daily rate	1 day	R 286	R 2326
			2x Ass Supervisors	R 100 daily rate	1 day	R 200	
			23x General Workers	R 80 daily rate	1 day	R 1840	
Kranshoek Phase Three	37 Days	18	1x Trainee Project Manager	R 286 daily rate	2 days	R 572	R 3432
			1x Supervisor	R 150 daily rate	2 days	R 300	
			16x General Workers	R 80 daily rate	2 days	R 2560	
Albertinia Phase Three	37 Days	19	1x Trainee Project Beneficiary	R 286 daily rate	2 days	R 572	R 3632
			1x Supervisor	R 150 daily rate	2 days	R 300	
			1x Ass Supervisor	R 100 daily rate	2 days	R 200	
			16x General Workers	R 80 daily rate	2 days	R 2560	
Gourirzmond Phase Three	37 Days	19	1x Trainee Project Manager	R 286 daily rate	2 days	R 572	R 3592
			1x Supervisor	R 150 daily rate	2 days	R 300	
			17x General Workers	R 80 daily rate	2 days	R 2720	
Dysselsdorp Phase Three	20 days	20	1x Trainee Project Manager	R 286 daily rate	1 day	R 286	
			1x Supervisor	R 150 daily rate	1 day	R 150	
			18x General Workers	R 80 daily rate	1 day	R 1440	
Mission Street Phase One	32 days	11	1x Supervisor	R 200 daily rate	1 day	R 200	R 1140
			1x Ass Supervisor	R 180 daily rate	1 day	R 180	
			2x Artisans	R 100	1 day	R 200	
			7x General Workers	R 80 daily rate	1 day	R 560	
Total							R 1140



Project Description	Duration of Project	Number of Beneficiaries	Grade level of Project Beneficiaries	Daily Cost per Beneficiary	Total Qualified Leave Accumulated	Total Costs to be paid per Beneficiary	Total Costs
<b>Grand total</b>							<b>R45 710</b>

**Table 50:** *Expenditure on daily accumulated leave by project beneficiaries per project*

The following Table indicates a comparison / improvement on the Nominal Grant / Allocation received by Eden District (including the seven B-Municipalities residing in Eden District]) between the financial years 2009/10 and 2013/14.

Municipality	Allocation 2009/10	New Incentive Grant allocation 2011/12	2013/14 FTE Performance Targets	Allocation EPWP grant 2013/14	MIG Funds 2013/14
Eden District Municipality	R 500 000	R 1 000 000	19	R 1 000 000	R 10 934 000
George Municipality	R 773 000	R 1 736 000	201	R 3 285 000	R 41 815 000
Oudtshoorn Municipality	R 333 000	R 2 350 000	89	R 1 800 00	R 18 824 000
Knysna Municipality	R 333 000	R 1 000 000	95	R 1 000 000	R 23 245 000
Mossel Bay Municipality	R 333 000	R 2 461 000	96	R 2 240 000	R 19 940 000
Kannaland Municipality	Not eligible	R 1 000 000	55	R 1 000 000	R 10 934 000
Hessequa Municipality	Not eligible	R 1 000 000	59	R 1 000 000	R 12 622 000
Bitou Municipality	Not eligible	R 1 000 000	65	R 1 000 000	16 845 000
<b>Total</b>	<b>R 2 272 000</b>	<b>R 11 547 000</b>	<b>679</b>	<b>R 12 325 000</b>	<b>R 144 225 000</b>

**Table 51:** *Comparison / improvement on the Nominal Grant / Allocation*

*Note: Not Eligible: Not yet signed an Memorandum of Understanding / Protocol Agreement at that stage*

The increase of the EPWP Grant Allocation is based on the performance on Job Creation by an Eligible Public Body in a financial year.

**j) Employees: EPWP**

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	Contract	0
13 - 15	1	1	1	Contract	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	1	1	1	0	0

**Table 52: Employees: EPWP****k) Capital: EPWP**

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
16 Projects	1 069	-	947	(122)	1 069
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

**Table 53: Capital Expenditure 2012/13: EPWP**

### 3.6.5 MUNICIPAL RESORTS

#### a) Introduction to Municipal Resorts

Although the operational management of resorts might not represent a core function of a District Municipality, it nevertheless presents an opportunity for service delivery to the community in the recreational field that might not otherwise be catered for. This report will endeavour to present an overview of highlights and achievements of the Resorts for the financial year 2012/2013.

#### ANNUAL GOALS

- To improve service delivery standards / client services.
- To upgrade infrastructure to an acceptable standard.
- To improve occupancy and income.
- To train and develop staff.
- Embark on fulfilling community responsibility.

#### BACKGROUND

EDEN has five resorts under its jurisdiction i.e. Calitzdorp Spa, De Hoek Mountain Resort, Kleinkrantz, Swartvlei Camping Site and Victoria Bay Camping Site. These resorts all have a rural setting ranging from being adjacent to George (Victoria Bay) to being quite distant from the nearest town. At this stage only four resorts are operative, Kleinkrantz being closed to the public.

During the past few years Local Authority's approach towards the resorts has changed from purely delivering an recreational service to the public, to it being financially driven being financially profitable or breaking even. A different approach to the management of resorts has been adopted in order to conform to this expectancy. More emphasis is being placed on standards, quality of accommodation and marketing.

#### DESCRIPTION OF RESORTS

##### *CALITZDORP SPA*

This resort, situated 45 km from Oudtshoorn and 22 km from Calitzdorp on the old cement road linking the two towns is slightly off the beaten track. It comprises of 42 self-catering chalets, 25 caravan sites (electrified and grassed) as well as a day visitor area. The resort has both cold and natural warm water pools, hiking trails, tennis courts and mountain bikes to hire. There are 14 staff members servicing this resort.

##### *DE HOEK MOUNTAIN RESORT*

Situated 33 km north of Oudtshoorn en route to Prince Albert via the historic Swartberg pass this resort offers tourists 27 self-catering chalets, numerous camping sites with and without electricity on green lawns and two dormitories which can accommodate 144 pupils. There are 12 staff members on the resort.

##### *SWARTVLEI*

This resort is just off the N2, borders on the Swartvlei Lake adjacent to Sedgfield and approximately 25 km from George. The caravan site consists of 156 grassed sites of which 30 are electrified with four ablution blocks. The park has a caretaker and two maintenance staff members rotating between Swartvlei and Victoria Bay Caravan Parks.

*VICTORIA BAY*

This resort with its most spectacular view has a limited number of 38 caravan sites, all electrified. Twenty sites have private ablution facilities.

### b) Highlights: Resorts

The following performance highlights with regard to Municipal resorts are:

Highlights	Description
Occupancy December 2012 – January 2013	The coastal resorts were filled to capacity over Dec. /Jan holiday season. The occupancy for the inland resorts was good with De Hoek Chalets averaging 60.8% and The Spa 46.2%
Springbok Motor Bike Rally	This popular event was hosted successfully during Sept. 2012.
Klein Karoo Nasionale Kunstefees	Both De Hoek and The Spa again provided accommodation for this popular event during March/April 2013.
Klein Karoo Cycle Tour	This tour was hosted at The Spa: accommodation, start, finish.
Three Star Grading: Calitzdorp Spa	Tourism Grading Council of South Africa (TGCSA) "Your establishment, Calitzdorp Spa, membership number 331017618, has been awarded Three star grading in the Lodge category as a result of the successful assessment performed by Herbert Derendinger on 29 Mar 2013" Email from TGSA; 17 May 2013.
Dryland Traverse: 8-11 November 2012	Besides being hosted for the aforementioned period, Dryland Traverse also undertook to bring groups to The Spa regularly.

**Table 54: Resorts Highlights**

### c) Challenges: Resorts

The following challenges with regard to Municipal Resorts are:

Description	Actions to address challenges
Financial losses	<ul style="list-style-type: none"> <li>Compilation of an effective marketing plan to increase visitors to all resorts.</li> <li>Staff training to create warm and welcoming atmosphere at resorts.</li> <li>Focus on maintenance in order to give customers value for money.</li> </ul>
Occupancy out of season	Local marketing to increase occupancy during out of season.
Marketing	Improved and targeted marketing is non-negotiable.
Risk management	Improvement of financial controls and creating effective security systems.

**Table 55: Challenges Resorts**

## d) Key resort projects

Year	Project	Description	Status	Amount
2012 – 14	Hospitality Management System	Sourcing an effective and affordable hospitality management system to centralise bookings, marketing, maintenance and front desk administration.	Research being done and reporting to ICT Forum and Resort Task Team.	About R200 000 Per annum
2012 – 13	Maintenance plan	Resorts to be integrated into a comprehensive maintenance plan for all Eden DM properties.	Specs being compiled and report to Resorts Task Team.	Costing dependent on scope of works.

Table 56: Key resort projects

## e) Income: Resorts

Month	Spa	De Hoek	Swartvlei	Victoria Bay
	R			
July 2012	212 065.70	18 608.00	n/a	n/a
August 2012	100 187.25	32 797.60	6 388.59	6,110.52
September 2012	141 425.20	31 752.60	274 055.30.	92 440.34
October 2012	135 330.00	30 899.50	202 362.30	56 259.65
November 2012	96 723.73	80 651.70	84 168.43	40 992.08
December 2012	206 174.51	121 837.90	20 131.58	14 678.07
January 2013	121 055.50	62 281.10	117 435.10	24 955.27
February 2013	75 734.50	30 025.10	56 356.13	39 574.13
March 2013	114 544.20	105 226.50	17 533.51	12 897.36
April 2013	116 760.50	26 359.70	43 755.27	27 544.29
May 2013	103 986.80	15 378.60	5 622.80	12 519.29
June 2013	126 186.30	23 135.80	1 886.84	5 201.40
<b>Total</b>	<b>1 550 174.19</b>	<b>578 954.10</b>	<b>555 640.55</b>	<b>333 172.40</b>

Table 57: Resort income

## f) Employees: Municipal Resorts

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	Not available	0	0	0	0
4 - 6	Not available	29	23	6	21
7 - 9	Not available	4	2	2	50

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
10 - 12	Not available	2	2	0	0
13 - 15	Not available	1	0	1	100
16 - 18	Not available	0	0	0	0
19 - 20	Not available	0	0	0	0
<b>Total</b>	Not available	<b>36</b>	<b>27</b>	<b>9</b>	<b>25</b>
<i>Employees and Posts numbers are as at 30 June (includes 3 [three] additional people on learnership)</i>					

Table 58: **Employees: Municipal Resorts**

### g) Capital Expenditure: Municipal Resorts

Capital Expenditure 2012/13: R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrading of resorts	295	295	226	(69)	295
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

Table 59: **Capital Expenditure 2012/13: Municipal Resorts**

## 3.7 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.7.1 SOCIAL DEVELOPMENT

#### a) Introduction to Social Development

The Social Development unit had limited funding available to implement programmes/projects within our District. This was of course the result of Eden DM's challenges with regards to sufficient funding to be able to meet its operational obligations.

We also experienced challenges in terms of cooperation by some municipalities who do not view social development issues as part of the local government mandate. This issue limited progress in some areas, for the implementation of programs.

These challenges did not stop us as a unit to really add value to the funding that was made available by Council, to the extent that various highlights have been achieved throughout this financial year which include the successful intake of 37 Youth at Risk at the Chrysalis Academy, a formal MOU that has been signed and completed between Department Social Development and Eden District Municipality. We have also started a Disability process of which all B Municipalities were part of and five workshops have been done with, as the outcomes, a compilation of an action plan for each Municipality. We also managed to strengthen our relationships with some Government departments which impacted and is still impacting very positively on some of our targeted areas. The HIV Peer educator programme has been rolled out in five (5) areas within the jurisdiction area of four (4) Municipal areas. This successful programme, targeting Youth, will continue within the new financial year as per requests from stake holders. The women of Kranshoek were capacitated with two (2) gender programmes whereby the Department of Justice, Social Development and the South African Police Services played a vital role in the success of the programme. Eden DM also contributed to Orphan and vulnerable children within Bitou by distributing essential parcels. A World AIDS day programme provided a platform to capacitate Church leaders, as well as stimulating partnerships in working together to combat the HIV pandemic and its impact. A pledge hereto was signed by all attendees.

The limited funding forced us to really be creative and innovative in the way we are doing things and we as a unit are committed towards the realization of this Council's vision by going the extra mile to make a difference in people's lives.

This unit comprises of 10 officials with different focus areas in social development as follows:

Melanie Wilson	Manager: Social Development
Adri Vinnies	Administrative officer for the unit
Johannes Jafta	Youth and children programme coordinator
Mario Appels	Gender, disability and elderly programme coordinator
Angeline Naidoo	District HIV and AIDS Coordinator
Jan Adams	Social Development coordinator (George sub-region/Oudtshoorn)
Busisiwe Jacobs	Social Development coordinator (Knysna and Bitou)
Isaac Lawack	Social Development coordinator (Mossel Bay)
Vermith Kleinbooi	Social Development coordinator (Hessequa and Kannaland)

Five of these officials are permanent and the four Social Development Coordinators was on contract until the end of June 2013.

**b) Service Statistics – Social Development**

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL20	Review the HAST plan by the end of June and submit to Council for approval	Reviewed HAST plan submitted to Council by the end of June	New performance indicator for 2012/13. No comparatives available	1	0	R
TL21	Sign a MOU with Dept. of Social Development by the end of June to assist with the social development programmes	MOU signed by the end of June	New performance indicator for 2012/13. No comparatives available	1	1	G
TL22	Report to the portfolio councillor on the implementation of the youth policy	Number of reports submitted to the portfolio councillor	New performance indicator for 2012/13. No comparatives available	2	21	B

**Table 60: Service Statistics – Social Development****c) Highlights: Child Care; Aged Care; Social Programmes**

Highlights	Description
MOU with Department Social Development	Signed a formal Memorandum of Understanding with Provincial Department focusing on Youth development, Early Childhood Development, Substance Abuse and Disability
Chrysalis Academy	37 Young people from Eden DM graduated at Chrysalis Academy through cooperation with the B-municipalities and the Dept. of Social Development
Assessments of disability accessibility at B-municipalities	Assessed the accessibility for People Living with Disabilities to municipal buildings. Work sessions took place with 3 of the municipalities in collaboration with SALGA and process is continuing in 2013/14. This will be the platform for the development of a comprehensive disability for the Eden District.
HIV Peer Educator Programme	36 Young people successfully completed this course.

**Table 61: Child care; Aged care; Social programmes Highlights****d) Challenges: Child care; Aged care; Social programmes**

Description
Sufficient funding to roll out programmes and projects
Sufficient permanent personnel to achieve objectives of unit which will contribute to continuity of programmes/projects
Co-operation from some Government Departments – issue of Intergovernmental relations remains a challenge



Description
Social development being perceived as a non-core function does not contribute to the strategic objective of "Healthy and socially stable communities"
Sufficient/specific research to guide programmes
Alignment of Provincial budgets with the District IDP

**Table 62:** *Child care; Aged care; Social programmes Challenges*

### e) Service Statistics for Child Care; Aged Care; Social Programmes

Description	2011/12	2012/13
Trees planted	12	-
Veggie gardens established	2	No funding
Soup kitchens established or supported	12	No funding
Initiatives to increase awareness on child abuse	1	3
Youngsters educated and empowered	59	268
Initiatives to increase awareness on disability	4	10
Initiatives to increase awareness on women	1	10
Women empowered	111	120
Initiatives to increase awareness on HIV/AIDS	11	6
Initiatives to increase awareness on Early Childhood Development	14	6 Madiba Day: 18 July 2012 Visited Powertown crèche and handed over soup, sandwiches and fruit to the children and some elderly in the community of Powertown.
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	2	2
Special events hosted (World's Aids Day, World Arbour day, World Disability Day, Youth Day, 16 Days of activism against women abuse)	1 (16 days of activism)	2
Initiatives for the elderly	Madiba Day: 18 July 2011 Officials from this unit in collaboration with Municipal Health visited the	1 Initiative: Had an awareness session with Age-in-Action focusing on human rights and health and wellness

Description	2011/12	2012/13
	Rosemoore Old Age Home, where we served lunch to the elderly, as well as taking over the cleaning-up activities from the personnel.	

**Table 63:** *Service statistics for Child care; Aged care; Social programmes*

**f) Employees: Child care, aged care, social programmes**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 – 3	0	0	0	0	0
4 – 6	1	1	1	0	0
7 – 9	0	0	0	0	0
10 – 12	4	4	3	1	25
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>17</b>
<i>Employees and Posts numbers are as at 30 June.</i>					

**Table 64:** *Employees: Child care, aged care, social programmes*

**g) Capital Expenditure: Social Development**

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Pierewiet crèche - Volmoed	50	0	50	0	355
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

**Table 65:** *Capital Expenditure 2012/13:*

### 3.8 COMPONENT E: ENVIRONMENTAL PROTECTION

#### a) Service Statistics – Environmental Protection

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL11	Implement the Air Quality Management (AQM) plan through the number of awareness campaigns	Number of awareness campaigns	New performance indicator for 2012/13. No comparatives available	3	3	G
TL12	Review the Air Quality Management (AQM) plan by the end of June and submit to council for approval	Reviewed plan submitted to council	New performance indicator for 2012/13. No comparatives available	1	1	G
TL13	Monitor the air quality through the number of samples taken/ inspections done on a monthly basis by implementing phase 1-4	Number of monthly samples taken/ inspections done	0	288	358	G2
TL14	Coordinate meetings of the Eden Air Quality Forum	Number of meetings	0	4	6	B
TL15	Develop the Coastal Management Plan in terms of the integrated coastal management act by the end of June and submit to council for approval	Plan developed by the end of June	New performance indicator for 2012/13. No comparatives available	1	1	G
TL16	Identify a Bio-sphere domain for the Garden Route initiative by the end of June and submit report to council	Domain identified by the end of June	New performance indicator for 2012/13. No comparatives available	1	1	G
TL50	Support and implement environmental awareness programmes in liaison with partners & civil society, NGO's, SANBI, Biosphere reserve and research institutions	Number of awareness initiatives and programmes supported	New performance indicator for 2012/13. No comparatives available	4	8	B

**Table 66: Service STATS – Environmental Protection**

### 3.8.1 AIR QUALITY CONTROL

#### a) Introduction to Air Quality Control

Part B of Schedule 4 to the Constitution lists air quality services as a local government matter to the extent set out in section 155 (6) (a) and (7). Eden is also the licensing authority for listed activities in the Eden region in terms of the National: Environmental: Air Quality Act, 2004 (Act 39 of 2004). Notwithstanding limitations, EDM has succeeded in substantially meeting the diverse tasks and duties associated with air quality management and defined in the AQMP compiled during 2007.

#### Licensing of Listed Activities

Eden District Municipality continued to fulfil its role as Licensing Authority in the Eden region. Most of the challenges that were experienced with the licensing process have been ironed out and the introduction of an Air Quality Information system also streamlines the administrative process of the Atmospheric emission licensing system. Eden has advanced in this function and is the licensing authority that issued most Atmospheric Emission licences (AEL) in the Western Cape Province to date. The percentage AEL's issued compared to the rest of the province is 44.4%. Eden issued 6 Provisional AEL's and 2 full AEL's during 2012. The total number of Provisional AEL's issued since 2010 is 12 Provisional and 5 full AEL's. Eden is currently handling 15 renewal applications with a potential income of R595 080.00 in terms of processing fees.

#### Air Quality Management Plan

Eden was the 1<sup>st</sup> authority in the Province, besides city of Cape Town that adopted an AQMP. In terms of the Air Quality Act, an AQMP must be renewed every 5 years. The AQMP was reviewed and revised currently and the 2<sup>nd</sup> Generation AQMP has been completed. The project also entailed assistance to the 7 B-authorities within Eden whereby Eden also ensured that all the 7 B-authorities within Eden have AQMP's and are in compliance with the Air Quality Act.

#### Eden Air Quality by-laws

Eden published the Eden Air Quality by-laws during December 2012. These by-laws are district municipality-specific and are based on the air quality functions of district municipalities. It is unique and was presented, and well received, at the 2012 annual air quality Lekgotla in Rustenburg. Eden also set offenses and penalties in terms of the Eden Air Quality by-laws and issue spot fines to industry that contravenes the by-laws.

#### Eden Clean Fires Campaign

The Eden District Municipality embarked on an Eden Clean Fires campaign since 2011 and is an ongoing project. In the Eden region, especially the much colder Klein Karoo Regions of Oudtshoorn, communities are using wood and coal for heating, and food preparation purposes. The reasons for this is the high percentage of poverty in the Eden region where people can't afford luxuries like electricity, paraffin and gas stoves and/or heaters.

The project entailed the distribution of pamphlets to these communities with the emphasis on landfill sites where people are burning plastic for cooking purposes. Informal engagement with these people during several visits formed part of this project.

### b) Highlights: Air Quality Control

Highlights	Description
2 <sup>nd</sup> Generation AQMP	Formulation of 2 <sup>nd</sup> Generation AQMP and also assistance to B-authorities ensuring AQMP's for all authorities within Eden.
Eden Clean Fires Campaign	Educational project to educate informal settlements on air pollution.
Renewal of Licencing of Listed Activities	All Listed Activities within Eden applied for renewal before the cut-off date of 31 March 2013.
Odour control in Oudtshoorn	Eden is addressing the odour problem in Oudtshoorn through its Intergovernmental Task Team.

**Table 67: Air Quality Control Highlights**

### c) Challenges: Air Quality Control

Description	Actions to address
Budgetary constraints	IDP to address
Personnel shortage	IDP and operational budget

**Table 68: Air Quality Control Challenges**

Eden's main air quality function is the Licensing of listed Activities in terms of chapter 5 of the National Environmental: Air Quality Act, 2004. Eden fulfils its role in this regard by the establishment of an air quality licensing system. Eden also capacitated the personnel in terms of objective 6 of the Air Quality Management plan. To assist Eden with its licensing system, an air quality information system was developed on collaborator in order to streamline the administrative processes involved. The table below provides an indication on the applications received and the progress of the applications.

### d) Licences issued

The following table provides a clear indication on the total licences issued in Eden region and the total of renewal application received before the 31 March 2013, which was the cut-off date for the renewal of Atmospheric Emission Licences, as set in the Air Quality Act.

# CHAPTER 3

Listed Activities			2011		2012		2013		Total Number of PAELs issued per Authority (2010-current)
			Number of PAELs issued	Number of final AELs issued	Number of PAELs issued	Number of final AELs issued	Number of PAELs issued	Number of final AELs issued	
Eden District	Processing fees	Renewals							
Combo timbers	R18 240	-	-	-	-	-	-	-	-
D.D Claybricks	R18 240	-	-	-	-	-	-	-	-
Fechters Sawmill	n/a	-	1	-	1	-	-	1	2
Geelhoutvlei timbers	n/a	-	1	-	-	1	-	-	1
George Krematorium	R4 560	X	-	-	-	-	-	-	-
Gourikwa ESKOM Power station	R57 000	X	-	-	-	-	-	1	-
Houttek	R4 560	X	-	-	-	-	-	-	-
Johnsons Bricks	R18 240	X	-	-	-	-	-	-	-
KKI Abattoir	R18 240	X	-	-	-	-	-	-	-
KKI Tannery	R18 240	X	-	-	-	-	1	-	1
Koffieklip houtwerke	R4560	-	-	-	-	-	-	-	-
Kurland Bricks	R18 240	X	-	-	-	-	-	-	-
MTO	n/q	-	1	-	-	1	-	-	1
Much Asphalt	R57 000	X	-	-	-	-	-	-	-
Optimum Waste	R18 240	X	-	-	-	-	-	-	-
P.G. Bison	R18 240	-	-	-	-	-	-	-	-
PetroSA Refinery	n/a	-	-	-	1	-	1	-	2
PetroSA Tank Farm	R57 000	X	-	-	-	-	-	-	-
PSP Timbers	R4 560	-	-	-	-	-	-	-	-
Rheebok Stene	R18 240	X	-	-	-	-	-	-	-
Riversdal Saagmeule	R18 240	X	-	-	-	-	-	-	-
Scot	R18 240	-	-	-	1	-	-	1	1
SHELL	R114 000	-	-	-	1	-	-	-	1
South Cape fishmeal	R18 240	-	-	-	-	-	1	-	1
South Cape Galvanizing	R18 240	-	-	-	1	-	-	-	1
South Cape Poles	-	-	-	-	1	-	-	-	1

Listed Activities	Processing fees	Renewals	2011		2012		2013		Total Number of PAELs issued per Authority (2010-current)
Eden District			Number of PAELs issued	Number of final AELs issued	Number of PAELs issued	Number of final AELs issued	Number of PAELs issued	Number of final AELs issued	
Spitskop Stene	R18 240	X	-	-	-	-	-	-	-
Thesen Sawmill	R18 240	-	-	-	-	-	-	-	-
Vantell Bricks	R18 240	X	-	-	-	-	-	-	-
Willcross timbers	Withdraw	X	-	-	-	-	-	-	-
<b>Total AELs issued in Eden District</b>	<b>R595 080</b>	<b>15</b>	<b>3</b>	<b>-</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>12</b>

**Table 69:** *Eden progress on atmospheric emission licensing*

Eden also assisted the B-authorities in the region by creating a platform for interaction and capacity building. This forum is named the Eden Quality Officers Forum and comprises of the air quality officials of the B-authorities in the region.

The Eden District Municipality embarked on an Eden Clean Fires campaign during 2011. In the Eden region, especially the much colder Klein Karoo Regions of Oudtshoorn, communities are using wood and coal for heating, and food preparation purposes. The reasons for this is the high percentage of poverty in the Eden region where people can't afford luxuries like electricity, paraffin and gas stoves and/or heaters. The project entailed the distribution of pamphlets to these communities with the emphasis on landfill sites where people are burning plastic for cooking purposes. Informal engagement with these people during several visits formed part of this project. People were taught:

- how to make a more environmental friendly fire;
- what materials must never be used to make a fire;
- the health effects of smoke;
- the advantages of cleaner fires

The Eden D.M. conducted vehicle emission testing as set as one of the objectives of the Eden Air Quality Management Plan. Emission testing of diesel vehicles is one of the priorities in the Eden region. This is especially a priority in the Lakes Region where the N2 is running through or past the towns of Knysna and Plettenberg Bay. This fact can cause a potential risk of elevated levels of Nitrogen Dioxide and even Sulphur Dioxide. Sampling runs are conducted on a quarterly basis in these areas with the assistance of the Knysna Traffic department. Vehicles that don't pass the test are issued a warning letter and repair notice and a fine is issued to second time offenders.

## e) Service Delivery

Type of service	2011/12	2012/13
<b>Air Quality Control</b>		
Licensing of Listed Activities (issued)	6	14
Licensing applications	8	15
Inspections	144	228
Passive Sampling	60	122
Vehicle Emissions Testing	48	66
Air Quality forum	4	4
Eden Air Quality working group	4	4
Emissions inventory	42	14

Table 70: Service Delivery STATS: Air quality control

## f) Total employees – Air Quality Control

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 – 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

Table 71: Employees: Air Quality Control

Eden District Municipality continued to fulfil its role as leading authority with regards to Air Quality Management in the Eden region. Johann Schoeman is the manager of the unit. Most of the challenges that were experienced with the licensing process have been ironed out and the introduction of an Air Quality Information system also streamlines the administrative process of the Atmospheric emission licensing system. National, provincial and municipal authorities indicated interest in our system and the system were presented at various platforms.



Eden District municipality also established a forum with the Air Quality Officers of the B-Authorities during 2011 and the industrial forum with industry is continuing.

Douglas Baartman is the Deputy Chief Air Quality with his office in Plettenberg Bay. Douglas is responsible for Air Quality Management in the Lakes Region. Douglas continued with the emissions inventory project for the George, Lakes and Oudtshoorn regions. Douglas also assists with complaints dealing, licensing of listed activities, monitoring, educational projects and routine inspections. He also embarked on the Eden Clean fires campaign that was introduced in the Klein Karoo region.

## **g) Capital Expenditure – Air Quality Control**







No capital expenditure was incurred for the 2012/2013 financial year.

### **3.8.2 ENVIRONMENTAL MANAGEMENT**







#### **a) Introduction to Environmental Management**

2012-13 was a very successful environmental year for the Environmental Unit when considering the limitation of resources and budgetary constraints. Again, a concerted effort of creative management in securing sponsorships was successful and assisted Eden to still enjoy environmental projects which included many initiatives pertaining to; the land, water and air, all plants, animals and microscopic forms of life on Earth, the built environment and our social, economic, political and cultural activities that form part of everyday life. In its broadest sense, the Eden Environmental Unit focussed on fully embracing the conditions and / or influences under which any individual or thing exists, lives or develops.

The following Environmental Strategies were reviewed in 2012 after workshopped at the GRI:

-  The Eden Integrated Environmental Policy Framework
-  The Eden Biodiversity Strategy
-  The Eden Climate Change and Energy Strategy
-  The Eden Rivers and Alien Eradication Strategy
-  The Eden Coastal Management and Estuaries Strategy
-  The Eden Environmental Education and Training Strategy

The following organisations were presented when these documents were workshopped:

-  The George Municipality with surrounding Conservancies
-  The Mossel Bay Municipality with surrounding Conservancies
-  The Knysna Municipality with Surrounding Conservancies
-  The Bitou Municipality with surrounding Conservancies
-  The Outshoorn Municipality with surrounding Conservancies
-  The Kannaland Municipality with surrounding Conservancies

- The Hessequa Municipality with Surrounding Conservancies
- Cape Nature and SanParks
- The Gouritz Cluster Biosphere Reserve and the Garden Route Initiative

The Garden Route Initiative (GRI) remains the official Eden District Municipal Environmental Forum. The GRI is multi-stakeholder based and is inclusive of provincial government, local government, state organs, environmental NGO's, researchers, scientists, schools and civil society. The Garden Route Initiative meets quarterly and as of March 2011, membership has grown to over 200 members. The Garden Route Initiative is one of several landscape initiatives in the Cape Floristic Region. New to the GRI are the following task groups which Act as advisory Committees for the Eden District Municipality.

2012 and 2013 saw the GRI start the implementation of a suite of environmental planning tools. These included providing municipalities with training on the systematic fine scale biodiversity. The compilation, public participation and adoption of the **EDEN DISTRICT COASTAL MANAGEMENT PROGRAMME**, the engagement process leading to the soon to be released **DRAFT EDEN CLIMATE CHANGE ADAPTATION PROGRAMME**, the completion of the **GARDEN ROUTE WATER AUGMENTATION STUDY**, the completion of the **COASTAL BY LAWS** and the completion of additional **ESTUARY MANAGEMENT PLANS** and their associated Forums. The GRI continues to seek funding to complete the UNESCO registration process.

The GRI continues to be administered and run by Eden Municipality and is Council endorsed as Eden's official Environmental Forum.

News for 2012/ 13 in the GRI included:

- The Completion of the **Eden District Coastal Management Programme**
- Funding Secured by the TMF for exploring the **FUTURE OPTIONS OF THE GARDEN ROUTE INITIATIVE** study
- Implementation of the Climate Change and Agriculture Study
- Information and Knowledge sharing on a range of Garden Route Issues
- The official signing off by Minister Bredell on the **FIRST PROTECTED COASTAL CORRIDOR** in South Africa – namely The Robberg Coastal Corridor where Eden donated a large portion of land to Conservation.
- Implementation of the Breede Estuary Plan, the Goukou Plan, The Gouritz Plan, The Klein Brak Plan and the Keurbooms Plan.
- The Development of new plans in the 2012/13 year ie. The Groot Brak estuary management Plan, the Kaaiman's Situational Assessment Study (Done In House by Eden), and the Duiwenhoks Situational Study.
- Eden completed the draft By Law for RIVERS in the Garden Route
- Eden have completed the draft by Law on Coastal Management
- The Eden District Municipality secured **THREE** new **BLUE FLAGS** for the Garden Route. The first Blue Flag being within a RAMSAR site and National Park, and for a District Municipality, namely Wilderness

Beach, Brenton-On Sea and Buffalo Bay Beach. The 2013 applications includes Thesen island's application for a Blue Flag MARINA.

- 11. The Eden / GRI teamed up with Dr Mandy Lombaard to assist with the Sandhurst Elephant debacle which is ongoing.
- 12. GRI education and awareness will be discussed under general environmental education and awareness.
- 13. GRI is represented by Vernon Gibbs-Halls on the C.A.P.E Implementation Committee and also represented the region at the man and Biosphere National Workshop in the Waterberg,
- 14. The ongoing BIO-CONTROL to control wattle is still being championed by Eden / GRI

## **GOURITZ CLUSTER BIOSPHERE RESERVE (GCBR)**

As per previous years, the Eden District Municipality continue to actively participate in the GCBR domain which includes the Klein Karoo region, Hessequa and Mossel Bay. New developments in this regard are that Eden is represented by Vernon Gibbs-Halls as a full Director of the Gouritz Cluster Biosphere Reserve. Eden has joined hands in assisting the Gouritz Cluster Biosphere reserve for the 2012/13 year as follows:

- Conducting the full Public Relations and Marketing of the Biosphere Reserve
- Securing a donation for a WEBPAGE and management of this page for the GCBR – [www.gouritz.com](http://www.gouritz.com) by Vernon Gibbs-Halls
- The printing of banners, posters and pamphlets for the GCBR
- The allocation of R150 000 towards the submission of the application forms to UNESCO.
- Eden also represented GCBR at the Man and Biosphere National Conference in 2012 in the Waterberg.
- Eden raised R20 000 for the Gouritz Biosphere Reserve AWARD CEREMONY in a joint collaborative effort with CAPENATURE who also contributed an additional R20 000.
- Eden have provided venues, refreshments and assisted the GCBR in running costs and administration
- Eden partnered in various fundraising applications for the GCBR, for example – The JOBS for CARBON project.
- Eden continue to promote the GCBR through Community Projects in the Vanwyksdorp Area (A prerequisite for UNESCO) involving the celebration of Easter and Christmas events for the community youth.
- In meeting our biosphere requirements of people and conservation, Eden secured a massive sponsorship of R300 000 to build an indigenous Garden and needy BUS SHELTER for the resident of VANWYKSDORP who are benefitting from this climate change adaptation project of not having to wait for transport in pouring deluges of rain and hot summers.

A major adverse influence in Eden estuaries is accelerated sedimentation because of human activities in the catchment. This results in a progressive and generally irreversible loss of aquatic habitat. The only way of counteracting this, is to encourage agricultural practices which reduce erosion. Any activity which reduces or restricts tidal action in a normally tidal system should be discouraged as this interferes with a great variety of

conditions or functions ranging from oxygen availability to larval dispersal. Modification of freshwater inputs through abstraction affects scouring, mouth closure patterns, salinity levels and gradients and nutrient inputs. Wherever possible, this should be prevented or at least catered for through an integrated water release management plan for major dams. Due to extreme weather events suffered in Eden, it has been necessary to artificially breach mouths at certain times of the year. Although this is important for health and safety of residents within floodlines, the artificial breaching of sandbars at arbitrary times can be disruptive to normal patterns of migration associated with seasonal rainfall. Eden is working on a breaching protocol and general mouth management interventions in collaboration with municipalities and SANParks to form part of the comprehensive, holistic management tools for the estuaries and catchments.

The Eden District Municipality in conjunction with C.A.P.E Estuaries programme have therefore worked against the clock to ensure that the following estuaries now have completed Estuary Management Plans:

- Breede River Estuary
- Goukou River Estuary
- Gouritz River Estuary
- Klein Brak River Estuary
- Keurbooms River Estuary

Groot Brak is currently underway and a DRAFT is available

Each estuary also has a governing forum responsible for the monitoring of the estuaries and the implementation programme of the Management Plans.

### **Eden Bitou Wetlands Project Sustainability Summary**

The Bitou Wetland Project has been developed through applying sound sustainability principles and development frameworks as follows:

- a **triple bottom line** approach has been followed to include people, planet and profit;
- it has the potential to play a strong role in the **integration of communities** in the area through linked activities, businesses and developments;
- it addresses development and planning needs within the frameworks of **Rural Development Guidelines, the Spatial Development Framework, critical biodiversity area mapping, the Bitou Environmental Management Framework;**
- small-scale **agricultural** activities (such as organic farming, indigenous nurseries, etc) that are appropriate for the area, have been incorporated;
- **training** needs for the various activities and business opportunities have been identified and incorporated;
- the **cultural history** of the area and its people will be highlighted through the project;
- the **environmental education** potential of the area is vast and this will form a strong component of the project;

- all aspects of the project are **contextually relevant**.

### **CLIMATE CHANGE AND ENERGY**

The Eden District Municipality have been working closely with Penny Price and her Team from Province and selected for the Adaptation process. In summary, the following has been achieved:

- Eden's Roadmap to the Draft Adaptation Programme 2013
- Eden's Study of the Thought Leader Paper on Adaptation in Eden (See evidence on CD) 2012
- The implementation of the Sea Level Rise Study 2012
- Incorporation of Climate Change into the EDM IDP and SDF 2013
- Wonderbag, Raised Garden and Sunstove Cooker Roll-Out 2013
- Additional Supply of Water Geysers 2013
- Adapting to severe weather events through a Bus Shelter Construction 2013
- Food Security Gardens 2013 by the Eden YES students
- The building of more robust road structures eg. Culverts, bridges 2012-13
- The Eden / GCBR Spekboom Planting Project

The Eden District Municipality embarked on a bold initiative to deal with Borrow Pits in the region used by the Eden Roads division. A Borrow pit protocol was established after a full audit and investigation was carried out to ascertain biodiversity loss with a view to restoration of the borrow pits as well compliance with new legislation in this regard.

### **b) Highlights: Environmental Management**

Highlights	Description
2012 /13 Wetlands Day, Water Week, Arbor Week, Environmental Week, Bird Week, Coastal Clean Up, and Marine Week	We were again very fortunate to have the Department of Environmental National who granted a very large sum of money to ensure the smooth running of Clean Up Day and again, generous donation from province for the celebration of Marine Week, where we were again treated to the mobile aquarium of the Two Oceans Aquarium.
Blue Flag Beaches	Wilderness, Buffalo Bay and Brenton-On-Sea
<b>YES</b> programme and <b>USAID</b> , as part of the 'Stepping up to Sustainability' programme with WESSA, is funding 150 people to attend the Environmental Educators short course in partnership with Eden District Municipality and the GRI having launched a pilot phase of the Level Two SEAT registered Environmental Training programmes for the Eden District Municipality.	Eden together with WESSA prides itself in being a leader in the field of occupationally-directed education and training. In other words – their courses are tailored to meet the context and operating environment of the workplace.
ECO schools	The following 7 schools again participated in 2012 year and 7 are recommended to be awarded as follows:

Highlights	Description
	<ul style="list-style-type: none"> <li>De Waaville Primary School in Heidelberg (<b>SEVENTH</b> successful Year) – Platinum Award</li> <li>Vondeling Primary School in Witsand (<b>SEVENTH</b> successful Year) – Platinum Award</li> <li>Voorwaarts Primary School in Riversdale (<b>SEVENTH</b> successful Year) – Platinum Award</li> <li>Gerrit du Plessis High School in Riversdale (<b>SEVENTH</b> successful Year) – Platinum Award</li> <li>Kruisrivier Primary School in Riversdale (<b>SIXTH</b> successful Year) – Special Merit</li> <li>Panorama Primary School in Riversdale (<b>FOURTH</b> successful Year) – Gold Award</li> <li>Slangrivier Primary School in Slangrivier (<b>SIXTH</b> successful Year) – Special Merit</li> </ul>
Designation of the GCBR	The Gouritz Cluster Biosphere Reserve registered by UNESCO

**Table 72:** *Environmental Management Highlights*

## c) Challenges: Environmental Management

Description	Actions to address
Capacity	DEA official has been assigned to Eden Municipality
Funding for Projects	Alternate / Donations / Sponsorships
B Municipal Co-operation and collaboration	To use Municipal Managers Forum as vehicle

**Table 73:** *Challenges*

## d) Employees – Environmental Management

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 – 3	0	0	0	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
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
<i>Employees and Posts numbers are as at 30 June (includes 3 [three] additional people on learnership)</i>					

**Table 74:** *Employees –Environmental Management*

### e) Capital Expenditure –Environmental Management

No capital expenditure was incurred for the 2012/2013 financial year.

### 3.8.3 NATURAL RESOURCE MANAGEMENT SERVICES

#### a) Introduction to Natural Resource Management Services

The Working for Water programme were managed in five project areas being Brandwag, Great Brak, Karatara, Knysna and Moordkuyl catchments.

Operations in Karatara focussed on completing the last follow-up operations.

The Knysna project was closed down by the Department of Environmental Affairs. Outstanding follow-up operations will be completed when due.

#### b) Highlights: Natural Resource Management Services

Highlights	Description
Job creation	14 389 person days were created in the financial year.
Training	2 492 person days training were provided to beneficiaries.
Hectares cleared	A total of 2 774 hectares were cleared of alien invasive plant species
Health and Safety	No serious accidents occurred.

**Table 75: Highlights**

#### c) Challenges: Natural Resource Management Services

Description	Actions to address
Funding	Securing funding to continue job creation through alien invasive eradication.

**Table 76: Challenges**

#### d) Total employees – Natural Resource Management Services

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
1	1	1	1	0	0
7	1	1	1	0	0
8-10	3	5	3	2	40
<b>Total</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>29</b>

**Table 77: Employees – Natural Resource Management Services**

## e) Capital Expenditure – Natural Resource Management Services

No capital expenditure was incurred for the 2012/2013 financial year.

## 3.9 COMPONENT F: MUNICIPAL HEALTH

### 3.9.1 INTRODUCTION TO MUNICIPAL HEALTH

According to the constitution of the republic of South Africa 1996, the Local Government: Municipal Structures Act No.117 of 1998 and the National Health Act, No 61 of 2003, it is the statutory responsibility of the District Municipality to render Municipal Health Services.

Section 24 of the Constitution of the Republic of South Africa entrenches the right of all citizens to live in an environment that is not harmful to their health or well-being. Section 1 of the National Health Act, 2003 (Act 61 of 2003), defines municipal health services and clearly stipulates the responsibilities of municipalities in the performance of such services.






**Environmental health** comprises those aspects of human health, including quality of life, that are determined by physical, chemical, biological, social and psychosocial factors in the environment. It also refers to the theory and practice of assessing, correcting, controlling and preventing factors in the environment that can adversely affect the health of present and future generations.

**Environmental health services** are services that implement environmental health policies through monitoring and controlling, which improve environmental parameters and encourage the use of environmentally friendly and healthy technologies and behaviours. Controlling and monitoring also play a leading role in suggesting and developing new policy areas. (These definitions are in line with the definitions of the World Health Organization.)






#### **The role and function of the Municipal Health Services**

Residential, business and public premises are regularly monitored to ensure that there are no health nuisances. This is done to ensure compliance with the applicable legislation, the principles of Agenda 21 and the "Healthy Cities" approach, and the minimisation of any detrimental environmental health risk.

#### **Key Performance Areas:**

-  Chemical Safety
-  Disposal of the Dead
-  Environmental Pollution Control
-  Food Control
-  Health Surveillance of Premises



-  Surveillance and Prevention of Communicable Diseases
-  Vector Control / Monitoring
-  Waste Management
-  Water Quality Monitoring
-  Administration – general

## 3.9.2 SERVICE STATS – MUNICIPAL HEALTH

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL3	Monitor the food premises through the number of samples taken per month	Number of samples	245	696	781	G2
TL4	Monitor the non-food premises through the number of inspections per annum	Number of inspections	1090	4,440	5,598	G2
TL5	Monitor dairies through quarterly inspections to ensure legislative compliance	Number of inspections	106	444	413	O
TL6	Report monthly to the National Department of Health (Sinjani)	Number of reports	3	12	16	G2
TL1	Conclude a three year service level agreement with the Department of Water Affairs by the end of June	Signed agreement by the end of June	New performance indicator for 2012/13. No comparatives available	1	1	G
TL2	Monitor the water quality through the number of samples per annum in the district as per the EQMS program	Number of samples	187	696	803	G2

**Table 78: SDBIP Municipal Health**

## 3.9.3 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC.

**a) Introduction to Health Inspection; Food and Abattoir Licensing and Inspections, etc.**

In order to fulfil its constitutional and legal obligations, the Eden District Municipality Municipal Health Services fulfils its mandate through highly qualified and skilled environmental health practitioners (EHPs). They provide and facilitate comprehensive, pro-active and need-related services to ensure a safe, healthy and clean environment, thereby preventing and eliminating sources of disease.

Within Eden District there are functional Municipal Health Offices with in all 7 B Municipalities. The Municipal Health inspectorate is divided into 4 regions namely Klein-Karoo Region (Oudtshoorn and Kannaland), George, Lakes Region (Bitou and Knysna) and Langeberg (Mosselbay and Hessequa).

Municipal Health Services is a personnel driven function due to the fact that monitoring, according to the scope of practice of environmental health, form the basis of performing this function. Performing these functions will add value to "Healthier people in Healthier places"

**Main Functions:**











- Monitoring of water reticulation.
- Protection of water sources by enforcement of laws and regulations.
- Introduction of corrective and preventative actions.
- Implementation of Health and Hygiene Awareness.
- Control of Food Premises by issuing Compliance Certificates to Food Premises.
- Ensure that food is safe and healthy for human consumption by the enforcement of Laws and Regulations.
- The monitoring of the storage, treatment, collection, handling and disposal of the various categories of waste.
- The identification, monitoring and evaluation of health risks, nuisances and hazards.
- The promotion of health and hygiene aimed at preventing the incidence of environmental conditions that will result in contagious diseases.
- Monitoring, identification, evaluation to ensure the prevention of vectors.
- The identification, evaluation, monitoring and prevention of the pollution of soil, water and air.
- Monitoring of cemeteries, crematoriums and other facilities for the disposal of corpses.
- The monitoring, identification, evaluation and prevention of risks relating to chemicals hazardous to humans.

**b) Highlights: Health Inspection; Food and Abattoir Licensing and Inspections, etc.**

Highlights	Description
Health surveillance of premises	17 % more inspections were carried out at non-food premises eg. Garages, crèches, caravan parks (i.e. Surveillance premises) in 2012/2013 than in previous financial year.
Food premises inspection	82 % of food premises (formal and informal) comply with Regulation R962 of 2012 and 96% of restaurants and public places inspected comply with the Tobacco Products Control Act.

**Table 79: Environmental Management Highlights**

**c) Challenges: Health Inspection; Food and Abattoir Licensing and Inspections, Eec.**

Description	Actions to address
<ul style="list-style-type: none"> <li> Health inspections</li> <li> Food control</li> <li> Health surveillance of premises</li> </ul>	Routine inspections and joint inspections with the relevant role players. Ensure that recommendations for improvements which are made to the relevant authorities are being implemented.
<ul style="list-style-type: none"> <li> Food premises and abattoir licensing</li> <li> Water quality monitoring,</li> <li> Waste management,</li> <li> Environmental pollution control</li> <li> Surveillance and prevention of communicable diseases</li> <li> Vector control</li> <li> Disposal of Human remains</li> </ul>	Strengthen partnerships and liaise with: B-municipalities, Dept. of Health, Dept. of Labour, DEA&DP, DWAF, Spheres of Governance, NGO's, Service providers and Private sector.

**Table 80: Environmental Management Challenges**

**d) Service Statistics – Health Inspection; Food and Abattoir Licensing and Inspections, etc.**

Type of service	2011/12	2012/13
Inspections at food production and/or handling sites formal and informal	6 019	6 668
Inspections at dairies to ensure legislative compliance	343	413
Inspection to Informal Settlements	1 992	353
Inspection of sewerage treatment /waste water sites	160	181
Inspection of farms	277	441

Type of service	2011/12	2012/13
Inspection of Non-food premises eg. garages, crèches, caravan parks (i.e. Surveillance premises)	4 658	5 598
Inspection Environmental Pollution	630	326
Inspection conditions promoting the habits and breeding habits of vectors	6 019	4 470

**Table 81:** *Service Statistics – Health Inspection*

**e) Total employees – Health Inspection; Food and Abattoir Licensing and Inspections, Etc.**

Job Level (TASK evaluation)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
4 - 6	8	8	8	0	0
7 - 9	4	4	4	0	0
10 - 12	26	26	26	0	0
13 - 15	12	12	12	0	0
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>0</b>

**Table 82:** *Employees - Health Inspection; Food and Abattoir Licensing and Inspections, Etc.*

**f) Capital Expenditure – Health Inspection; Food and Abattoir Licensing and Inspections, etc.**

Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>R'000</b>					
Informal food traders	50	50	50	0	50
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

**Table 83:** *Capital Expenditure 2012/13: Health Inspection; Food and Abattoir Licensing and Inspections, etc.*

### 3.10 COMPONENT G: FIRE SERVICE AND DISASTER MANAGEMENT

#### Introduction to Fire services and disaster management

The Emergency Services section is managed by the head of the municipal disaster management centre and divided into three sections namely: regional disaster management, call centre and fire and rescue services.

##### 3.10.1 FIRE SERVICES AND DISASTER MANAGEMENT SERVICE STATISTICS

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL44	Renew and sign the MOU with the fire protection agency by the end of September	MOU signed by the end of September	New performance indicator for 2012/13. No comparatives available	1	1	G
TL45	Implement a severe weather early warning sms system in collaboration with SA Weather Service by the end of December	Developed by the end of December	New performance indicator for 2012/13. No comparatives available	1	1	G
TL46	Sign MOUs to render fire services to B-municipalities on a shared services basis by the end of July	Number of MOUs signed	New performance indicator for 2012/13. No comparatives available	2	3	B
TL48	Forward risk assessment guidelines to the B-municipalities by the end of June	Number of guidelines forwarded	New performance indicator for 2012/13. No comparatives available	7	12	B
TL49	Update the disaster management framework and contingency planning in collaboration with PDMC and local municipalities by the end of January	Updated by the end of January	0	1	1	G

**Table 84:** *Fire services and disaster management Service Statistics*

## 3.10.2 FIRE

**a) Introduction to Fire**

In the whole district the Eden DM Fire and rescue service deliver specialized firefighting services, bush and veldt fire as well as hazardous material incidents. In order to assist under capacitated local municipality's structural fire services is rendered as part of service level arrangements with the George-, Hessequa- and Kannaland municipalities.

Please note the current software system does not make provision for the fire and rescue services rendered to be tabled as requested. Currently the implementation of the fire web software is tested and once installed and used we would be able to complete the table as requested

**b) Highlights: Fire**

Highlights	Description
Improving of resilience	The fire service managed to implement fire safety and awareness programs at various local authorities, schools and NGO's in the district.
Capacity building	The Eden fire service opened a new fire base in Riversdale; First Aid level 3 training has been provided to more than 400 individuals; Some equipment has been donated as part of the SANTAM Baam (business adopts a municipality) project to strengthen capacity and resources.
Ensuring a uniform approach in the district	Standard operating procedures for various firefighting task has been developed and implemented not only for the Eden fire and rescue service but also for use by the local authorities; One standard for the issue of burn permits has been put in place and agreed upon.

**Table 85: Fire Highlights**

**c) Challenges: Fire**

Description	Actions to address
The lack of equipment and operational equipment for service delivery in the district	Approval has been granted and provision was made as part of the 2013/2014 budget to lease vehicles and equipment for service delivery.
The lack of fully trained personnel and the building of middle management capacity	A skills development plan has been work shopped and implemented to ensure that all personnel meet the minimum recurrent level of training by the year 2015. Personnel has been allowed to act in vacant middle management positions to build their management skills;
The lack of fire stations in the district to effectively deal with hazardous material incidents	An MOU has been entered into between a private service provider (Incident support services) and the Eden DM to assist if and when required.

Description	Actions to address
The lack of fire stations in the district to effectively deal with bush and veldt fire incidents	MOU's has been signed with local municipalities to assist with service delivery. An MOU has been signed with the FFA (Firefighting association) as well as WOF (Working on Fire) and the SCFPA(South Cape Fire Prevention Organisation) to assist with aerial firefighting as well as ground based activities.
The lack of protective gear (PPE) and self-contained breathing apparatus	Provision has been made as part of the current budget to purchase protective gear. Arrangements has been put in place with the Provincial disaster centre to assist with donations of PPE as well as self-contained breathing apparatus.

**Table 86: Fire Challenges**

## d) Service statistics for Fire Services

Details	2011/12	2012/13
Total fires attended in the year	321	161
Total of other incidents attended in the year	438	256
Average turnout time - urban areas	± 10-15 min	±10-15 min
Average turnout time - rural areas	±45- 60min	±25- 45min
Fire fighters in post at year end	29	0
Total fire appliances at year end	18	0
Average number of appliance off the road during the year	7	0
Total Operational call-outs	759	0
Reservists and volunteers trained	24	0
Awareness Initiatives on Fire Safety	70	0

**Table 87: Fire Service Data**

## e) Employees: Fire Services

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
4 - 6	8	18	14	4	22
7 - 9	8	9	9	0	0
10 - 12	11	21	13	8	38
13 - 15	1	1	0	1	100
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>29</b>	<b>50</b>	<b>37</b>	<b>13</b>	<b>26</b>
<i>Employees and Posts numbers are as at 30 June.</i>					

Table 88: *Employees: Fire services*

#### f) Capital Expenditure: Fire Services

R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Lease of operational firefighting fleet	400	-	-	(400)	0
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

Table 89: *Capital Expenditure 2012/13: Fire Services*

### 3.10.3 DISASTER MANAGEMENT

#### a) Introduction to Fire Services and Disaster Management

The Eden DM has a fully functional disaster management and emergency management centre (MDMC). The centre is equipped with a joint operational command and tactical decision areas. In order to stay abreast with regional emergency related activities a 24/7 call centre has been established adjacent to the MDMC. The 24/7 call centre is operated in conjunction with provincial emergency and medical services and renders an emergency call taking and dispatch platform servicing the district as a whole. In addition to the emergency call taking and dispatch platform the centre also deals with all the after office hour service calls for the Mossel Bay and Eden DM.



The Eden Emergency service striving to deliver cost effective and efficient services to ensure that the Eden district remains a safe and secure destination not only to its inhabitants, but all those visiting the area, have been forced to “plan out of the box” the past year. Ever increasing fire and flooding risks combined with the ever present risk of environmental degradation and challenges in terms of funding has been the main driving forces to see the emergency services section opting to strive to secure external funding from external role players as well as not only to strengthen existing ties but also to build new relationships to collectively overcome the ever increasing disaster risks in the district.

In order to ensure that the section focuses its energy at the most relevant risks as well as to identify those risks posing a threat in the nearby future the goal was set to update the regional macro 2006/2007 disaster risk and vulnerability assessment (RAVA) as well as to take stock of the mitigation measures implemented to minimise those risks identified as part of the previous RAVA . Further the section opted to maximize its current public awareness initiatives with special focus on fire risk awareness, fire safety and preparedness.

### b) Highlights: Disaster

Highlights
Risk and vulnerability assessment updated and the draft was completed
Storm surge early warning finalized
Business Adopt a municipality project launched
Emergency breaching of estuaries protocol established
Official study tour to Los Angeles fire department
Disaster response capacity improved with 2 additional marquees obtained for emergency shelter
Provincial disaster declaration after 2012 floods. Disaster relief and recovery funding obtained for Bitou Municipality to the value of R13,2 million.
Eden flood hazard mapping completed
Establishment of disaster management advisory forums at Hessequa- and Kannaland municipalities.

**Table 90: Disaster Highlights**

### c) Challenges: Disaster

Description	Actions to address
Capacity building at local municipal level	Arrange for specific training of local emergency section officials
Roll out of ward based risk assessments	Capacitate ward councillors
Establishment of local joint operation centres (JOC's)	Get buy in from local Executive management
Updating of local disaster planning and related contingency planning	Arrange for specific training of local emergency section officials

**Table 91: Disaster Challenges**

**d) Service Statistics for Disaster Management**

Details	2011/12	2012/13
Number of floods	June 2011 floods	July 2012 floods October 2012 floods
Number of diseases outbreaks	Avian Influenza outbreak	Avian Influenza outbreak continue
Number of rock falls	Rock falls- Huisrivier Pass, on the N12 and on the Outeniqua Pass	Hazardous material spill Meiringspoort
Drought Kannaland	n/a	January 2013
Major fires	Melkhoutfontein; Ruitesbos; Kammanassie mountains; De Hoop, Kouga and Langkloof mountains	Albertinia, Kammanassie, Buffelsdrift

**Table 92: Disaster Management data****g) Total employees – Disaster Management**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	6	13	13	0	0
10 - 12	1	4	2	2	50
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>18</b>	<b>16</b>	<b>2</b>	<b>11</b>

**Table 93: Employees – Disaster Management****g) Capital Expenditure: Disaster Management**

No capital budget was allocated to Disaster Management Services for the 2012/13 financial year.

### 3.11 COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

#### 3.11.1. EXECUTIVE AND COUNCIL

##### a) Service Statistics – Executive and Council

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL59	Formally evaluate the performance of sec56 and sec57 employees to their performance agreements	Number of formal performance evaluations completed	New performance indicator for 2012/13. No comparatives available	2	2	G
TL60	Implement initiatives of the municipal turnaround strategy identified for 2012/13	Number of initiatives implemented	New performance indicator for 2012/13. No comparatives available	18	10	R
TL61	Implement revenue enhancement initiatives	Number of initiatives implemented	New performance indicator for 2012/13. No comparatives available	4	4	G
TL62	Hold inter-departmental strategic sessions with the management and middle management team	Number of sessions held	New performance indicator for 2012/13. No comparatives available	4	4	G

**Table 94:** *SDBIP – Executive and Council*

##### b) Highlights: Executive and Council

Highlights
Performance Management INDABA on 22 May 2013
Approval of Macro Structure and reducing 5 section 56 managers to 2
Appointment of permanent CFO on 2 January 2013
Appointment of a permanent Senior Manager Roads on 1 May 2013
Approval of TAS on 27 May 2012 for 2012/13
Establishing of a Productivity Task Team
Signing of SLA between Knysna, Bitou, DBSA for the Water investigation

**Table 95:** *Executive and Council Highlights*

**c) Political employees**

Councillors = 33














Administrative staff = 8 (contract employees) employed in the office of the Executive Mayor

**d) Capital Expenditure – Executive and Council**

No capital budget was allocated to the Executive and Council offices for the 2012/13 financial year.

**3.11.2 FINANCIAL SERVICES****a) Introduction to Financial Services**

Financial Services 2012/2013 priorities:

-  Cash backed credible budget presented to council for approval
-  Timeously submission of all required reports by prescribed due date
-  Timeously submission of GRAP compliant annual financial statements by 31 August.
-  Implementation of the credit control and debt management policy to ensure debt is recovered.
-  Revision of the SCM policy and implementation thereof.
-  Implementation of electronic SCM and contract management system to eliminate irregular expenditure as identified by the Auditor General and ensure all relevant SCM procedures are followed.
-  Creditors paid within 30 days after receipt of invoice/statements as required by the MFMA.
-  Optimal interest generated on investments.
-  Salary payments by the 25<sup>th</sup> of each month.
-  Adequate asset management.
-  Ensuring the safeguarding of inventory/stock items.
-  Revision of cash management processes and procedures.
-  Support services rendered to the other departments.

## b) Service Statistics – Financial Services

Ref	KPI	Unit of Measurement	Previous Year Performance	Overall Performance for 2012/13		
				Target	Actual	R
TL70	Financial viability measured in terms of the current assets to cover current liabilities (current assets/current liabilities)	Ratio achieved	New performance indicator for 2012/13. No comparatives available	2.1	1.64	O
TL71	Report quarterly to the MM on the progress made with the addressing of the audit findings in the audit report	Number of reports submitted	0	2	2	G
TL72	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	0	1.2	1.99	B
TL73	Review required financial policies annually by the end of March	Number of policies reviewed	New performance indicator for 2012/13. No comparatives available	4	4	G
TL74	Submit the final main budget to Council by the end of May	Final main budget submitted by the end of May	1	1	1	G
TL75	Submit the adjustment budget to Council by the end of February	Adjustments budget submitted to council by the end of February	1	1	1	G
TL76	Submit the approved financial statements by the end of August to the Auditor-General	Financial Statements submitted to the AG by the end of August	1	1	1	G

Table 96: SDBIP Financial Services

## c) Challenges: Financial Services

Division	Challenges and Corrective Measures
Assets	Full Implementation of GRAP with high reliance on consultants for assistance in this process

Division	Challenges and Corrective Measures
	Missing or not yet verified Movable assets in the current year, officials are still moving assets around from known locations without prior consent and approval
	Not having sufficient funds for proper asset repairs and maintenance
Budget	Challenges with regards to the supporting documentation that needs to be submitted with the prescribed format report
	Compilation of the cash flow projection are a challenge and needs to be revisited
	Lack of multiyear planning per department
	Support function of budget section to other departments can be improved
	Creditors: Lack of interdepartmental; co-operation 0submission of supporting documentation for payments
	Late submission of docs by departments can cause late payments (not within 30 days)
Expenditure	Challenges to meet deadlines
	Compilation of SOP's and policies
	Lack of guidance with regards to implementation of new legislation, government gazettes.
	System errors (PAYDAY/ABAKUS)
	No training/updates with regards to salary development (only PAYDAY training attended)
	Lack of interdepartmental co-operation e.g HR/Corporate Services
	Officials and Politicians bypassing deadlines of payment of S&T's
Financial Statements	Lack of co-operation by finance sections/other departments with regards to finalizing their sections and submitting the documentation for the audit file/financial statements to the GRAP unit.
	Quality of work submitted for the audit file not up to standard.
	Lack of capacity in the section –Deputy manager position vacant and from 1 September 2013 Chief Accountant position will also be vacant. No staff in this section
	Lack of co –operation by all relevant role-players with regards to submit information/respond to audit findings within timeframe

Table 97: *Financial Services Challenges*d) **Total employees – Financial Services**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	7	7	7	0	0

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
7 - 9	15	17	14	3	18
10 - 12	14	13	12	1	0
13 - 15	3	3	2	1	0
16 - 18	0	0	0	0	0
19 - 20	0	1	1	0	0
<b>Total</b>	<b>39</b>	<b>41</b>	<b>36</b>	<b>5</b>	<b>12</b>

Table 98: *Employees: Financial services*

### e) Capital Expenditure – Financial Performance

No capital budget was allocated to Financial Services for the 2012/13 financial year.

The Finance Department is a support function and do not have any capital projects. We report on the progress of spending on capital projects by other departments. No new systems were implemented due to our limited revenue resources and minimal increase in equitable share.

#### 3.11.3 HUMAN RESOURCE SERVICES

### a) Introduction to Human Resources

The Human Resources Section, located within the Department Corporate Services, delivers a support service to the other departments in Human Resource Management. Its primary function is to co-ordinate all Human Resource activities in order to achieve Eden District Municipality's objectives of service delivery of which enhancement of staff performance plays a fundamental role.

In line with the constitutional mandate of Local Government, the legislative requirements for Human Resources, the Human Resources Section at Eden District Municipality regards it mission to serve and support the interest of all personnel.

In this regard the HR strives to:

- Empower employees towards maximizing their personal potential and deliver on and exceed organizational requirements.
- Continuously align the HR Strategy and the Organisational Strategy (IDP), legislative Requirements and best practices in the HR fields
- Promote and practice "Putting people first" Equity, fairness, objectivity and consistency.
- Committed to professional conduct, and

- Develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.

The Human Resources Section is managed by Mr. Gerhard Le Roux and consists of the following disciplines:

- Human Resource Management
- Human Resource Receptionist / Typist
- Employment Equity / Skills Development
- Recruitment and Selection
- Human Resources Administration & Conditions of Service
- Leave Administration
- Contract Administration
- Training and Development
- Labour Relations
- Occupational Health and Safety
- Wellness and Employee Assistance

## b) Highlights: Human Resource

Highlights	Description
Implementation of TASK	More than 80% of job description in Eden District were completed and audited.
Compliance of Work Skills Plan and Employment Equity Report	Both documents were submitted within the legislative timeframes
Injuries on duties decrease with 20%	Successful intervention strategies were implemented to reduce injuries on duties.

**Table 99: Human Resource Highlights**

## c) Challenges: Human Resources

Description	Actions to address
<p>SALGA is starting a process to implement the Task Job Evaluation System within the Local Government Sector in the Province to achieve uniform norms and standards</p> <p>Further to the above, the Task Project Team proposes a roll out plan to establish the above.</p> <ul style="list-style-type: none"> <li>Can these different licences for Task be transferred from a municipality to a region? For example can the licence of Overstrand Municipality be transferred to Overberg Region?</li> <li>If a District Municipality or a Local Municipality purchased the TASK system, but have not started evaluating posts yet, (System is "clean"), and can those licences be transferred between municipalities?</li> </ul>	<p>To further engage with discussions with the B – Municipalities and SALGA on how to address these challenges.</p>



Description	Actions to address
<ul style="list-style-type: none"> <li>How to incorporate the smooth running operation into this plan and ensure that no extra costs arises from this.</li> <li>The Eden/Central Karoo region is so far ahead of the rest of the Western Cape and is functioning at a highly capable, proficient and competent level, however we will have to become part of the provincial initiative for reasons previously.</li> </ul>	

**Table 100:** *Human Resource Challenges*

## d) Labour relations statistics: 2012/2013

Description	Number
Number of Cases	25
Terminations	5
Counselling sessions	3
Disputes	25
Incapacities	7
Grievances	7
Suspensions	1

**Table 101:** *Labour relations statistics*

## d) Employees: Human Resources

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	2	3	2	1	33
10 - 12	8	8	8	0	0
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>11</b>	<b>12</b>	<b>11</b>	<b>1</b>	<b>8</b>

**Table 102:** *Employees: Human Resource services*

## e) Capital Expenditure – Human Resources

No capital budget was allocated to Human Resources Services for the 2012/13 financial year.

### 3.11.4 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

#### a) Highlights: ICT Services

Highlights	Description
New Personnel structure	Personnel Structure aligned with business needs.
Eden regional ICT Forum	Good intergovernmental relations with other Municipalities
Esri ELA Project	Successful shared services project

**Table 103:** *ICT Service Highlights*

#### b) Challenges: ICT Services

Description	Actions to address
Political changes and governance issues	
Organisational resistance to change	Change control
Capacity issues such as budgets	Work smarter
The maturity of the inter-governmental relationships	Discussion Forums

**Table 104:** *ICT Service Challenges*

#### c) Service Statistics – Information and Communication Technology (ICT) Services

Details	2011/12	2012/13
% of Software licensed	100	100
% of Back-ups done	100	100
% of Viruses attended to	100	100
% of Network downtime	0.1	0.1
% of queries resolved with guidelines of the policy	77.89	84

**Table 105:** *Service Data for ICT Services*

#### d) Employees: ICT Services

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts (approved)	Employees (posts filled)	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts (approved)	Employees (posts filled)	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	6	7	6	1	14
13 - 15	2	2	2	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>11</b>

Table 106: Employees: ICT Services

### e) Capital Expenditure – Information and Communication Technology (ICT) Services

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Purchase of computer equipment	490	240	225	(265)	225
<i>Total project value represents the estimated cost of the project on approval by Council</i>					

Table 107: Capital Expenditure 2012/13: ICT Services

### 3.11.5 LEGAL SERVICES

#### a) Introduction to Legal Services

The Legal Services Unit consists of three employees; Jannine de Klerk, the Legal Advisor; Koos Pretorius, the Contract Management Official and Monique Louw, the Senior Clerk Legal Services. We assist Council with legal opinions, input on policies, review new legislation and proclamations, compliance issues, as well as the vetting and drafting of contracts.

#### b) Highlights: Legal Services

Highlights	Description
Anti-Fraud and Corruption preventions policy	Reviewed draft policy

Highlights	Description
Improvement of Contract Management System on Collaborator	Standard SLA to be used by all officials in Eden

Table 108: *Legal Services Highlights*c) **Challenges: Legal Services**

Description	Actions to address
Incomplete supporting documentation is provide with the standard SLA by some departments	Training as and when needed by relevant departments

Table 109: *Legal Services Challenges*d) **Employees –Legal Services**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0
7 - 9	0	0	0	0	0
10 - 12	0	1	1	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

Table 110: *Employees: Legal Services*e) **Capital Expenditure –Legal Services**

There were no capital projects for the 2012/13 financial year.

## 3.11.6 PROPERTY SERVICES

a) **Introduction to Property Services**

The council property portfolio has been brought about after the realisation that there are no structured database, implementation plans and policy to deal with the immovable assets of council. The majority of properties in the portfolio were mainly carried over from the former historical local government structures when divisional councils, regional services councils and district councils were responsible for the management of the peri-urban (non-urban) areas. The existing property database includes properties of the following nature,

namely: agriculture, residential, road reserves, conservation, resorts, mountain areas, estuaries, institutions, offices, RDP houses, waste and sewage works, depots, open spaces etc.

The Constitution of the Republic of South Africa makes provision for the development and implementation of a Local Government: Municipal Finance Management Act 56 of 2003 (MFMA). The purpose of the MFMA is to provide guidelines to all spheres of government to effectively manage their financial affairs. Section 122 (1) of the MFMA refers specifically to financial statements and stipulates that every municipality must for each financial year prepare annual financial statements. These statements reflect the revenue and expenditure status of council. The principle of reporting on the financial position of a municipality should underlie the preparation and presentation of financial statements that are required to give a true and fair view of the financial position and performance of a municipality. The political change that came about with the amendment of the local government system was due to the local municipal elections of May 2011. This resulted in the loss of rates and taxes as a source of revenue towards the Eden District Municipality. The municipality is, since May 2011, fully dependent on funding from national and provincial treasury (grants and equitable share).

The implications to the Eden District Municipality as property owner of a comprehensive immovable asset portfolio is that certain properties can potentially be lucrative in terms of generating additional revenue. Various options are available to council in order to manage the immovable asset portfolio. The options include the following:

- To retain the present situation (maintain the status quo);
- To enter into a short term lease agreement;
- To disposal of the asset / land;
- To enter into a private – public – partnership agreement;
- To enter into a public – public – partnership agreement;

## b) Eden properties with buildings

Eden properties with buildings as in May 2013						
Property number	Farm Portion	Town	Farm Name	B Municipality Jurisdiction	Existing utilisation	Google earth co-ordinates
516	n/a	Calitsdorp	n/a	Knysna	Municipal Roads Dept Oudtshoorn	-
51	n/a	Calitsdorp	n/a	Calitsdorp	Municipal Roads Dept Oudtshoorn	-
518	n/a	Calitsdorp	n/a	Calitsdorp	Municipal Roads Dept Oudtshoorn	-
60	99	Calitsdorp RD	Warmwater	Calitsdorp	Agriculture & staff housing (Calitsdorp Spa)	33°39'49.83S / 21°46'14.13E
60	118	Calitsdorp RD	Warmwater	Calitsdorp	Agriculture & staff housing (Calitsdorp Spa)	33°39'49.83S / 21°46'14.13E

Eden properties with buildings as in May 2013						
Property number	Farm Portion	Town	Farm Name	B Municipality Jurisdiction	Existing utilisation	Google earth co-ordinates
60	119	Calitsdorp RD	Warmwater	Calitsdorp	Resort Calitsdorp Spa	33°39'49.83S / 21°46'14.13E
397	0	Calitsdorp RD	n/a	Calitsdorp	Municipal Roads Dept Calitsdorp	-
2219	n/a	George	n/a	George	Municipal Office, Eden DM 54 York Str	33°57'52.89S / 22°27'10.21E
3332	n/a	George	n/a	George	Municipal Office, Eden DM Mission Street	33°57'51.79S / 22°28'28.29E
185	0	George RD	FARM 185	Knysna	Conservation, Resort (Swartvlei caravanpark), natural dune vegetation, alien vegetation, estuary	34°01'23.16S / 22°46'27.85E
195	0	George RD	Kraai Bosch	George	Resort (Vic Bay, coastline, river)	34°00'18.99S / 22°32'54.21E
118	n/a	Herbertsdale	n/a	Mossel Bay	Community bakery	34°00'57.08S / 21°45'42.48E
884	n/a	Heidelberg	n/a	Hessequa	Municipal Roads Dept Heidelberg	34°05'14.29S / 20°57'01.65E
396	n/a	Hoekwil	n/a	George	Conservation, Ebb & Flow	-
2790	n/a	Knysna	n/a	Knysna	Roads dept, Golf driving range, Knysna Mun electricity dept	34°02'58.49S / 23°04'13.59E
185	4	Knysna RD	Leeuwen Bosch	Knysna	Municipal, Industry (Steel structure vacant), sportsfields, open veld	-
215	2	Knysna RD	Walker's Point	Knysna	Caravan park and backpackers	34°05'00.09S / 22°57'42.20E
215	3	Knysna RD	Walker's Point	Knysna	Caravan park	34°05'00.09S / 22°57'42.20E
585	n/a	Ladismith	n/a	Kannaland	Municipal Roads Dept Ladismith	-
3803	n/a	Mossel Bay	n/a	Mossel Bay	Municipal, Firestation (Mossel Bay)	34°11'03.75S / 22°07'29.72E
1427	n/a	Oudtshoorn	n/a	Oudtshoorn	Municipal Offices Eden DM Roads dept	-
1428	n/a	Oudtshoorn	n/a	Oudtshoorn	Municipal Offices Eden DM Roads dept	-
1708	n/a	Oudtshoorn	n/a	Oudtshoorn	Municipal Clinic Oudtshoorn	33°35'26.30S / 22°12'22.12E
1709	n/a	Oudtshoorn	n/a	Oudtshoorn	Municipal Clinic Oudtshoorn	33°35'26.30S / 22°12'22.12E
3216	n/a	Oudtshoorn	n/a	Oudtshoorn	Municipal Offices Eden DM	33°35'26.30S / 22°12'22.12E

Eden properties with buildings as in May 2013						
Property number	Farm Portion	Town	Farm Name	B Municipality Jurisdiction	Existing utilisation	Google earth co-ordinates
3386	n/a	Oudtshoorn	n/a	Oudtshoorn	Municipal Offices Eden DM Roads dept	-
29	9	Oudtshoorn RD	Groenefontyn	Oudtshoorn	Resort De Hoek (partially developed)	33°22'05.20S / 22°10'38.97E
29	22	Oudtshoorn RD	Groenefontyn	Oudtshoorn	Resort De Hoek (partially developed)	33°22'05.20S / 22°10'38.97E
29	13	Oudtshoorn RD	Groenefontyn	Oudtshoorn	Resort De Hoek (partially developed)	33°22'05.20S / 22°10'38.97E
29	0	Oudtshoorn RD	Groenefontyn	Oudtshoorn	Resort De Hoek (partially developed)	33°22'05.20S / 22°10'38.97E
30	37	Oudtshoorn RD	Nooitgedagt	Oudtshoorn	Resort De Hoek	33°22'05.20S / 22°10'38.97E
30	21	Oudtshoorn RD	Nooitgedagt	Oudtshoorn	Resort De Hoek (historical farmhouse and entrance)	33°22'54.53S / 22°10'45.66E
2027	n/a	Riversdale	n/a	Hessequa	Municipal, Lease to Pumpcor, former military buildings	34°05'33.45S / 21°14'54.52E
2507	n/a	Riversdale	n/a	Hessequa	Municipal offices Riversdale	34°05'31.24S / 21°15'29.73E
2509	n/a	Riversdale	n/a	Hessequa	Municipal offices Riversdale	34°05'31.24S / 21°15'29.73E
2510	n/a	Riversdale	n/a	Hessequa	Municipal offices Riversdale	34°05'31.24S / 21°15'29.73E
2511	n/a	Riversdale	n/a	Hessequa	Municipal offices Riversdale	34°05'31.24S / 21°15'29.73E
2512	n/a	Riversdale	n/a	Hessequa	Municipal offices Riversdale	34°05'31.24S / 21°15'29.73E
3886	n/a	Riversdale	n/a	Hessequa	Municipal PAWC roads dept workshop complex, single residential building	-
1297	n/a	Wilderness	n/a	George	caravan park, chalets, ablution blocks	34°00'09.38S / 22°38'43.58E

Table 111: *Eden properties with buildings*c) **Highlights: Property Services**

Highlights	Description
Immovable asset management policy	Council has since the inception of the property management unit considered and approved an immovable asset management policy as well as a strategic implementation plan and is council about to enter into a few long term lease agreements to reduce the risk and minimize financial losses.
Strategic implementation plan	

Table 112: *Property Services Highlights*

**d) Challenges: Property Services**

Description
No capital to implement projects
Antagonism and disputes from local municipalities with regards to ownership
Legal action against private land owners utilising council property without an approved lease agreement
Time delays due to process that needs to be followed in terms of the MFMA
Contracts not reflecting market related lease amounts

**Table 113: Property Services Challenges****e) Employees – Property Services**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

**Table 114: Employees: Property Services****f) Capital Expenditure –Property Services**

No capital budget was allocated to the Property department for the 2012/13 financial year.

**3.11.7 PROCUREMENT SERVICES****a) Introduction to Procurement Services**

Enrolled all SCM Officials for the minimum competency courses as per MFM requirements. Performed the 1st Annual Policy and Process review by the Municipal Manager and the Extended Management Team and revised SCM policy approved by Council in May.

The Support services department to oversee all Service Level Agreements for the formal and Informal tenders awarded. Adopted the code of conduct for the SCM officials and Finance Department is working towards a



professional environment that will seek to adhere to compliance requirements. Finance department shares in the Municipality's vision of Excellence and working towards level 3 competence.

SCM Unit is responsible for proving procurement services to the rest of the municipality and as such endeavors to be unit that prides itself with quality service that embodies value for money. SCM Unit continues to embody the five pillars of procurement as stated in section 217 of the constitution, to have a system and procurement process that is fair, equitable, transparent, competitive and cost effective

## b) Service Data

Details	2011/12	2012/13
Deviations for the Period	R5 834 887.94	R7 301 172.00
Unauthorised Expenditure	R986 713	R12 650 308.00
Fruitless & Wasteful Expenditure	0	0
Irregular Expenditure	R13 401 873	0

**Table 115: Service Data for SCM**

## c) Highlights: Procurement Services

Highlights	Description
Training of SCM officials	SCM Officials enrolled for MMCC and relevant workshops attended where possible
Implementation of complete electronic requisition process including tender processes	Current system m(Collaborator) expanded to include all SCM processes and linked to Contract management system and performance evaluation of service provider

**Table 116: Procurement Services Highlights**

## d) Challenges: Procurement Services

Description	Actions to address
Adherence to SCM regulations	Specifically with regards to "Employed in the service of the state – this was discussed as SCM forum meetings and provincial Treasury to assist in hoe to address this challenge as this is a country wide challenged where NT will need to give guidance.
Personnel data	Investigating possibility of sharing the personnel data basis of the B Municipalities the district at Eden as an initial starting point (By in of all B municipalities must be obtained possible challenge with regards to confidentiality of employee information being shared
Cooperation of all user departments to follow SCM processes and procedures	Electronic system implemented including tender processes. No payment will be processed if it was not loaded onto Collaborator and SCM processes followed.

Description	Actions to address
Significant number of deviation processed	Deviations are discussed at the Management committee and Financial Services Portfolio committee and reasons must be provided by the relevant HOD with any enquiry regarding the deviation incurred
Deviations	HOD's undertook to decrease the number of deviation processed and committed to ensure that deviations are limited to exceptional circumstances

Table 117: *Procurement Services Challenges*f) **Employees Procurement Services**

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	4	3	3	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
<b>Total</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>

Table 118: *Employees: Procurement Services*g) **Capital Expenditure –Procurement Services**

No capital budget was allocated to the SCM department for the 2012/13 financial year.

## 3.11.8 SHARED SERVICES

a) **Highlights: Shared Services**

Highlights	Description
Shared Services Brochure	Completion of Shared service Brochure and Intergovernmental Cooperation Brochure showcasing Eden DMs collaborative efforts with B Municipalities.
Website and Graphic Design	Presentations at Municipal Manager Forum showcasing the capacity has to help create Websites and Assist with Graphic Design Artwork Presentations at the George Municipality proved to be effective. The council and management accept that Eden DM may go ahead with the design of their new Website.

Highlights	Description
GIS	Implementation of a Spatial Information Management System. Eden DM are in the final stages to establish a uniform GIS software/hardware platform within the region. The participating B' Municipalities are Eden DM, Bitou, Knysna, George, Mosselbay, Hessequa and Oudtshoorn.
Fire Services	The Eden DM Fire and Rescue section can provide Category-B firefighting services to local authorities. Currently Hessequa-, Bitou- and George Municipalities have entered into service level agreements with the Eden DM.
Disaster Management	The Eden DM Disaster management centre has a state of the art fully functional joint operational command (JOC) facility linked to the Eden DM GIS database. By June 2013 this database will be updated with the latest regional risk assessment data. This facility could be used by local authorities as a platform from where strategic planning as well as event management could be done.
Call Centre	The Eden DM has a state of the art, fully functional call taking and dispatch facility. The centre was designed to effectively and efficiently cater to up to 50 000 calls per month with full voice-and data capturing. The centre is run by a qualified Centre Supervisor and 24/7 shift seniors. Currently the utilization of the centre is at 50%. The designed capacity for local authorities' economy of scale could be reached by centralisation of their call centre function. Municipalities do not have to fear losing their individualism - as the software currently in use can be programmed to identify the area from where the caller is phoning. This allows the call centre agents to answer the caller with reference to the area from where the call is being made i.e. even if the caller is from Bitou the call centre agent in George could answer "Bitou Municipality hello."
Funding Mobilization	This initiative was launched in 2011/2012. The following proposals were received: <ul style="list-style-type: none"> <li>Training and Development;</li> <li>Infrastructure Development;</li> <li>ICT Support; and</li> <li>Green Waste Management.</li> </ul> These initiatives are work in progress.
Anti-Fraud Hotline	The tender has been awarded in February 2013. Implementation is under way and will prove to be an effective fraud combating programme. B-Municipalities will be contacted in this regard
Bulk Infrastructure	Eden District Municipality, in collaboration with the Knysna-and Bitou Municipality, commenced with a project to compile a feasibility study for the regional integration of the bulk water supply systems of the Knysna-and Bitou Municipalities. This study will include the investigation of the viability of currently planned bulk water augmentation schemes compared to an optional integrated regional approach.

Highlights	Description
	<p>The overall objectives of the feasibility study can be summarised as follows:</p> <ul style="list-style-type: none"> <li>To identify the water resource and bulk water requirements of both Knysna-and Bitou Municipality for the next 20 years;</li> <li>To explore the technical and economic viability of integrating the bulk water supply system of Knysna and Bitou Municipalities; and</li> <li>To ensure that the feasibility study is fully designed with water resource planning of the Department of Water Affairs.</li> </ul> <p>To be able to achieve the objectives, a project team comprising of officials from participating Municipalities, Department of Water Affairs and Development Bank of South Africa, was established to monitor the process</p>

**Table 119:** *Shared Services Highlights*

## b) Challenges: Shared Services

Description	Actions to address
Buy-in from B' Municipalities	More communication MMF and DCF levels Requests to present projects at all B' Municipality Mayco Mancom
Funding	The Funding Mobilisation Process and its success will prove to lead the way for future projects.

**Table 120:** *Shared Services Challenges*

## c) Total employees –Shared Services

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	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	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>

**Table 121:** *Employees –Shared Services*

**d) Capital Expenditure –Shared Services**






R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Purchase of computer equipment	490	240	225	(265)	225
<i>Total project value represents the estimated cost of the project on approval by Council</i>					

**Table 122: Capital Expenditure 2012/13: Shared Services****3.11.9 INTERNAL AUDIT****a) Introduction to Internal Audit**

The internal audit activity provides an independent, objective assurance and consulting service which is designed to add value and improve the organization's operations.

The role of the Internal Audit in the municipality is to assist the Municipal Manager and the Council to meet their objectives and to discharge their responsibilities by providing an independent evaluation of the adequacy and effectiveness of Eden District Municipality's network of risk management, control set by management and governance processes.

This evaluation should encompass the following:

-  -The information system environment;
-  -The reliability and integrity of financial and operational information;
-  -The effectiveness of operations;
-  -Safeguarding of assets; and
-  -Compliance with laws, regulations, council directives and controls.

The management has overall responsibility for ensuring that the risks are managed and it is their responsibility to create a separate risk management function including the appointment of the Chief Risk Officer (CRO), however because of the financial situation of the municipality the MM & the Internal Audit unit did assist facilitating this process. The IA cannot run the Risk Management as it is in contradiction with the MFMA, IIA Standards and the Internal Audit Charter.

**b) Highlights: Internal audit**

Highlights
<p>New Personnel structure for Internal audit have been effective and efficient in conducting its duties as required by section 165 of the MFMA and it has provided value added services to management regarding the effectiveness of the system of internal controls, risk management and governance processes and performance management.</p> <p>The internal audit have carried out its duties freely and objectively and had the support of the MM, senior management and reported to the APAC as required by section 165 of the MFMA.</p>

**Table 123: Internal Audit Highlights****c) Challenges: Internal Audit**

Description
<p>Monitoring implementation of the municipal audit remedial action plans to address the audit outcomes identified in the previous internal audits and years by the AG.</p> <p>Due to the "freeze" on recruitment, the internal audit has a shortage of staff which requires overwork on the current officials. The necessary staff complement to service the overall workload accordingly requires early attention.</p> <p>All audit staff are professionally qualified and have gained extensive internal audit work in their work experience.</p>

**Table 124: Internal Audit Challenges****d) Service Statistics – Internal Audit**

Extensive Internal Audit procedures were performed based on our Audit Plan for 2012/2013 and the areas are indicated in the table below:

No.	Area of Review	Critical	Significant	Housekeeping	Total
1	SCM Audit Report	0	9	0	9
2	Expenditure Management Audit Report	0	3	1	4
3	Human Resources - Leave Audit	0	4	0	4
4	Inventory – Stock Take	0	3	1	4
5	Petty Cash Audit	0	0	8	8
6	DoRA Grants (Income Received vs. Expenditure)	0	4	0	4
7	Project Management - Leases Audit	0	6	0	6
8	Performance Management Audit	0	4	0	4
9	Compliance Audits	0	0	0	0
10	Follow up of the AG findings for 2011/2012	0	56	0	56
11	Follow up on Resorts	0	7	0	7
12	Follow up on Mr. J Zeele's forensic audit	12	0	0	12
13	Follow up on Disaster Management	0	46	0	46
14	Follow up on Political Administration	0	3	0	3
15	Follow up on Auxiliary Services	14	0	0	14

No.	Area of Review	Critical	Significant	Housekeeping	Total
16	Investigation of the Work for Water Contractor (Kenathi General Services), handed over the case to the legal services	3	0	0	3
<b>Total</b>		<b>29</b>	<b>145</b>	<b>10</b>	<b>184</b>

Table 125: Service Data for Internal Audit

## e) Employees: internal Audit

Job Level (T-grade)	2011/12	2012/13			
	Employees	Posts (approved)	Employees (posts filled)	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	2	3	2	1	33
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>25</b>

Table 126: Employees: Internal Audit

## 3.12 COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

## 3.12.1 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2013/14

The main development and service delivery priorities for 2013/14 forms part of the Municipality's top layer SDBIP for 2013/14 and are indicated in the table below:

## a) Build a capacitated workforce and communities

KPI	Unit of Measurement	Wards	Annual Target
Spent 0.5% of operational budget on training (Actual total training expenditure divided by total operational budget)	% of the operational budget spend on training	All	0.5
Review Workplace Skills Plan and submit to Council by 31 March	Number of plans submitted to Council	All	1
Review OH&S Plan and submit to Council by 31 December	Number of plans submitted to Council	All	1

Table 127: Service Delivery Priorities for 2013/14 – Build a capacitated workforce and communities

**b) Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop Council fixed assets**

KPI	Unit of Measurement	Wards	Annual Target
Spent 100% of roads maintenance conditional grant (Actual expenditure divided by approved allocation received)	% spent of approved grant allocation	All	100
Submit revised District Integrated Transport Master plan (DITP) to council by 30 June	Revised District Integrated Transport Master plan (DITP) submitted to council by end June	All	1
Patch roads according to approved Annual Performance Plan	Number of square meters of roads patched	All	5000
Blade roads according to approved Annual Performance Plan	Number of kilometres graded	All	8000
Re-gravel roads including repair of rain damage on roads	Number of kilometres re-gravelled and repaired	All	40
Reseal roads	Number of kilometres resealed	All	50

**Table 128:** *Services Delivery Priorities for 2013/14 - Conduct regional bulk infrastructure planning & implement projects, roads maintenance and public transport; manage and develop Council fixed assets*

**c) Ensure financial viability of the Eden district municipality**

KPI	Unit of Measurement	Wards	Annual Target
Financial Viability: Debt coverage (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	Ratio achieved	All	20.4
Financial Viability: Outstanding service debtors to Revenue: Total outstanding service debtors/annual revenue received for services	% achieved	All	-273
Financial Viability: Cost coverage (Available cash + Investments)/monthly fixed operational expenditure	Ratio achieved	All	0.4
Review required financial policies annually by the end of March	Number of policies reviewed	All	8



KPI	Unit of Measurement	Wards	Annual Target
Submit the final main budget to Council by the end of May	Final main budget submitted by the end of May	All	1
Submit the adjustment budget to Council by the end of February	Adjustments budget submitted to council by the end of February	All	1
Submit the approved financial statements by the end of August to the Auditor-General	Financial Statements submitted to the AG by the end of August	All	1

**Table 129:** *Services Delivery Priorities for 2013/14 - Ensure financial viability of the Eden district municipality*

#### d) Grow the District economy

KPI	Unit of Measurement	Wards	Annual Target
Create temporary jobs through EPWP projects with person working days (FTE's developed = 21 X 230 person days)	Number of person working days developed	All	4830
Sign a yearly incentive agreement for EPWP funding with the National Minister for Public Works by the end of June	Agreement signed	All	1
Hold bi-monthly district EPWP forum meetings with all local (B) municipalities	Number of meetings	All	6
Submit the yearly EPWP business plan to the National Minister of Public Works for all internal projects by the end of June	Business plan submitted	All	1
Review of Regional Tourism Strategy by council on 30 September	Number of plans submitted to Council	All	1
Review the LED Strategy and update process plan and submit to Council by 31 October	Number of plans submitted to Council	All	1

**Table 130:** *Services Delivery Priorities for 2013/14 - Grow the District economy*

#### e) Healthy and socially stable communities

KPI	Unit of Measurement	Wards	Annual Target
Conduct inspections at food production and handling sites (formal)	Number of inspections	All	1140
Monitor the non-food premises through the number of inspections per annum	Number of inspections	All	4440
Report monthly to the National Department of Health (Sinjani)	Number of reports	All	12

**Table 131:** *Services Delivery Priorities for 2013/14 - Healthy and socially stable communities*

## f) Promote good governance

KPI	Unit of Measurement	Wards	Annual Target
Formally evaluate the performance of sec56 and sec57 employees to their performance agreements	Number of formal performance evaluations completed	All	2
Completed the Risk based audit plan and submit to the Audit Committee by 30 June	RBAP completed and submitted to the Audit Committee	All	1
Submit progress reports on the implement of the RBAP to the Audit committee on a quarterly basis	Number of reports submitted	All	4
Submit quarterly performance reports to the Top layer SDBIP to the Council	Number of performance reports submitted to Council	All	4
Submit the draft Annual Report to Council by 31 January	Number of reports submitted to Council	All	1
Review the District Communication Strategy and submit to council by 31 March	Number of strategies submitted to Council	All	1
Review the District Integrated Development Plan (IDP) and submit to Council 31 May	Number of plans submitted to Council	All	1
Review the Municipal Resorts Strategy and submit for Council by 31 January	Number of plans submitted to Council	All	1
Compile annual meeting schedule for established IGR forums and submit to Council by 31 December	Number of schedules submitted to Council	All	1
Compile Official Council and Committee meeting schedule and submit to Council by 31 December	Number of schedules submitted to Council	All	1
Compile ICT Masterplan and submit to Council by 31 January	Number of plans submitted to Council	All	1
Compile an Auxiliary Service Master Plan and submit to the LLF by 31 January	Number of plans submitted to LLF	All	1
Assist Council and relevant municipal departments with legal advisory support services within 30 days	85% of requests received/ formal services rendered	All	85

**Table 132:** Service Delivery Priorities for 2013/14 - Promote good governance

## g) Promote sustainable environmental management and public safety

KPI	Unit of Measurement	Wards	Annual Target
Hold quarterly district waste management forum meetings	Number of meetings held	All	4
Purchase land for the regional disposal facility for domestic and hazardous waste for the Southern Cape Region by the end of June 2014	Land purchased	All	1
Monitor the air quality through the number of inspections done on a monthly basis	Number of inspections	All	200
Hold quarterly meetings of the Eden Air Quality Forum	Number of meetings	All	4
Sign MOUs to render fire services to B-municipalities on a shared services basis by the end of June	Number of MOUs signed	All	2
Conclude lease agreements by the end of October to expand the fleet	Lease agreements concluded	All	2

**Table 133:** *Service Delivery Priorities for 2013/14 - Promote sustainable environmental management and public safety*

# CHAPTER 4

## ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### 4. ORGANISATIONAL DEVELOPMENT PERFORMANCE

#### 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
	2011/12	2012/13
The 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	96	84
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	1%	1%

**Table 134:** *National KPIs– Municipal Transformation and Organisational Development*

#### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Eden District Municipality currently employs **457** permanent officials as at 30 June 2012, who individually and collectively contribute to the achievement of 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) Occupational Levels - Race

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

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	1	4	0	18	0	1	1	2	27
Senior management	3	12	0	9	1	9	0	3	37
Professionally qualified and experienced specialists and mid- management	2	22	0	14	8	10	0	7	63
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	13	76	0	15	5	26	1	8	144
Semi-skilled and discretionary decision making	0	13	0	0	0	8	0	0	21
Unskilled and defined decision making	37	76	0	5	9	46	0	0	173
<b>Total permanent</b>	<b>56</b>	<b>199</b>	<b>0</b>	<b>61</b>	<b>23</b>	<b>97</b>	<b>2</b>	<b>19</b>	<b>457</b>
Non- permanent employees	0	4	0	0	0	3	0	1	8
<b>Grand total</b>	<b>56</b>	<b>203</b>	<b>0</b>	<b>61</b>	<b>23</b>	<b>100</b>	<b>2</b>	<b>20</b>	<b>465</b>

**Table 135: Occupational Levels**

## b) Departments - Race

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

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	0	1	0	0	2	2	0	1	<b>6</b>
Support Services	2	26	0	9	4	25	2	5	<b>73</b>
Financial Services	2	15	0	0	3	9	0	7	<b>36</b>
Management Services	8	33	0	25	6	19	0	4	<b>95</b>
Roads Services	44	124	0	27	8	42	0	2	<b>247</b>
<b>Total permanent</b>	<b>56</b>	<b>199</b>	<b>0</b>	<b>61</b>	<b>23</b>	<b>97</b>	<b>2</b>	<b>19</b>	<b>457</b>
Non- permanent	0	4	0	0	0	3	0	1	8
<b>Grand total</b>	<b>56</b>	<b>103</b>	<b>0</b>	<b>61</b>	<b>23</b>	<b>100</b>	<b>2</b>	<b>20</b>	<b>465</b>

**Table 136: Department - Race**

### c) Vacancy Rate

The approved organogram for the municipality had 574 posts for the 2012/13 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 61 Posts were vacant at the end of 2012/13, resulting in a vacancy rate of 10,6 %.

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

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	3	0
Middle management	57	7
Professionals	36	18
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	168	23
Unskilled and defined decision making	22	4
General Workers	227	9
<b>Total</b>	<b>513</b>	<b>61</b>
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	7	2
Support Services	77	20
Financial Services	36	6
Per Post Level		
Post level	Filled	Vacant
Management Services	104	21
Roads Services	289	12
<b>Total</b>	<b>513</b>	<b>61</b>

**Table 137:** *Vacancy rate per post and functional level*

### d) Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality for the past two financial years.

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2011/12	651	18	32	4.92%
2012/13	643	24	32	4.97%

**Table 138:** *Turnover Rate*

Per Post Level		
Post level	Filled	Vacant
Management Services	104	21
Roads Services	289	12
<b>Total</b>	<b>513</b>	<b>61</b>

**Table 137:** *Vacancy rate per post and functional level*

#### d) Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality for the past two financial years.

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2011/12	651	18	32	4.92%
2012/13	643	24	32	4.97%

**Table 138:** *Turnover Rate*

## 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### 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.

The injury rate shows a slight **decrease** for the 2012/13 financial year with **55** employees injured against **56** employees in the 2011/12 financial year.

Incidents are investigated to determine whether there was any negligence involved to ensure that it is an actual injury on duty.

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

Directorates	2011/12	2012/13
Office of the Municipal Manager	0	0
Support Services	5	1
Financial Services	0	2
Management Services	14	12
Roads Services	37	40
<b>Total</b>	<b>56</b>	<b>55</b>

**Table 139: Injuries**

Injuries in the Operational Services are normally higher due to the nature of work and the constant handling of equipment and machinery.

#### 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 2012/13 financial year shows a **decrease** when comparing it with the 2011/12 financial year.

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

Department	2011/12	2012/13
Office of the Municipal Manager	121.12	80.70
Support Services	359.51	744.17
Financial Services	425.19	357.96
Management Services	599.56	514.20
Roads Services	3 212.27	3176.22
<b>Total</b>	<b>6 073.30 days</b>	<b>4 873.25 days</b>

**Table 140: Sick leave days**

#### 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 and that still needs to be developed:



Approved policies	
Name of policy	Date approved/ revised
Internal Conditions of Service	SALGBC Collective Agreement on Conditions of Service
Subsistence and Travelling	April 2012
Training & Development	May 2012
Cell Phone	May 2012
Recruitment and Selection	May 2012
Bouquets for employees	May 2012
Employment Equity	Plan 2013
Smoking Policy	Policy Workshop June 2013 / LLF 22 July 2013
Advance on Salary	Policy Workshop Feb 2013 / LLF 22 July 2013
Overtime	Policy Workshop June 2013
Acting Allowance	Policy Workshop Feb 2013 / LLF 22 July 2013
Voluntary Early Retirement	February 2008
Contract Appointments	Policy Workshop April 2013 / LLF 22 July 2013

**Table 141: HR policies and plans**

The Human Resources department submits policies to the Local Labour Forum on a regular basis for review purposes.

#### 4.3.4 EMPLOYEE PERFORMANCE REWARDS

In accordance with regulation 32, a performance bonus, based on affordability, may be paid to an employee, after -

- (1) The annual report for the financial year under review has been tabled and adopted by the municipal council;
- (2) an evaluation of performance in accordance with the provisions of regulation 23; and
- (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

The Performance Management System was not rolled out to employees from post level 1 – 6 due to budget constraints.

No performance rewards (bonuses), were paid out during 2012/2013. An Item were presented at Council, but Council rejected the request.

## 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable 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 (2012/13)	Number of Employees that received training (2012/13)
MM and S57	Female	2	2
	Male	3	3
Legislators, senior officials and managers	Female	2	2
	Male	15	15
Associate professionals and Technicians	Female	22	18
	Male	25	12
Professionals	Female	20	13
	Male	28	16
Clerks	Female	50	41
	Male	20	9
Service and sales workers	Female	8	3
	Male	31	17
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	3	3
	Male	62	24
Elementary occupations	Female	77	42
	Male	237	159
<b>Sub total</b>	<b>Female</b>	<b>184</b>	<b>124</b>
	<b>Male</b>	<b>421</b>	<b>255</b>
<b>Total</b>		<b>605</b>	<b>379</b>

**Table 142: Skills Matrix**

**The reason for the total work force not being trained is due to the following:**

-  Insufficient funds budgeted for training
-  Shortage of staff to be released for training

**The following training was provided for employees trained:**

Type of learning intervention	Name of training intervention	Number trained at	
		NQF 1 - 2	NQF 3 - 8
Learnership	Minimum Competency Level Training	0	50
Learnership	LGAC	0	10
Learnership	LGAAC	0	4
Skills Programme	Grader Operator	0	16
Skills Programme	Business Communication and Report Writing	0	36
Skills Programme	Training Facilitation	0	30
Skills Programme	Handling of Dangerous Goods	0	12
Skills Programme	Office Administration	0	14
Skills Programme	Basic Life Skills	0	56
Learnership	Mechanical NQF 3	0	3
Learnership	LED NQF 5	0	1
Skills Programme	Mechanical NQF 4	0	2
Skills Programme	Basic Life Skills	65	0
Learnership	Business Report Writing	0	14
Bursary	Transformational Leadership	14	0
Bursary	Higher Certificate	0	3
Bursary	Office Administration	0	2
Bursary	Public Administration	0	20
Bursary	Human Resources B degree	0	1
Bursary	Record Management	0	1
Bursary	Marketing	0	1
Bursary	Office Administration	0	2
Bursary	Local Government Management	0	20
Bursary	ND Human Resources Management	0	1
Bursary	Record Management	0	1
Bursary	LLB	0	1
Bursary	BBA	0	1
Bursary	FFI	0	1
Bursary	Psychology	0	1
Skills Programme	Drivers License Code 10	0	26
Learnership	OEDTDP Diploma	0	2

Type of learning intervention	Name of training intervention	Number trained at	
		NQF 1 - 2	NQF 3 - 8
Learnership	OEDTDP Certificate	0	1
Bursary	Driver's License Code 14	0	10

Table 143: Training provided

#### 4.4.2. SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), 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.

Occupational categories	Gender	Training provided within the reporting period(2012/13)						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
MM and S57	Female	0	0	2	2	2	2	0
	Male	0	0	3	3	3	3	0
Legislators, senior officials and managers	Female	0	0	2	2	2	2	0
	Male	0	0	15	15	15	15	0
Professionals	Female	5	5	15	8	13	30	57
	Male	10	10	18	6	16	28	43
Technicians and associate professionals	Female	0	0	18	22	18	22	18
	Male	0	0	12	25	12	25	52
Clerks	Female	26	30	15	20	41	50	18
	Male	5	10	4	10	9	20	55
Service and sales workers	Female	3	8	0	0	3	8	63
	Male	10	15	7	16	17	31	45
Craft and related trade workers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	3	3	0	0	3	3	0
	Male	14	20	10	42	24	62	61
Elementary occupations	Female	20	30	22	47	42	77	45
	Male	35	50	124	187	159	237	33
<b>Sub total</b>	<b>Female</b>	<b>57</b>	<b>76</b>	<b>74</b>	<b>101</b>	<b>124</b>	<b>194</b>	<b>36</b>

Occupational categories	Gender	Training provided within the reporting period(2012/13)						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
	Male	74	105	193	304	255	421	39
<b>Total</b>		<b>131</b>	<b>181</b>	<b>267</b>	<b>405</b>	<b>379</b>	<b>615</b>	<b>38</b>

Table 144: Skills Development

## 4.4.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

Total personnel budget	Total Allocated	Total Spend	% Spent
R 88 008 908	R 1 000 000	R 1 000 000	100%

Table 145: Budget allocated and spent for skills development

## 4.4.4 MFMA COMPETENCIES

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))
<b>Financial Officials</b>				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	4	3	4	3
Any other financial officials	36	28	-	28
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	1	1	N/A	0
Supply chain management senior managers	1	1	N/A	0
<b>TOTAL</b>	<b>44</b>	<b>35</b>	<b>6</b>	<b>33</b>

Table 146: Budget allocated and spent for skills development

## 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.

### 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 three 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	
2011/12	93 937	132 766	71
2012/13	94 212	136 074	69.2

**Table 147: Personnel Expenditure**

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

Financial year	2011/12	2012/13		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
<b><u>Councillors (Political Office Bearers plus Other)</u></b>				
Salary	5 198	5 691	5 691	5 335
Pension Contributions	93	116	116	106
Medical Aid Contributions	25	30	30	75
Motor vehicle allowance	778	526	526	992
Cell phone allowance	234	508	508	253
Housing allowance	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>6 328</b>	<b>6 871</b>	<b>6 871</b>	<b>6 761</b>
<b>% increase/ (decrease)</b>	<b>-</b>	<b>8.58</b>	<b>0.00</b>	<b>(1.60)</b>
<b><u>Senior Managers of the Municipality</u></b>				
Salary	2 910	2 275	2 275	2886

Financial year	2011/12	2012/13		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Pension Contributions	231	251	251	148
Medical Aid Contributions	29	0	0	42
Motor vehicle allowance	427	247	247	561
Cell phone allowance	0	0	0	28
Housing allowance	84	84	84	89
Performance Bonus	0	0	0	0
Other benefits or allowances	40	0	0	14
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>3 721</b>	<b>2 857</b>	<b>2 857</b>	<b>3 768</b>
<b>% increase/ (decrease)</b>	<b>-</b>	<b>(23.22)</b>	<b>0.00</b>	<b>31.89</b>
<b><u>Other Municipal Staff</u></b>				
Basic Salaries and Wages	53 250	54 554	53 953	52307
Pension Contributions	7 888	11 008	10 568	8174
Medical Aid Contributions	5 810	7 390	6 861	6401
Motor vehicle allowance	8 723	6 996	6 816	7647
Cell phone allowance	0	146	155	0
Housing allowance	539	527	533	515
Overtime	1 081	896	1 299	1057
Other benefits or allowances	6 597	3 922	4 967	3953
<b>Sub Total</b>	<b>83888</b>	<b>85 439</b>	<b>85 152</b>	<b>80 054</b>
<b>% increase</b>	<b>-</b>	<b>1.85</b>	<b>(0.34)</b>	<b>(5.99)</b>
<b>Total Municipality</b>	<b>93937</b>	<b>95167</b>	<b>94880</b>	<b>90 583</b>
<b>% increase/ (decrease)</b>	<b>-</b>	<b>1.31</b>	<b>(0.30)</b>	<b>(4.53)</b>

Table 148: *Personnel Expenditure*

*\*Note: Figures in the previous year were amended and will therefore not match the figures in the previous year annual report. Figures for 2012/13 FY are unaudited figures as at 30 July 2013.*

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# CHAPTER 5

## HIGHLIGHTS OF THE YEAR

### MANAGEMENT SERVICES HIGHLIGHTS

#### **AIR QUALITY SERVICES KEY PROJECTS 2012/2013**

##### **Eden Clean Fires Campaign**

The Eden District Municipality embarked on an Eden Clean Fires campaign since 2011 and is an ongoing project. In the Eden region, especially the much colder Klein Karoo Regions of Oudtshoorn, communities are using wood and coal for heating, and food preparation purposes. The reason for this is the high percentage of poverty in the Eden region where people can't afford luxuries like electricity, paraffin and gas stoves and/or heaters.

The project entailed the distribution of pamphlets to these communities with the emphasis on landfill sites where people are burning plastic for cooking purposes. Informal engagement with these people during several visits formed part of the project. People were taught:

- How to make a fire more environmental friendly;
- What materials never to use to make a fire;
- The health effects of smoke;
- The advantages of cleaner fires.

This project was expanded in 2012 to most of the towns in the Eden regions.

#### **DISTRICT WASTE KEY PROJECTS 2012 / 2013**

##### **Provide for Regional Disposal Facilities for Domestic and Hazardous Waste with low hazard rating**

This section has started to investigate the possibility to establish Regional Landfill Facilities to accommodate waste from Hessequa, Mossel Bay, George, Knysna and Bitou municipalities in 2006. Three possible sites were identified in the Mossel Bay municipal area. The Environmental Impact Assessment Study has already started and has commenced to the Final Environmental Impact Report Phase. The issuing of a Waste Licence by the Department of Environmental Affairs is awaited. The Mossel Bay regional site will have a fifty (50) year planned airspace capacity and will also include Mechanical Recovery Facilities, Composting Facilities, Building Rubble Recycling Facilities and a H:h hazardous site. The District Municipality has also included an Article 78 Investigation, Municipal Systems Act, to investigate the option to outsource the construction and management of the planned facility. Council has adopted the build, operate and transfer contract external service delivery option. The investigation has now commenced to the final feasibility study phase.

##### **Developing a Waste Information System**

A Waste Information System was developed for this section as required in the NEMA: Waste Act. All waste Generators, Transporters, Handlers and Disposers will be registered on the system to regulate the waste industry. All waste related activities will be registered on the information system and regular Web-based reporting will be required from local municipalities and



private business. The information system will also serve as a database for school learners and teachers etc., to gather information about Waste Management activities in the Eden district. The registration and reporting phase of the system is completed. The process to align the Eden Information System with the Provincial Information System will now commence.

### **Encourage Waste Minimization in the District by developing a District Minimization Strategy in collaboration with the Local Municipalities**

The development of a strategy has commenced to the first draft. Comments are now awaited from the municipalities within the Eden District Municipal area. A final draft will be completed after all the municipal comments, has been received.

### **Establish and maintain proper control over the disposal of Health Care Risk Waste and Industrial / Hazardous Waste**

Two hundred and seventy nine (279) health care risk waste generators and eleven (11) industrial waste generators was registered on the information system in the Eden District Municipal area for the reporting period. Reporting on waste generation quantities and waste disposal methods from the registered generators will commence in the following year. The registration of all waste generators on the system will be a continuous process.

### **Chair Quarterly District Waste Management Forum**

The Waste Management Section has chaired the Eden District Waste Management Forum since 2006 on a two monthly basis.

The Eden Integrated Waste Management Forum was established when the local municipalities identified it as a Goal/Objective in their Integrated Waste Management Plan's and in the Regional Waste Management Plan. The forum is serving as a platform in the region for local municipalities to share information and discuss problems encountered in performing their specific duties. The aphesis on a regional approach to Waste Management is also promoted by the forum. The forum also serves as the Project Committee with the implementation of all the Regional Waste Management Project in the Eden district.

### **Compilation of Generic By-Laws**

In collaboration with the seven (7) municipalities a set of Waste Management By-laws was compiled during the year of reporting. The Generic Waste Management By-laws was compiled due to outdated and non-existence of Waste Management By-laws in most of the municipalities. The municipalities will promulgate the By-laws in their specific area of jurisdiction.

### **Investigate the possible implementation of Solid Waste Conversion Technology**

Eden District Municipality has started with an Article 20 Investigation under the Municipal Finance Management Act in Collaboration with National Treasury and the Development Bank of South Africa to determine the feasibility to implement Waste Conversion Technology in the Eden District Municipal area.

The purpose of this investigation is to implement processes, to minimize waste to landfill and to utilise waste as a resource as far as possible.

### **Inform and improve public awareness about proper Waste Management and minimization practices**

Eden District Municipality in collaboration with the seven (7) municipalities has embarked on a successful Waste Minimization Road Show in all the major towns. Waste Minimization Service Providers was invited to exhibit during the road shows. Presentation on Household, E-Waste, Oil, Hazardous Waste Recycling and composting and Vermiculture were made at the road

shows held in Riversdale, Plettenberg Bay, Oudtshoorn and Ladismith, Knysna, Mossel Bay and George.

The Wise up On Waste Education in Waste Management was launched in 2006 at the Intermediate and Foundation Phase Schools in the Eden district. Waste education can empower learners by getting them involved in reducing waste. Hands-on activities using waste can make learners aware of re-using materials. The Wise Up on Waste Educational Program is incorporated into the National Curriculum of the Department of Education.

Eden DM in corporation with a private partner and the B-Municipalities have rolled out a hazardous waste information and awareness program at all the schools. The first phase of the project is to dispose of all redundant chemicals that are stored in the schools and to assist the Education Department with a Standard Operational Procedure to manage Chemical waste in the future. Assessment of the status quo at schools has started and was finalised in Hessequa, Mossel Bay and George Municipal areas. The second phase of the project will consist of training sessions with teachers in the handling and disposal of hazardous waste which will start as soon as the redundant chemicals project is completed.

Eden DM, the municipalities and the Rose Foundation has implemented a used oil recycling program and recycling containers were placed at controlled point in most of the municipal areas. At the end of this year all municipalities will have containers available in their areas. An education program was also launched.

Eden DM, the municipalities and a private partner has started with an Electronic waste education program. An E-waste awareness day was held in Mossel Bay and George and the community had the opportunity to hand in E-waste. The program will be launched at all the municipalities and containers will be placed at all the municipalities to receive e-waste that will be serviced by the private partner.

The district municipality is also in the process to go in partnership with a green waste composting company to accommodate all green waste generated in the Eden district. A final business plan was compiled and final approval by Council must still take place at Eden DM and the B-Municipalities.

### **SOCIAL DEVELOPMENT KEY PROJECTS 2012/2013**

#### **MOU WITH PROVINCIAL DEPARTMENT OF SOCIAL DEVELOPMENT**

A formal agreement has been entered into with the Provincial Department of Social Development based on a Council resolution obtained in April 2013.

**The MOU facilitate an integrated approach on programmes focusing on:**

- Disability
- Early Childhood Development (ECD)
- Substance abuse
- Youth Development

An implementation plan has been developed and the officials of both partners were divided into teams to develop the different project plans. Project plans will be presented to applicable Executive Managers of both partners in July 2013.

An Oversight Committee has been established which will monitor and evaluate progress and also identify and address challenges which may hamper progress.

## **DISABILITY KEY PROJECTS 2012/2013**

### **Wheelchair Repair Project**

Eight (8) unemployed disabled people from all over the District received training as wheelchair mechanics and are currently working under supervision of Bethesda. This project was done in collaboration with Bethesda, as well as Department of Social Development.

### **Development of Disability Plan for the District**

Process started with the assessments of accessibility of People Living with Disabilities to municipal buildings within the 7 municipalities, i.e. Bitou, Knysna, George, Oudtshoorn, Kannaland, Mossel Bay and Hessequa.

This process served as a catalyst for further deliberations in collaboration with Provincial Department of Social Development, with stakeholders and role players to draft a disability plan for each municipality. These outcomes will also be utilized as the basis for the development of the District Plan. Draft action plans was compiled for the municipal areas of Kannaland, Oudtshoorn and Hessequa and this process will be extended to the rest of the municipalities within the new financial year.

These action plans will be driven by disability forums within the various municipalities of which the Bitou Forum has already been established.

### **Braille documents**

Braille documents have been developed to provide information to visually impaired and included health information on HIV and AIDS, Global Hand Wash, Personal hygiene, Fire Safety. This will be expanded as resources become available.

## **GENDER: KEY PROJECTS 2012/2013**

### **16 Days of Activism:**

Programmes were implemented in all seven (7) municipalities which took the format of ward-based competitions on municipal level with these local winners competing as District winner. Competition questions covered HIV and AIDS, disability, abuse against women and children and substance abuse.

#### **The programmes took place as follows:**

1	Launch: George: EDM Head office	31 October 2012
2	Knysna	01 November 2012
3	Bitou	06 November 2012
4	Mossel Bay	08 November 2012
5	Hessequa: Riversdale	14 November 2012
6	Oudtshoorn	21 November 2012
7	Kannaland (Calitzdorp)	15 November 2012
8	George	23 November 2012
9	Final District Competition: George	29 November 2012

### **District Household Food Security**

Various sessions with Government stakeholders have taken place which is leading to the integration of food security initiatives including pooling of resources facilitating bigger and better impact.

A District Steering Committee for household food security was established with the training of 175 unemployed, as well as community workers in Management of Household Food Security. This is an accredited training which will be rolled out by UNISA as from July 2013.

Unemployed participants will receive a stipend from EPWP which has been approved in June 2013 for the duration of the course, which will include practical sessions at household gardens.

Department of Agriculture as the leading Department is providing funding for household gardens which will form part of the practical training sessions.

### **Chrysalis Academy:**

Chrysalis Academy is a Non-Governmental Organization situated in Tokai, Cape Town, which offers a holistic youth leadership development course. This was a historic occasion as Eden DM facilitated the intake of youth at risk into this programme and 96 applications were received from all over the district. It was also a first for the Academy to do the assessments of these applicants in Eden on 06 March 2013 with the support of the District and some local municipalities, Department Health and Knysna Alcohol and Drug Centre. A total of 37 young men between the ages of 17 and 25 successfully entered the course which took place from the 04th of May to 27th of July 2013. Applications for young girls have been submitted for the next intake in August 2013. Representatives of the Chrysalis Academy visited Eden District Municipality in March 2013 to investigate the possible establishment of a satellite Academy within the Eden District.

### **Elderly**

A health and wellness day was presented to the elderly from Herbertsdale in collaboration with Age-in-Action which included nutrition, healthy life style and rights of the elderly.

Thirty (30) elderly attended the programme and received a nutritional meal. The day was closed by the Health Department measuring blood pressures, sugar levels, etc.

### **YOUTH DEVELOPMENT KEY PROJECTS 2012/2013**

260 Youth from the lower income families of George were recruited to further their studies at South Cape College. 150 of the youth were successful and are studying in various fields at the college. The NSFAS (National Student Financial Aid Scheme) bursary scheme is covering their study fees.

### **Career Exhibition – South African Youth Council**

The South African Youth Council (SAYC) held a career expo for all the grade 9 – 12 pupils' within the Eden district as well as unemployed youth on 29 September 2012. The Deputy Minister of Higher Education and Training, Mr Mduzuli Manana as well as SAQA (South African Qualifications Authority), NSFAS, SEDA (S Enterprise Development Agency) and other government departments attended the event. The process was facilitated by the Youth Coordinator of Eden DM.

## **George Sub-region School's programme**

The Social Development Section of the Eden District Municipality in conjunction with the Social Development Section of the George Municipality and other stakeholders embarked on an integrated service delivery programme, serving the vulnerable groups (which include the youth) with relevant themes aiming to address the challenges in our communities. The past suicide incidences in this area, was the driving force for this initiative as an intervention measure.

### **Youth Living with Disabilities**

A visit to the Centre of Hope in Oudtshoorn for Youth Living with Disabilities was done together with representatives of the Office of the Mayor and stationery was handed over to assist with their Peer Education Programme.

#### **St. Paul's Primary School:**

The Principal of the above-mentioned school, Mr Brinkhuys, approached the Eden District Municipality and George Municipal Youth Coordinators to assist learners facing difficulties which in turn cause poor results in Mathematics and Languages (Afrikaans).

The Education Faculty of NMMU (Nelson Mandela Metropolitan University) was approached to assist in this regard.

The programme initially commenced on 18 October 2012, where the 3rd Year students of the university taught the learners Mathematics after school. 50 (Fifty) Grade 9 learners attended the programme.

#### **Launch of Club Coffee Bar – Uniondale**

A Coffee Bar was launched in Uniondale on Friday, 12 October 2012 as part of the substance abuse intervention. Eden DM donated stationery as support to the programme.

#### **Kranshoek Youth Advisory Centre (Substance Abuse Programme)**

A Women's empowerment programme took place in Kranshoek and a cricket set was handed over to the Kranshoek Cobras Cricket Team as part of Eden DM's preventative intervention against substance abuse in the area.

#### **Kommandantsdrift Primary School**

During the youth holiday programme of George Municipality in the George sub-region, it was noted that the learners in the above-mentioned school are in need of school clothing and shoes. They attend school with worn tekkies and school shoes as most of their parents are farm workers or unemployed and are living under extremely poor conditions.

Applications were submitted to PEP Stores and Ackermans for assistance. PEP Stores donated the amount of R3 000, 00 in vouchers for school shoes. Ackermans donated bomber jackets and children sandals.

25 Pairs of shoes, as well as back to school packages (donated by George Municipality) were handed over at the school to the needy children. Councillors McCombi and May from Eden DM Management Services as well as George Municipal Councillors and officials attended the joyful occasion.

#### **Youth Participation in Local Government**

An invitation was extended to the author from GIZ (German International Cooperation) with SALGA National as main partner to attend the above-mentioned learning event at the Ikwezi Municipality, Jansenville, Eastern Cape.

The Eden District Municipality Youth Desk was invited as a best practice model. Information was shared and a request was made that the author assists and mentor the youth desk in the Cacadu District.

### **Student Mentoring Programme**

Fumanekile Makuyekwe, a B-Comm Economics graduate, staying in Thembaletu with a poor background, assisted 12 students (after school and Saturdays) from Imizamo Yethu and Thembaletu High Schools with Accounting and Economics. He mentored them during the examinations and succeeds in getting them into NMMU to further their studies after successfully completed grade 12. He hosted a ceremony where local businesses contributed towards giving these students an opportunity to work at their companies during holidays as well as to pay for their studies. The Eden DM Youth Coordinator donated shield (floating trophy) to the programme as part of his social responsibility towards the community.

## **EARLY CHILDHOOD DEVELOPMENT KEY PROJECTS 2012/2013**

### **Pierewiet crèche, Volmoed**

The amount of R50 000,00 was made available to expand Pierewiet Crèche in Volmoed, Oudtshoorn. Building plans was drafted free of charge by Mr. Johan Smit, an architect of Oudtshoorn, as a contribution to the project. Mr Van Der Berg of Volmoed Stene in Oudtshoorn, committed himself to contribute towards the projects in terms of labour as well as material.

Funding was transferred to Klein-Karoo Agri through an official Agreement as per Council Resolution, to complete the project.

### **Bring-a-Smile crèche**

During a programme with the Executive Mayor, Councillor Wessie van der Westhuizen, equipment and material were hand-over to Bring-a-Smile Crèche in Bitou Municipality.

### **Survey on Unregistered Crèches**

A survey was done by the officials of the Social Development Unit to identify all unregistered crèches in the district. The objective was to determine the gaps between the current status of the crèches and the requirements for registration and to obtain resources to assist towards the minimum standards.

### **Zombeleni Internet Project**

Council approval has been obtained to establish an internet project within the Smutsville community in Sedgefield in collaboration with Zombeleni. This is a job creation project which will focus on Internet/ICT access for learners and students, but also the greater community of Smutsville.

The project has already been submitted to the Knysna Community Services Portfolio Committee to obtain their buy-in, as well as to identify a site in Smutsville to establish the project.

### **HIV AND AIDS KEY PROJECTS 2012/2013**

#### **Women Empowerment programme**

A women empowerment programme was facilitated in Kranshoek in August 2012 with a follow-up in October 2012. The programme focused on Women's rights, process of obtaining restraining orders, challenges in terms of government services within the community and substance abuse. The programme was done in collaboration with Department of Justice, Social Development, SAPS, Knysna Alcohol and Drug Centre and Kranshoek Advice Centre.

#### **Eden District Aids Council (EDAC)**

Regular meetings took place until December 2012, when it was resolved that EDAC will now become a sub-committee of the District Health Council.

A meeting with the MEC of Health, Theuns Botha, took place in October 2012, which was a catalyst towards the above-mentioned resolution.

#### **HAST Plan Review**

The process started in August 2012 to review the current 2007/2011 HAST Plan in order to align the plan with the new National Strategic Plan, as well as the 2012/2016 Provincial Plan. The objective was also to make the plan more implementable and user-friendly. Public participation was obtained through input via the Local AIDS Councils and the Government Departments were consulted on three separate occasions. Input is being consolidated and will be circulated for final input, before submission to Council for notice.

This Plan is a stakeholder's Plan of which the implementation will be facilitated by EDAC.

#### **World AIDS Day Programme**

The programmes took place on 30 November 2012 in Pacaltsdorp with the objective to network and capacitate spiritual leaders in terms of HIV and AIDS.

Approximately 30 representatives attended the event. A pledge was signed by all attendees who committed themselves towards working together for greater impact.

#### **Peer Educator Programme**

The programme entails transferring basic HIV and AIDS information to young people with a practical community project.

Programme was implemented in Touwsrante, Slangrivier and Smutsville. It is currently rolled out in Van Wyksdorp and Ladismith and will be extended to other rural areas.

## **WORKING FOR WATER KEY PROJECTS 2012/2013**

### **PROJECT: BRANDWAG**

Brandwag project serves the private landowners close to the Brandwag and Palmiet Rivers. The project has 7 active contractors, 4 female and 3 male contractors which come from the Brandwag, Mossel Bay and Herbertsdale areas.

The project cleared 130 ha's of follow up work and 121.15 ha's of initial work. R 319 986.37 was spend on clearing work towards contracting team's wages. 13 Contracts were awarded through the Eden DM Supply Chain Process and successfully worked. We also did aerial spray work (external tender) and cleared 25 fire belts (external tender).

One IOD was reported (chainsaw incident), all paperwork and medicals is on file and worker back at work again. Health & Safety in general could receive more attention.

**Training: Workers successfully attended Training that was given to them, training included:**

- Vehicle Safety;
- Health and Safety Level I;
- Peer Educator;
- Chainsaw Operator (10 days);
- Herbicide Applicator;
- Plant Identification;
- Environmental Weed Control;
- Incident Investigation; and
- Fire Awareness.

**All active workers were included in the medical tests done in March 2013. (84 workers in total)**

### **Project: Great Brak River**

Great Brak Project serves the private landowners next to the Wolwedansdam River, state land (Dept. of Water Affairs- Wolwedansdam) and Mossel Bay municipal properties

Teams come from the Great Brak River community. There are a total of 8 active contracting teams in the project. 5 are female and 3 are male Contractors. 24 Contracts were awarded through the Eden DM Supply Chain Process and successfully worked.

No IOD's were reported. Health & Safety aspects in general could receive more attention.

**Workers successfully attended training that was given to them, training included:**

- Vehicle Safety;
- Health and Safety Level I;
- Peer Educator;
- Chainsaw Operator (10 days);
- Fire Awareness;



- Incident Investigation;
- Environmental Weed Control;
- Plant Identification; and
- Herbicide Applicator.

All active workers were included in the medical tests done in March 2013. (96 workers in total)

### **Project: Karatara**

Karatara Project serves the private landowner next to the Karatara River, close to Sedgfield.

Teams come from the Karatara and Knysna community. There are a total of 3 active contracting teams in the project. All 3 are female contractors. We are busy with last follow up work on property that's why the contractor total is so low.

Teams cleared 334.39 follow up hectares and 23.64 initial hectares. 16 contracts were awarded through the Eden DM Supply Chain Process and successfully worked.

No IOD's were reported. Health & Safety aspects in general could receive more attention.

#### **Training: Workers successfully attended training that was given to them, training included:**

- Vehicle Safety Awareness;
- Health and Safety Level I;
- Chainsaw Refresher (3 days);
- Fire Awareness;
- Incident Investigation;
- Environmental Weed Control;
- Plant Identification; and
- Herbicide Applicator.

### **Project: Knysna**

Knysna Project serves the private landowner next to the Knysna River.

Teams come from the Knysna community. There are a total of 7 active contracting teams in the project. There are 5 female contractors and 2 male.

Highlights: Teams cleared 285.68 follow up hectares and 128.09 initial hectares. 14 contracts were awarded through the Eden DM Supply Chain Process and successfully worked.

No IOD's were reported. Health & Safety aspects in general could receive more attention.

#### **Training: Workers successfully attended training that was given to them, training included:**

- Vehicle Safety Awareness;
- Health and Safety Level I;

- Chainsaw Refresher;
- Incident Investigation;
- Fire Awareness;
- Environmental Weed Control;
- Plant Identification; and
- Herbicide Applicator.

### **Project: Moordkuyl**

Moordkuyl Project serves the private landowners next to the Moordkuyl River, close to Klein Brak River and Mossel Bay. Teams come from the Brandwag and Great Brak communities. There are a total of 8 active contracting teams in the project. 2 are female contractors and 6 male contractors.

Highlights: Teams cleared 146 follow up hectares and 673 initial hectares. 30 contracts were awarded through the Eden DM Supply Chain Process and successfully worked. No IOD's were reported. Health & Safety in general could receive more attention.

Training: Workers successfully attended training that was given to them, training included:

- Vehicle Safety;
- Health and Safety Level I;
- Peer Educator; and
- Chainsaw Operators (10 Days).

All active workers were included in the medical tests done in March 2013. (96 workers in total)

### **WORKING FOR WATER IN GENERAL**

- For the year 2012/2013 Eden DM Working for Water spent in total R4,557 778.94 included management fees;
- We created 10 971.50 operational person days, 1 949 training person days and cleared 2 052 hectares;
- All Working for Water teams were equipped with yellow t-shirts;
- 150 Land owners that are on the Herbicide Assistance Program received Herbicide from our office;
- Personnel Training: Willie Fourie and Rozanne Steyn attended and passed Chainsaw Operator training (10 days). Cathy Stephenson attended and passed H&S Representative course (3 days);
- We also create work opportunities for contractors through road reserve work;
- Bio Control- hakea beetles were released on 2 sites. (Gwerna-GPS Points S 33 50.054 E 22 26.667 and Waboomskraal (S 33 45.641 E 22 52.232);
- Mapped new areas for Moordkuyl and Great Brak River projects; and
- We hand out condoms as part of Social Development.

## **PROPERTY MANAGEMENT & REGIONAL DEVELOPMENT**

The Property Management and Regional Development division of Council attend to matters related to property management and the co-ordination of regional spatial development. The District Municipality is a member of the Local Municipalities' Spatial Development Framework Committee where spatial planning on local level is reviewed and coordinated to the benefit of the greater region. The district also plays an important role on Provincial level to see to the revision of the Provincial Spatial Framework and growth potential of towns in the Western Cape and is a member of the Provincial Committee.

Property Management has four main components, namely the lease of properties, the disposal of properties, the development of properties and the maintenance of the associated infrastructure. Due to the cumbersome process of delivering on public – private – partnerships has Council resolved not to enter into any such agreements presently but to rather follow a process of entering into a long lease agreement. The several resorts presently managed by Council are not financially sustainable and has been targeted as properties whereby long lease agreements will be entered into. These include the Calitzdorp Spa, De Hoek Mountain Resort, Victoria Bay and Swartvlei Caravan Parks. The general aim is to afford the opportunity to private enterprise to invest in these strategic properties yet Council will retain ownership thereof whilst a sustainable source of revenue is generated at the same time. The former Kleinkrantz Resort will also be made available on the same terms although it has not been in operation for several years and the associated infrastructure severely neglected.

Council has identified several portions of land that could be alienated in order to generate immediate revenue. The process of alienation is in the final stages of conclusion. Some of the land identified includes agricultural land, vacant land, conservation land and high value residential properties. Council has furthermore transferred a large number of properties associated with service delivery to the George Municipality since the previous local municipal elections. A number of properties similar in nature and function will be transferred to the local municipalities which are still registered as Eden District Municipal assets.

Several short term leases have been renewed and concluded. The cellular network MTN has established a micro tower on the Victoria Bay property in order to improve on their service. This lease agreement will result in a sustainable source of revenue. This facility will also be connected to a CCTV facility to improve on the security at Victoria Bay. Maintenance of infrastructure remains a challenge due to the backlog. A budget based maintenance plan is in the process of been compiled and will contribute largely to the ad – hoc approach towards maintenance.

Property Management remains challenging since risk associated with the property needs to be balanced with the long term strategic value thereof. The portfolio is therefore constantly reviewed in order to remain relevant in the present circumstances.

## **EXPANDED PUBLIC WORKS PROGRAMME (EPWP) KEY PROJECTS 2012/2013**

### **EDM: EPWP Policy Document:**

All internal stakeholders such as the Executive Mayor, Deputy Mayor and other Portfolio Councillors, the Municipal Manager, the Executive Managers and all other Managers attended workshops during the last quarter of 2012 to scrutinize the draft EPWP Policy document. However, before tabling the document at the next Council meeting in March 2013, a final workshop was held on the 15th February 2013 with all Councillors in the Council Chambers, which was chaired by the Speaker. Soon thereafter Eden DM's Policy document was tabled and approved during a full Council Meeting held on 13th March 2013.

### **Council's Delegation Register**

The contents of the Municipal Protocol Agreement and National Policy documents such as the Ministerial Determination and the Code of Good Practice were integrated / included as an integral part of Eden DM's newly approved Municipal Delegation Register. The inclusion of these two important National Policy documents in Council's Delegation Register, illustrates Eden DM's commitment to institutionalize and coordinate the National Expanded Public Works Programme district-wide. However the process of institutionalizing the EPWP remains a challenge for all relevant stakeholders.

## **2012 National EPWP Summit Resolutions:**

National EPWP Summits are held on a yearly basis, to discuss new policy directions and share best practices on labour intensive job creation methods implemented by other Public Bodies such as the Non-State Sector, National and Provincial Departments and Municipalities throughout the Country. Eden DM's EPWP Coordinator had the privilege to attend the three day Summit which was held in Johannesburg in November 2012.

### **The 2012 National Summit Resolutions are as follows:**

- a) Protocols: Summit notes progress made in signing of protocols. Protocols should be monitored and sent to Councils on a quarterly basis. Summit notes progress made on development of policies;
- b) The summit resolves all policies must be endorsed by 30TH June 2013. NDPW to provide technical support;
- c) Summit resolves municipalities must have dedicated officials for EPWP at appropriate level of seniority;
- d) Summit notes progress made in the establishment of District Forums and summit resolves district forums/similar should be established by 31 March 2013;
- e) Summit notes progress made in the establishment of District Forums and summit resolves district forums/similar should be established by 31 March 2013;
- f) Summit resolves that proper record management will be ensured to comply with audit requirements of the Auditor General's Office;
- g) Municipalities must continue to prioritize EPWP in their IDPs;
- h) Municipalities must design EPWP projects to optimize labour intensive methods.;
- i) NDPW will provide technical support on the design at projects; and
- j) NDPW will streamline training process to ensure that quality training is provided to beneficiaries.

## **New incentive grant model 2012**

For Eden DM this new incentive grant model essentially meant:

- a) Council has a stream of additional funding aimed at expanding or funding unfunded labour intensive projects
- b) EPWP Planning is mainstreamed into both existing planning processes, asset repair and maintenance
- c) Submitted projects are reviewed and if verified as being labour intensive, it will be regarded to qualify to be EPWP projects. Further design support will be done if required.
- d) Specific focus (service) areas are targeted, especially where labour intensive delivery methods already proven to be successful.
- e) One specific starting point to identify key focus areas is to align Eden DM's yearly business plan and EPWP funding with Council's approved District's IDP.
- f) Eden DM used the New National 2012 Incentive Grant Model for guidance to identified focus areas / projects to spend the 2012/13 conditional grant, where labour intensive delivery methods work best
- g) All 18 EPWP projects have been successfully implemented by Eden DM for the financial year 2012/13.

## **Project Selection Criteria**

Eden DM used the following criteria and guidelines to deliver positive outcomes in the identification and implementation of all of its 2012/13 Projects:

- a) Compliance with the Ministerial Determination; Code of Good Practice and EPWP Guidelines on Labour Intensive Construction;
- b) Each project created work for the EPWP target group, defined as local unemployed low or unskilled labour and all work complied with the stipulations in the Ministerial Determination;

- c) All projects paid a minimum wage of R67.18 per person day of work to the EPWP target group (NB: Eden DM's minimum wage paid to all project beneficiaries during 2012/13 amounts: R 80 per day);
- d) Projects for both sectors, created a minimum of 1610 person days of work for every Rand million of the project budget (Target 60% on salary costs);
- e) The remaining amount of each project was used on non-wage costs of the project, such as protected clothing, equipment, tools and material and transport;
- f) All of Eden DM's 2012/13 projects [in total 18] were implemented and managed internally and with no costs used for any contracted or consultant management capacity;
- g) Instead Eden DM used the training of Project Beneficiaries for assisting in Project Management, compliance and monitoring;
- h) Each project beneficiary on all of Eden DM's 2012/13 projects signed individual Employment Contracts for the last six months;
- i) Each project beneficiary receives a monthly pay slip with UIF deduction, to ensure all unemployment benefits; and
- j) All the data of each project and beneficiary are captured on the National MIS System and all hard copy documents are kept in files for auditing purposes.

### **EPWP Annual Business Plan**

In June 2012 an approved Annual Business Plan was attached to Council's 2012/13 Incentive Grant Agreement signed by the Municipal Manager, which was sent to National Treasury. After a thorough discussion on 18th October 2012 with the Municipal Manager, the Executive Manager of Management Services and other relevant role-players; District-wide project area /sites were included and incorporated with the 2012/13 Business Plan. During an Internal Steering Committee meeting held on 14th December 2012, the improved 2012/13 EPWP Business Plan was discussed and approved.

### **EDM's EPWP 2012/13 improved Business Plan**

According to our 2012/13 improved EPWP Business Plan a total of 18 projects were implemented in the most rural areas, which includes Albertinia, Gouritzmond, Kranshoek, Rheenendal and Dysselsdorp.

#### **Eden DM's EPWP Performance Target reached for the period 29 October 2012 to 28 June 2013**

**Eden DM's FTE Performance target in terms of its 2012/13 Incentive Grant Agreement is summarized as follows:**

- a) Eden DM's 2012/13 FTE Target: 21 FTE's [21 FTE's x 230 = 4830 person days' work to be created.
- b) Instead for 2012/13 Eden DM's reached an FTE target of 42.41 x 230 = 9754 person days' work created.

### **Monthly Financial Report to National Treasury**

According to National Treasury regulations a proper prescribed financial report on all EPWP money spend, must be signed by the Municipal Manager on the 15th of each month and send to National Treasury and Public Works. This report confirms that Eden DM successfully conformed to all prescript auditing / conditional regulatory measures. All these EPWP monthly reports were received by National Treasury according to prescribed routine.

### **Accredited Training: First Aid Level 3 training**

Since 18th February 2013 a total of 105 unemployed Project Beneficiaries residing in Kranshoek, Rheenendal, Albertinia, Gouritzmond and Dysselsdorp were giving an opportunity to be trained in First Aid Level 3, which is an accredited training course. This report confirms that a total of 105 project beneficiaries passed this Accredited training Course. The benefit of such

accredited training is that the knowledge gained after successfully completing such course is of great advantage, not only for these project beneficiaries and immediate families, but also for their whole community members.

## **ENVIRONMENTAL MANAGEMENT KEY PROJECTS 2012/2013**

### **EDEN DISTRICT ENVIRONMENTAL EDUCATION**

#### **Overview Eco Schools and Non - Eco Schools**

**The following 7 schools again participated in 2012 year and 7 are recommended to be awarded as follows:**

1. De Waaville Primary School in Heidelberg (SEVENTH successful Year) – Platinum Award
2. Vondeling Primary School in Witsand (SEVENTH successful Year) – Platinum Award
3. Voorwaarts Primary School in Riversdale (SEVENTH successful Year) – Platinum Award
4. Gerrit du Plessis High School in Riversdale (SEVENTH successful Year) – Platinum Award
5. Kruisrivier Primary School in Riversdale (SIXTH successful Year) – Special Merit
6. Panorama Primary School in Riversdale (FOURTH successful Year) – Gold Award
7. Slangrivier Primary School in Slangrivier (SIXTH successful Year) – Special Merit

2012 marked an active year for environmental education throughout the Eden District by both registered Eco Schools and non-registered Eco Schools. For this reason, Eden has decided to register two (2) new schools for the 2013 year, Laerskool Vanwyksdorp and Laerskool Touwsranten.

Again, as per last year, the focal theme went towards the celebration of special days, where Wetlands Day, Water Week, Arbor Week, Environmental Week, Bird Week, Coastal Clean Up, and Marine Week featured as the main event.

#### **Heritage Day Celebrations**

Kaaimansgat on Kaaimans past was recently the scene of a Cultural Celebration, when world famous Nigel Marven, naturalist, filmmaker and presenter delivered an informal chat with pupils from Wilderness Heights. Joining Nigel was Kaaiman's famous San resident, "Pietman" who taught the children all about San Culture, spoor identification, how to make authentic bows and arrows and San jewellery and clothing. The day was kindly sponsored by Tienie Botha of Kaaiman's Kombuis who transported the children and allowed them to have some great fun, lunches and ice-creams at Kaaiman's.

#### **Water Week Celebrations – Van Wyksdorp**

The event was a joint venture between Assegaaybosch and Eden DM in the Klein Karoo. The photos speak volumes. Environmental Officer, Vernon Gibbs-Hall was bunny. Pupils were engaged in Water Cycle activities and introduced to contraptions and designs which they can make at home to save water.

1. Arbor Week 2012 – Knysna;
2. Date of Calendar Event: Monday, 3 September 2012;
3. Venue/ Location: Community Medicinal Plant Nursery and Tree Planting at Hornlee Primary School;
4. Community: Khayaletu South (Judah Square Rastafarian Community) / Hornlee Primary; and

5. Coordinators: Eden Municipality and Knysna Municipality.

## **International Coastal Clean-Up 2012 – DEA National Initiative Knysna in partnership with Eden**

The learners of Kurland Primary School along with Nature's Valley Trust, the Eden District Municipality the Provincial Department of Coastal Management and many others, cleaned up Kurland Village. Joining the clean-up was Bitou Executive Mayor, Memory Booysen and Clive Africa, Eden Executive Manager of Management Services. Lucky draw prizes and other festivities made the day hugely successful. Plastics SA has increased its commitment regarding the combating of littering in South Africa and has stepped forward as the main sponsor for clean-ups in South Africa. This sponsorship has increased from providing 500 000 refuse bags for the clean-ups throughout the year to employing the national coordinator in South Africa on a permanent basis, as the Environmental Manager for the three Cape Provinces – Western, Northern and Eastern Cape.

## **Marine Week 2012**

On Friday 14th September 2012, the National Department of Environmental Affairs Directorate Coasts and Oceans launched International Coastal Clean-up Day 2012 with the theme, "What Lies Beneath". Hundreds of learners and adults alike partook in this major event held on Leisure Island in Knysna. Principal organiser of the Department, Ulrich van Bloemestein and his team, along with Knysna Municipality, SanParks, Eden District Municipality, The Expanded Public Works Programme, the CSIR and Federated Plastics SA planned this very well organised event. Proceedings were run by Chief Director Oceans and Coastal Research, Mr Andre Share with keynote speaker, the Deputy Director General Monde Mayekiso.

Among the other speakers were Councillor Henri McCombi of Eden District Municipality, Councillor Grootboom from Knysna, and Jill Bunding-Venter, the General Manager of the Garden Route National Park. The crowds were treated to a spectacular song and dance routine performed by the Rastafari Community of Knysna, the House of Judah!

After the formal proceedings, the learners were treated to an informative lesson by the CSIR on water quality testing before departing with their litter bags to clean areas of the coastal zone.

The Eden District Municipality's Environmental Management Unit launched the November 2012 Marine Week Celebrations in partnership with the Two Oceans Aquarium and the Provincial Department of Environmental Affairs and Development Planning. This year, the programme reached over 1000 pupils and included Conville Primary, Pacaltsdorp Primary, Parkdene Primary, Touwsrante Primary and Hoekwil Primary schools.

## **Yes Leadership Programme**

USAID, as part of the 'Stepping up to Sustainability' programme with WESSA, is funding 150 people to attend the Environmental Educators short course in partnership with Eden District Municipality and the GRI having launched a pilot phase of the Level Two SEAT registered Environmental Training programmes this week in George!

## **Environmental Compliance Management**

The Eden District Municipality investigated 32 environmental transgressions in 2012/13 and filed complaints registries for many of the serious crimes to the Department of Environmental Affairs and Development Planning.

### **Of the more serious transgressions:**

1. Eden stopped SANRAL for working in an estuarine environment. National DEA issued a Directive SANRAL as a result.
2. Illegal dumping of rubble in the Touw River
3. Illegal Construction of a Road – Goukou Still Bay Estuary

4. Permit Conditions Breached – Klein Brak Estuary
5. Knysna Estuary Water Pollution – Sludge / dead Fish – Directive requested
6. Illegal Access points – Gouritsmond
7. Illegal Clearing of Afro Montane Forest - Wilderness
8. Illegal Construction of Jetty

### **Environmental Bio-Control Initiative**

The Eden District Municipality has partnered with the Agricultural Research Institute in exploring new ways to control and eradicate alien infestation in the region, particularly Black Wattle. Fiona Impson recently provided Eden with a background proposal for a project to introduce insect species which feed off the seed of the Black Wattle trees. Although not a quick solution, these insects from Australia do show positive results over a 5-10 year period.

### **Eden Environmental Borrow Pit Initiative**

The Eden District Municipality embarked on a bold initiative to deal with Borrow Pits in the region used by the Eden Roads division. A Borrow pit protocol was established after a full audit and investigation was carried out to ascertain biodiversity loss with a view to restoration of the borrow pits as well compliance with new legislation in this regard.

This is another FIRST for a District Municipality in ongoing efforts ensures environmental protection when Eden roads repair, maintain or construct in the region.

- Historically, rehabilitation was typically limited to the removal of equipment following the cessation of activities;
- This practice was not only lax, but was unacceptable from a community safety and environmental sustainability perspective;
- Mining Plans were not Compulsory; and
- In terms of the Mineral and Petroleum Resources Development Act, the holder of mining right/permit remains liable for any pollution or ecological degradation, and the management thereof, until a closure certificate has been issued for the subject site.

## **DISASTER MANAGEMENT / EMERGENCY SERVICES**

### **KEY PROJECTS 2012/2013**

The Eden Emergency service striving to deliver cost effective and efficient services to ensure that the Eden district remain a safe and secure destination not only to its inhabitants, but all those visiting the area, has been forced to “plan out of the box” the past year. Ever increasing fire and flooding risks combined with the ever present risk of environmental degradation and challenges in terms of funding has been the main driving forces to see the emergency services section opting to strive to secure external funding from external role players as well as not only to strengthen existing ties but also to build new relationships to collectively overcome the ever increasing disaster risks in the district.

### **Official study tour to Los Angeles County fire department, United States of America (USA) focusing on training and operations in respect of wildland fire-fighting, urban search and rescue, incident command systems and water rescue programs**

The Minister of Local Government, Environmental Affairs and Development Planning (PG:WC) – Chief Directorate Disaster Management and Fire Brigade Services, extended an invitation to the Disaster Managers and Chief Fire Officers of Fire and Rescue Services in the Western Cape on a study tour to Los Angeles County Fire Department for the period 2nd – 9th June 2012, covering the cost of flights and accommodation.

The tour was sponsored by USAID (United States Agency for Development) and organized through the Provincial Government



with assistance from Rescue South Africa. Heads of Disaster Centres and Chief Fire Officers from 6 Municipalities and the Province accepted the invitation and authority was granted for the Senior Manager: Emergency Services, Mr. Gerhard Otto to represent the Eden District Municipality on the tour.

The focus of the tour was to gain insight and information from Los Angeles County Fire Department into their NFPA (National Fire Protection Association) programs, concentrating on Wildland Fire-fighting, Urban Search and Rescue Task Force, Incident Management System (ICS) and Blue Water Rescue Program.

Major incidents/ disasters that occurred in the period July 2012 - June 2013				
Date	Type of incident	App.Value of uninsured damages	Communities displaced/disrupted	Mitigation actions
12-15 July 2012	Floods	+/-R 500 Million		Provincial disaster declared
July 2012	Hazmat spill-Meiring-spoort			Oil based product
October 012	Heavy rainfall			Coastal areas Eden DM
24/12/2012- 7/01/2013	Albertinia Fire	+/-R 1,4 Million Cost to fight fire	Residents in and around Albertinia	Strengthen WOF capacity in the area
January 2013	Drought-Kannaland		Ladismith	Boreholes to augment water supply
27/01/2013- 1/02/2013	Buffelsdrift, Kammanasie Fire	+/-R 800 000 Cost to fight fire	Residents in and around Kammanassie	Strengthen WOF capacity in the area

## Collaboration between the various spheres of government in disaster relief

The abovementioned marquees have been modified to ensure to that it adhere to the UNHCR guidelines as stipulated in the "Sphere Handbook: Humanitarian Charter and Minimum Standards in Disaster Responses, which promotes the human dignity of the affected destitute communities in humanitarian situations.

In line with the strategic objectives of the province and specifically the government's intention to create a much stronger co-ordinated approach to human settlement planning and to integrate the work of the different departments and spheres of government, the Department of Human settlements resolved to disseminate the above mentioned marquees to the Metro- and District Municipalities, to assist Districts to act immediately in the event of emergencies / disasters.

The Eden MDMC is aware that the Department of Human settlements applies various methods of EHP assistance, ranging from the provision of a basic fire / flood kits, high mast lighting, temporary residential units, repair / replacement of shelter in dangerous conditions, relocation, etc. These basic initiatives assist many families temporarily with very limited resources.

In order to activate this assistance in the Eden District the Department of Human settlements has been requested to make proactive planning measures one of the focus areas of their programme, in order to ensure that the risk of disaster and emergency situations are reduced through emergency housing mitigation and settlement upgrading intervention measures.

This also led to the commissioning of a study on the profiling of all Informal settlements in the Western Cape, which also relied heavily on data provided in the vulnerability index study conducted by the PDMC, of communities in informal settlements exposed to various risks such as fires, floods, hazardous materials, etc. Flowing from this study the Department of Human settlements will be rolling out the Access to Basic Services (ABS) Programme, which aims to provide all informal settlements in the WC, access to the minimum standard of rudimentary services by 2014

Besides the use of the marquees for temporary emergency shelter it is also envisaged that it may be, at the discretion and requirement of the Municipal Manager be used for other municipal social and community events, where the necessary infrastructure are lacking. We trust that this gift will enhance service delivery to our communities.

BAAM

After experiencing a sharp increase in claims over the last 5 years SANTAM management realized that the insurance industry would have to step in to render support to local authorities in order to build their capacity to inevitably reduce the impact of severe weather events that lead to disasters. When municipalities are able to plan for and manage disasters, the insurance claims from such disasters can be reduced thus protecting the profit margins for insurance companies.

Following some extensive engagement, SALGA and SANTAM developed a co-operation agreement that will enable SANTAM to support SALGA and selected municipalities on a range of joint priority initiatives. The co-operation has identified five municipalities for support (Eden District Municipality, Thulamela Local Municipality, Ulundi Local Municipality, Mafikeng Local Municipality, Mbombela Local Municipality).

A key area of interest for SANTAM is disaster management especially relating to storm water management and firefighting services. Local Economic Development may also be included in the initiative. The programme will be implemented over three (3) years with a possibility of further extension and participation of other municipalities subject to the success of the initial phase.

- The key area of interest for SANTAM is disaster management especially relating to storm water management and firefighting services considering the high incidence of claims that they have had to deal with in this regard. Some of the key focus areas in the co-operation programme shall therefore be in firefighting and storm water management. The mutual interest in the identified focus areas therefore lays the foundation for a mutually beneficial relationship between SALGA and SANTAM concerned;
- The assistance would be both financial and human resources based. There is a budget for goods and services that may need to be procured while on the other hand there is an opportunity for SANTAM to utilise the skills of its employees to assist municipalities to manage disaster risk. SANTAM is also providing an opportunity for municipalities to learn from each other's experiences and good practices;
- There is a capacity building arm to this partnership to enhance skills in the identified areas through training and mentorship in the identified municipalities;
- This first phase will run for three years with an option to review afterwards;

As part of this initiative on the 23rd of April 2013 SANTAM provided essential fire fighting equipment to the value of R 250 0000-00 to the Eden DM. Further all the studies and risk data that SANTAM recently had done by the CSIR, to the value of more than R 2 Mil, would be made available to the Eden MDMC free of charge and equipment to the value of R 186,000-00 to augment the MDMC's current early warning display system has been provided.

The training of emergency services personnel in the train-the –trainer course, to be able to present awareness training at schools during Winter months, as well as fire and flood awareness training material will follow in July/August 2013.

Flood hazard mapping - GIS layer

The PDMC made R181 000 available to fund a flood hazard mapping exercise for the district. The commitment was made provided that the Eden GIS personnel assist where possible. In collaboration with the PDMC the terms of reference to collect and consolidate the available flood related data for the Eden district were completed.

The tender was advertised on source link reference "FIN-LG 251/2012/2013: Appointment of service provider to collect and consolidate all available flood related data for the Eden District Municipality"

Province dealt with the procurement of a service provider and the Eden MDMC committed to facilitate the study. The first draft GIS layer indication high risk flood hazard areas has been completed and will be updated even further in the coming year.

### Scientific Disaster Risk Assessment

During last year's budget process all the local municipalities in the Eden area were urged to make funds available in order to jointly update both the high-level as well as detailed (community based) risk assessments of the district in one project coordinated by the Eden MDMC.

Unfortunately no funding was made available for this project as part of the Eden budget. Only the Mossel Bay Municipality could secure some funds.

After discussions with the Head of the PDMC, Mr. Colin Denier, the PDMC promised to support the Eden DM with the update of their disaster risk assessment done in 2007.

In collaboration with the PDMC the Eden MDMC compiled a terms of reference for a scientific risk assessment focusing on the update of the current Eden DM assessment done in 2007. In this assessment National and Provincial data will be the main focus. This should not cost more than R200 000 and would be funded by the PDMC.

On 7/11/2012 the project launch meeting with the appointed service provider Mr's Disaster Management Solutions were held in Mossel Bay.. Eden MDMC staff committed to spear head this project in collaboration with the appointed service provider.

The first draft updated disaster risk assessment for the district has been completed and has been forwarded to the various local municipalities for comment.

The following additional priority risks for the district have been identified:

<b>Priority Hazards identified in the 2006/2007 RAVA</b>	<b>Additional hazards identified in the 2013 RAVA</b>
Drought	Seismic hazards
HAZMAT: Road, Rail	Petro-Chemical Fire Hazards
Fire	Alien Plant Invasion
Floods	Predator Animals
Slope Failures	Structural Integrity Old Gouritz Bridge
Road Accidents	Storm Surges
Animal diseases	Coastal Erosion (Sea Level Rise)
Dam Shedding	Service Disruptions
Human diseases	Social Disruptions

Table 1: EDM 2005 and 2013 identified hazards

### **Declaration of Kannaland as a local drought disaster area:**

On the 30th of January the Eden Disaster Centre was invited to attend a water crisis meeting to be held at the Library in Ladismith. Mr. Morne Hoogbaard chaired the meeting and informed the meeting that the town Ladismith had only 30 days of water left for human consumption, this figure was calculated at the town's present rate of abstraction and the level of the dams. The water in both the dams that supply water to Ladismith (Jan le Grange and Goewerments Dam) holds about 30 days of water.

In January 2013 Ladismith had only 1 active borehole capable to deliver 4 liters of water per second, which equates to about 20% of the total water demand of the town.

Following the enforcement of strict water restrictions implemented from December last year the water demand of the town dropped from 3500m<sup>3</sup> per day to 2800m<sup>3</sup> per day.

At the abovementioned meeting Mr. Mike Smart, Department of Water Affairs, indicated that there is a very good potential for groundwater and three possible borehole sights has been identified.

Mr. Rashid Khan, Department of Water Affairs, informed the meeting that that the current water restrictions were not sufficient, and that with the situation at hand water should be restricted to 40% of normal use. Mr. Morne Hoogbaard informed the meeting that the water situation in Kannaland should be seen as critical - code red as per the Eden water security index that was used during the 2009/2010 drought, the situation should be dealt with as a true emergency.

After the Department of Water Affairs committed R1,5 million to commence with an emergency borehole project the immediate water needs for the town was addressed with medium to long term sustainable water solutions to be funded in the future.

### **Establishment of Disaster Management Advisory forums**

In collaboration with the PDMC the Eden MDMC assisted the Kannaland- and Hessequa Municipalities to establish Disaster Management Advisory Forums this year.

These forums would set a platform where various safety and security role players could discuss disaster related issues concerning their towns.

### **Kannaland Disaster Management Plan**

In conjunction with the PDMC the Kannaland Municipal disaster management plan was updated this year.

## **FIRE AND RESCUE SERVICE KEY PROJECTS 2012/2013**

### **Fire safety awareness**

During the year Senior Fire Fighters held fire safety campaigns at various schools in the district. Learners and teachers were informed about the dangers of fires as well as the correct procedures to follow during a fire, the pre- as well as post fire activities and practical exercises to be followed.

Fire fighters showed learners how to crawl and get out of a building without injuries as well as the correct use of fire extinguishers to ensure the teachers and children's safety.

### **Fire and Life Safety Educators course**

In collaboration with the PDMC from 25 January until 01 February 2013 a Fire and Life Safety Educators course was presented by Mr. Rodney Eksteen at the Eden Disaster Management Centre. In total 21 Learners consisting of representatives from each municipality in the Eden district attended the course. These officials have been trained to roll out fire and life safety to communities in their respective areas of jurisdiction.

### **Disaster fires in the Kouga mountains from 17/01/2012- 23/01/2012**

Tuesday, 17/01/2011 late afternoon thunder and lightning activity in the Swartberg-, and Kouga mountains were experienced.

On both these mountain ranges fires started due to lightning and the working on fire (WOF) spotter plane was task to do a reconnaissance flight in order to evaluate the extent of the fires as well as to identify areas in immediate risk. In both the mountain ranges the lightning fires were high in the mountains, inaccessible to firefighting teams on foot or per vehicle.

## Albertinia Fire

From 24 December 2012 to 07 January 2013 the Eden fire and rescue serviced had to fight a fire next to the town Albertinia. Only one structure was lost in this fire and personnel did well to prevent other property and life lost. The estimated fire fighting cost for this fire is between R1 400 000 and R 1 600 000. The cause of this fire is being investigated by SAPS.

## Opening of the Riversdale Fire station

The Riversdal Fire station was officially opened by Eden's Executive Mayor- Councilor Wessie Van Der Westhuisen on 03 October 2012. This was also an historic event as this is the first official professional fire station that opened in the Hessequa Municipal region.

## USAR Training

During this year the Western Cape Provincial Government provided Eden DM fire and rescue personnel with Urban Search and Rescue (USAR) training. 24 Fire Fighters and Metro Ambulance Services personnel were trained. This training was divided into two modules, Trench Rescue was provided from 01 October to 05 October 2012 and Collapsed Rescue was provided from 08 October to 12 October 2012.

## Emergency Communications

The Eden DM call center established in December 2008 has been operational for 4 years in December this year. The call center maintenance contract was amended in the last year in order to make provision for a rent to own clause whereby all the infrastructure became Eden DM property at the end of December 2012.

## Standard operating procedures

In the past year the standard operational procedures for emergency call taking and dispatch was amended to be in line with national standards. Call center personnel were briefed and trained in the mentioned procedures.

CALL CENTRE STATISTICS FOR THE YEAR					
	MONTH	SPEED ANSW	CALLS	%ANSW	ABAN CALLS
Eden FIRE	Jul 2012	.05	2 964	91.43	92
	Aug	.05	2 609	93.55	73
	Sept	.05	2 507	93.54	61
	Okt	.05	2 500	93.21	41
	Nov	.05	2 564	91.77	124
	Dec	System problem			
	Jan 2013	.05	3 129	92.25	90
	Feb	.05	2 774	92.93	62
	Mrt	.05	3 328	90.98	115
	Apr	.04	2 618	92.74	70
	May	.04	2 444	92.17	62

# CHAPTER 5

	Jun	.04	2 645	91.74	117
Total			30082		907
EMS	Jul 2012	.07	14 885	78.13	1 509
	Aug	.08	15 553	76.25	1 837
	Sept	.08	16 922	75.46	2 168
	Okt	.08	16 320	74.10	2 213
	Nov	.07	16 954	79.67	1406
	Dec	System problem			
	Jan 2013	.06	18 530	78.31	1 588
	Feb	.08	16 536	78.93	1 570
	Mrt	.10	18 208	77.29	2 302
	Apr	.09	15 653	76.49	1 763
	May	.08	15 954	78.91	1 428
	Jun	.07	15 276	77.58	1 174
Total			180 791		18 958
Mossel Bay FIRE	Jul 2012	.10	3490	92.57	280
	Aug	.06	2629	93.86	172
	Sept	.05	2 657	95.20	134
	Okt	.06	2 721	94.58	156
	Nov	.06	2 340	95.04	122
	Dec	System problem			
	Jan 2013	.07	2 515	91.75	226
	Feb	.05	2 167	94.67	122
	Mrt	.11	3 366	91.24	323
	Apr	.05	2 079	94.54	120
	May	.10	2 548	91.48	237
	Jun	.05	2 308	95.25	115
Total			28820		2007
Mossel Bay Mun	Water	Riool	Electricity		
Jul 2012	47	110	193		
Aug	32	98	187		
Sept	54	99	172		
Okt	58	74	152		
Nov	95	88	156		
Dec	118	155	211		
Jan 2013	72	93	122		
Feb	118	86	135		
Mrt	84	101	173		
Apr	68	91	138		
May	93	108	199		
Jun	57	101	133		
Total	896	1204	1971		

## 5.2 SUPPORT SERVICES HIGHLIGHTS

### **PROJECT MANAGEMENT KEY PROJECTS 2012/2013**

#### **Change Management**

In follow up of the sessions held by the Nelson Mandela Metropolitan University (NMMU) (Business School) in 2011, sessions with the staff members were held. Since January 2012, a 104 employees attended the various sessions. At the sessions staff members had the opportunity to express their view on matter of concern like communication, ethics, values and the things they recon should be changed that could significantly improve the performance of Eden.

#### **Collaborator**

In 2005 Eden District Municipality appointed Business Engineering to deploy a web based, decentralized Municipal Management and Administration System at all the local municipalities within the Eden region. The current support agreement makes provision for Business Engineering to supply training and support of the Collaborator installations to the participating municipalities (Eden District Municipality, Hessequa Municipality, Mossel Bay Municipality, Knysna Municipality, Bitou Municipality, Oudtshoorn Municipality and Kannaland Municipality).

Two new workflow processes were added, namely a Human Resource Management process with the primary objective to establish electronic support for new appointments, transfers and resignation and a Service Level Agreement. The primary objective of the project is to implement a Service Level Management System for the agreements signed with Suppliers.

### **AUXILIARY SERVICES KEY PROJECTS 2012/2013**

**The main functions of this Division under the supervision of Mr Francois Goosen include aspects like:**

- Projects;
- Registration and Archives;
- Cleaning and Messenger Services;
- Access Control;
- Switchboard;
- Reproduction; and
- Pool Vehicles.

#### **Disposal of records**

Municipalities must in terms of the National Archives Act (Act 43 of 1996) transfer and destroy records on an annual basis. Temporarily employees were appointed to assist with the destruction of the previous Klein Karoo - and Southern Cape District Council's records.

The RSC levies were reallocated until approval being obtained to destruct these records. Approval was also granted by the Department Financial Services to destroy the unsuccessful tender documents of 2000 to 2004. Land use and planning files was transferred to George Municipality.

#### **Purchase of a high density steel cabinet**

During this period a high density steel cabinet was purchase to secure files and to enhance the efficiency in records management.

### **Telephone systems**

A tender was awarded to upgrade the telephone communication system. With the system, cost effective measures like the issuing of 2 pin codes (1 for official codes and 1 for private use) to staff members were introduced. The main aim is to introduce measures to cut the usage and telephone costs.

### **LEGAL SERVICES KEY PROJECTS 2012/2013**

#### **Legal Advisor's Forum**

The process to reinstate the Legal Advisor's Forum in the Eden region is underway, and the first meeting took place in October. The purpose was just to establish a partnership between the Municipalities in the Region, and a positive reaction was received.

Notice was given to all the Legal Advisors that the next proposed meeting will take place in March 2014, and agenda items were requested.

#### **Collaborator**

The long awaited process to generate a generic SLA on the system was completed early this year. The purpose thereof is to simplify the process on collaborator for staff members and to ensure that the process runs smoothly.

To improve the process a meeting was held to minimise the period for the completion of Service Delivery Agreements from Bid Adjudication Committee till signature of the Contract.

A further process was installed to ensure that all entities to which a tender was allocated were verified to ensure that Council is protected against risks that might arise.

### **LOCAL ECONOMIC DEVELOPMENT KEY PROJECTS 2012/2013**

#### **1. Approval of LED strategy – July 2012**

The Regional Economic Development Strategy was approved and adopted by Council.

#### **2. Regional Funding Mobilization – Feb – June 2013 (and ongoing)**

The Resource Mobilization process has been initiated by Eden DM in order to obtain funding through Private Sector Partnerships for various projects initiated by the District Municipality and all 7 B-municipalities.

Thorough consultation and communication processes took place with B-municipalities and service providers to ensure that municipalities receive the opportunity to include their priorities and that service providers are informed exactly what municipalities require.

#### **3. Business Retention and Expansion Training**



The Eden DM LED Unit arranged training for B-municipal LED practitioners from 18 – 20 June 2013 in the area of Business Retention and Expansion, presented by SALGA in Mossel Bay. The purpose of the training was in order for them to effectively obtain information regarding existing business perceptions, and to be better able to assist businesses with their plans to expand and to retain existing businesses in their economies.

### **TOURISM** **KEY PROJECTS 2012/2013**

#### **South Cape College Sponsorship - September**

As part of Eden District Municipality's role in creating conducive/sustainable environments for job creation and poverty alleviation; and in doing so supporting the national tourism month initiative The Eden District Municipality's Strategic Support Services Department(Human Resources and Tourism Unit) has sponsored South Cape College the amount of R9000 .00 for their annual tourism vocational tour.

A formal handover of the sponsorship was done on Friday 28 September 2012 at the Eden District Municipality. The Executive Mayor, Municipal Manager and councilor for Corporate Service presented South Cape College with a symbolic cheque.

#### **Indaba 2013**

Indaba is a showcase for the widest variety of the best South African tourism products and draws both international and domestic media and trade professionals. It has won the World Travel Market award for being Africa's best travel and tourism show for two successive years and is regarded as the premier business and networking event on the Southern African tourism calendar

Indaba 2013 was attended by Mrs. Fathima Hassain (Acting LED & Tourism Manager), Ms. Amagene Pietersen (Tourism Development Officer), as well as Mr. Lionel Esau (Deputy Executive Mayor) representing the Garden Route and Klein Karoo Tourism from Eden District Municipality. The Cape Town and Western Cape stand won gold award for best stand at Indaba.

#### **More successes at Indaba:**

- Partnering with Cape West Coast in Activations; and
- Partnership with Cape Winelands in Activations

#### **Best Coastal Drive Award**

Garden Route was voted 6th best coastal drive in the world. A poll was conducted by the world renowned travel website: [www.virtualtourist.com](http://www.virtualtourist.com), featuring tourist's favourite coastal drives around the world. The Garden Route was voted one of the favourites because of its abundance of wild flowers, secluded bays and quaint villages.

#### **Cater Care Programme**

Absa Bank has once again made the commitment to sponsor the Cater Care training programme. The training which is sponsored by ABSA bank is a unique collaboration between the François Ferreira Academy previously known as the Eden School of Culinary Art who provides the training and Eden District Municipality's Tourism Department that coordinated the identification of the beneficiaries with the cooperation of the B Municipalities. 20 Candidates were trained for this year in the region.

## **Travel Agents Federation India (TAFI)**

Garden Route and Klein Karoo Tourism who are responsible for tourism marketing and development of the whole Eden District Municipality had been approached by TAFI organisers and we were given the opportunity to host Post TAFI tours in collaboration with Local Tourism Offices from 27 February to 02 March 2013.

24 Travel Agents from various companies in India visited our region.

Each Tourism Office (Oudtshoorn, Plettenberg Bay and Mossel Bay) were required to draw up an itinerary for these tours that would capture the full essence of the Garden Route and Klein Karoo.

## **Regional Tourism Guide**

The Eden District Municipality's Tourism Department has successfully produced the new Regional Tourism Guide. It was a collaborative effort between the Tourism and Communications Unit.

The guide contains Tourism office contact Information and has Four Main Tourism themes/unique selling points that the region and its areas were divided into:

1. Sparkling Coastline (Oceans, beaches)
2. Lets Tee – off...(Golfing)
3. Go Safari Go Wild Go Nature(Flora, fauna,)
4. Explore our heritage(People, architecture, arts, crafts etc.)
5. Adventure Activities (Bungee, Paragliding, Khayaking etc.)

### **More highlights:**

- Hosting of golfers/hosted buyers in collaboration with Fancourt;
- Garden Route voted 2nd best region in South Africa;
- Garden Route voted 3rd Best attraction in South Africa; and
- Garden Route voted 2nd best trip in Africa.

## **SHARED SERVICES INITIATIVES**

The following shared services were conducted for the year:

- Eden Call Centre (Mossel Bay);
- Fire Fighting Services;
- Collaborator – (Licence and Support Services) (Bitou and Hessequa Municipality);
- GIS Licence Agreement (Knysna, Bitou, George, Oudtshoorn, Mossel Bay, Hessequa);
- TASK Job Evaluation Initiative (All B-municipalities and Central Karoo); and
- Designing of Websites (Hessequa).

## **IDP KEY PROJECTS 2012/2013**

During 2012, Eden IDP Unit was awarded for producing the best IDP in the Western Cape. The Eden IDP Unit complied with the legislative requirements.

## **INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

The Eden ICT function is currently serving 340 (ICT-related) users with computer and network services within the Eden District Municipality.

Our coverage area consists of the Eden DM Head office, Roads department, Environmental Health department, Fire stations in George, Disaster Management section, Eden's Remote Offices, Calitzdorp Spa, De Hoek Resort, Swartvlei, Kraaibosch and the District Management Area (Uniondale and Haarlem). The ICT Unit is also directly involved with the B-municipalities in the region with regards to Shared Services.

## The ICT component are active members of:

- Western Cape ICT forum
- Eden regional ICT Forum
- Eden ICT Steering Committee
- GISSA, SAGI, PLATO
- Western Cape GIS forum
- Eden regional GIS discussion groups

Business Applications				
Nr	Application	O/S	Vendor	# Users
1	Abacus	Debian GNU/Linux	Fijitsu	49
2	Payday	Windows 2008 Svr	Payday	20
3	Collaborator	Windows 2003 Svr	Business Engineering	318
4	IMMS	Internet to PAWK (Oracle Dbase)	PAWK - Roads	5
5	Arc IMS (GIS)	Windows 2008 Svr	Arc IMS	(120)
6	Helpdesk (GLPI Open Source)	Debian GNU/Linux SARGE 3.1	Open Source	318
7	MS Office Suites	Windows (various desktop O/S)	Microsoft	318
8	Anti-Virus Suite	Windows 2003 Svr	Kaspersky	318
9	Firewall	Endian	Open Source	318
10	Proxy	Endian	Open Source	318
11	E-Mail System	Windows 2008 Svr (Exchange 2010)	Microsoft	318
13	Backup and Restore	Windows 2008 Svr	Symantec Backup Exec	3
14	Print Management Software	Windows 2003 Svr	Papercut	318
15	Web Site Publishing	Ubuntu 10.4	Open Source	Internet
16	Monitoring Services (Zabbix)	Ubuntu 10.4	Open Source	3

Infrastructure (Servers, LAN/WAN)				
Nr	Server/LAN/WAN	Location	O/S	Applications
Virtual Servers running on Citrix Xenserver 6.1				
1	Eden File/AD Server	George HQ	Windows 2008 Svr	Server 2008
2	Active Directory Server	George HQ	Windows 2008 Svr	Server 2008
3	Exchange Server	George HQ	Windows 2008 Svr	E-Mail/Internet

Infrastructure (Servers, LAN/WAN)				
Nr	Server/LAN/WAN	Location	O/S	Applications
4	GIS Server	George HQ	Windows 2008 Svr	Arc IMS
5	Payday Server	George HQ	Windows 2008 Svr	Payday
6	Eden Archives	George HQ	Windows 2003 Svr	Collaborator
7	Financial Server	George HQ	Debian GNU/Linux	Abakus
8	Firewall Server	George HQ	Endian	Endian
9	Proxy and VPN Server	George HQ	Endian	Endian
10	Financial Server	George Roads Department	Debian GNU/Linux	Abakus Offsite Svr
11	Eden File Server	George Roads Department	Windows 2008 Svr	Server 2008
13	Eden File Server	Oudthoorn HQ	Windows 2008 Svr	Server 2008
14	Web Server	George HQ	Ubuntu 10.4	Web Publishing
15	Monitoring Server	George HQ	Ubuntu 10.4	Monitoring-Network
16	VPN Server	George HQ	Ubuntu 10.4	Remote Connections

Esri ELA is a new concept that was only introduced into South Africa 4 years ago from Esri Inc (USA). The reason for the ELA concept being established was specifically for larger organizations to leverage off the 'economies of scale' concept. Unfortunately due to the rand/dollar exchange rates it is not possible for Esri South Africa to enter into ELA contract with the smaller Local Authorities in South Africa.

The proposed Eden ELA model for Shared Service will however addresses this issue as a single ELA, can be entered into between Esri South Africa and Eden DM which will encompasses the local authorities that fall within their area of jurisdiction thereby addressing the issue of 'economies of scale'.

### **Reasons for positive buy-in from B-municipalities**

Discussions around the proposed ELA was initiated by the GIS Unit of Eden DM and commenced in April 2011 with all the affected parties agreeing that the ELA proposal is supported and that they will budget accordingly. During meetings with representatives from all B-municipalities it has further been agreed that the proposed ELA should commence in the next financial year, once the different budgets has been allocated.

During these discussions the Shared Services Unit of Eden DM played an important role in ensuring that the concerns and requirements of all the participating municipalities are resolved in a satisfactory manner. The resultant relationship between the District Municipality and the participating B-Municipalities paved the way for a successful GIS venture, which ensures that all parties getting unlimited access to state of the art GIS software and support.

### **Benefits for participating municipalities**

The ELA model includes a monetary contribution that have to be paid by the participating B-municipalities annually, which will in turn be paid as a lump sum to Esri South Africa by Eden DM. This will allow the ELA contract between Esri South Africa and Eden District Municipality with separate service level agreements being entered into between the Eden District Municipality and the participating B-municipalities, resulting in the following benefits for all:

- A lower cost per unit for licensed software
- Substantially reduced administrative and procurement expenses
- Maintenance on all ESRI software products when and where needed
- Flexibility to deploy software products when and where needed
- Standardized GIS platform across the region thereby improving collaboration between the Local Authorities, Eden DM and other spheres of Government.
- Improved spatial data management and land management processes which is considered a core function of any Local Authority

### **Personnel structure**

During a number of workshops and discussions at different forums, suitable candidates were the mission of a municipality is to provide the services necessary to ensure the health, safety, and welfare of its residents. This is met through the daily operations of many departments under the management of the Local Authority and its policy directions.

### **SWOT Analysis**

<p><b>Strengths</b></p> <p>New Personnel structure (awaits approval)</p> <p>Technical expertise (in-house &amp; external)</p> <p>Stable and reliable network and systems infrastructure.</p> <p>Attitude towards service excellence</p>	<p><b>Weaknesses</b></p> <p>Limited budget</p> <p>Strategic Placement of ICT function (SOP)</p> <p>MFMA (not aligned towards effective ICT procurement)</p> <p>Training systems users</p>
<p><b>Opportunities</b></p> <p>Shared Services</p> <p>Possible and reliable source of income</p> <p>Re-establish the relevance of District Municipalities</p> <p>Strengthen IGR</p>	<p><b>Threats.</b></p> <p>Future of District Municipalities</p> <p>Budget constraints</p> <p>Shared services process management</p> <p>Un-mandated functions</p> <p>Buy-in from B-municipalities</p>

### **Disaster recovery and Continuance plans**

Eden DM's Disaster recovery policy was approved by Council during 2012. Action plans are in place and has also been tested successfully.

# CHAPTER 6

## FINANCIAL PERFORMANCE

### INTRODUCTION

#### FINANCIAL MATTERS

This is a financially challenging time for district municipalities who have limited own revenue sources and the main source of income after the abolishment of the RSC levies, is the Equitable Share Replacement Grant. The replacement grant increases with 3% annually which is not in line with the increase in expenditure and alternative revenue sources must be identified.

A turnaround strategy was adopted by council in May 2012 to ensure Eden District Municipality remains financial sustainable.

T6.0.1

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### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

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#### INTRODUCTION TO FINANCIAL STATEMENTS

The majority of outstanding debtors are sundry debtors.

Eden DM is 80% dependent on grants and has therefore limited own debtors/revenue. One of the measures identified in the turnaround strategy is to increase revenue from the operations of the resorts and rentals from properties.

All revenue is collected according to the credit control and debt collection policy of Council.

T6.1.0

## 6.1 STATEMENTS OF FINANCIAL PERFORMANCE

## FINANCIAL SUMMARY

Description	Year 2011/12 Actual	Current Year: 2012/13 Original Budget	Adjusted Budget	Actual	Year 2012/13 Original Budget	Variance	Adjustments Budget
Financial Performance							
Property rates							
Service charges							
Investment revenue	2 089	2 350	1 991	3 432	46%	72%	
Transfers recognised - operational	128 562	143 017	147 709	138 093	-3%	-7%	
Other own revenue	20 639	27 120	27 123	31 558	16%	16%	
	151 291	172 487	176 823	173 083	0%	-2%	
Employee costs	92 969	88 296	88 009	91 463	4%	4%	
Remuneration of councillors	6 327	6 871	6 871	6 747	-2%	-2%	
Depreciation & asset impairment	7 529	8 136	8 136	5 161	-37%	-37%	
Finance charges	402	750	750	743	-1%	-1%	
Materials and bulk purchases	-	4 053	3 745	2 957	-27%	-21%	
Transfers and grants	120 761	4 892	9 546	11 274	130%	18%	
Other expenditure	46 110	57 849	58 830	39 624	-32%	-33%	
	273 098	170 847	175 887	157 969	-8%	-10%	
	1576	1 640	936	15 114	822%	1515%	
Contributions recognised - capital & contributed assets							
	1 576	1 640	936	15 114	822%	1515%	
Loss on transfer of DMA	-99 783						
	-98 207	1 640	936	15 114	822%	1515%	
Capital expenditure & funds sources							

Capital expenditure								
Transfers recognised - capital	-			-				
Borrowing	-			-				
Internally generated funds	669	I 635	935	730	-55%	-22%		
Total sources of capital funds	669	I 635	935	730	-55%	-22%		
Financial position								
Community wealth/Equity								
Cash flows								
Net cash from (used) operating	27 954			29 839				
Net cash from (used) investing	-10 480			-607				
Net cash from (used) financing	-1 846			980				
Cash backing/surplus reconciliation								
Balance - surplus (shortfall)	42 773	-	-	72 984	-	-		
Asset management								
Asset register summary (WDV)					%	%		
Repairs and Maintenance	2 338	4 053	3 745	2 957	-27%	-21%		
Free services	N/A	N/A	N/A	N/A	N/A	N/A		
Cost of Free Basic Services provided	N/A	N/A	N/A	N/A	N/A	N/A		
Revenue cost of free services provided	N/A	N/A	N/A	N/A	N/A	N/A		
Households below minimum service level	N/A	N/A	N/A	N/A	N/A	N/A		



DMA transferred to George municipality and subsequently there are no income from property rates and service charges.

## CHAPTER 6

Budget	Comparisons	(Only	main	variances	are	highlighted)
Revenue by source	2013 Actual	2013 Budget	2013 Variance	2013 %		
Government Grants Received	138 092 955	147 709 233	-9 616 278	-7%		

The majority of the unspent grants is the electricity demand side management grant. This project was included in the forensic investigation and will only commence in 2012/2013. Included in the actual revenue is the grant from Public transport for the rendering of the agency function on their behalf and with the compilation of the financial statements, this amount must be consolidated in the financial statements.

Revenue by source	2013 Actual	2013 Budget	2013 Variance	2013 %
Rental of facilities & equipment	1 774 762	1 790 800	- 16 038	-1%

The rental from properties is part of the turnaround strategy adopted by council in May 2012. Properties will be investigated and alternative revenue sources will be identified to increase revenue from rentals in 2013/2014.

Revenue by source	2013 Actual	2013 Budget	2013 Variance	2013 %
Interest earned – external investments	3 432 586	1 990 908	1 441 678	72%

Interest received less than budgeted for due to lower interest rate

### TASK Contributions

Municipalities	0	217 000	0%
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This is treated as part of the unspent grants and have been transferred at year end to the unspent grant vote on the TB

Expenditure by Nature	2013 Actual	2013 Budget	2013 Variance	2013 %
Remuneration of Councillors	6 747 342	6 871 411	(124 069)	-2%

Council decided that councillors will forfeit their increase for 2011/2012 in view of the current financial constraints.

### Impairment of Trade

Receivables	2 042 881	1 054 000	(988 881)	-93%
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Actuarial Loss	8 111 513	4 129 177	(3 982 336)	-96%
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Actuarial loss more than budgeted for, budget based on 2011/2012 assumptions/loss. Difficult to determine the loss as this is influenced by various factors, e.g. interest rate, market factors, etc.

Depreciation	4 572 603	8 135 840	(3 479 128)	-44%
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Depreciation based on 2011/2012 figures, less due to review of useful life of assets.

Contracted services	6 384 700	17 303 164	(10 918 464)	-63%
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Due to financial constraints, the use of consultants were limited

Roads – Grants and Subsidies utilized	124 693 224	117 060 607	71%
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GRAP/year end transaction – Roads are consolidated at year end in Eden's financial statements.

General expenses	22 353 658	27 665 044	5 311 386	-19%
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Due to financial constraints, where possible savings on expenditure were identified and implemented

T5.1.3

## CHAPTER 6

### 6.2 GRANTS

GRANT PERFORMANCE						
R' 000						
Description	Year 2011/12	Year 2012/13			Year 2012/13 Variance	
	Actual	Budget	Adjust- ments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	123 869	127 949	127 949	128 487	1%	1%
Equitable share	122 912	125 699	125 699	125 699	0%	0%
Municipal Systems Improvement	283	1 000	1 000	1 435	36%	36%
Financial Management Grant	674	1 250	1 250	1 568	14%	14%
Department of Water Affairs						
Levy replacement						
Other transfers/grants [insert description]						
Provincial Government:	3 326	-	-	5 202		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Work for Water (Agency function)	3 326			5 202		
Other roll over grants	577	-	-	3 986		
Roads (Agency function)	120 883	-	-	116 927		
LGESTA Re-imbursements	-			-		
Task Contributions	274			279		
Total Operating Transfers and Grants	248 807	127 949	127 949	254 791	-94%	-94%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
T5.2.1						

### COMMENT ON OPERATING TRANSFERS AND GRANTS:

The Provincial grants are rollover grants from previous year (unspent grants). Spending incurred is in line with the grant conditions. Project Managers are designated and is responsible for the management of the spending of the grants.

## 6.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

Asset Management is the strategic management of physical assets during their life in the organisation. Physical assets have a life: they are planned and created, used, managed and maintained, and when no longer required prepared for disposal.

Section 63 of the MFMA clearly states that the accounting officer of the municipality is responsible for the management of the assets of the municipality, including the safeguarding and maintenance of those assets.

Eden has an asset manager, responsible for the management of all assets. Each official is also responsible to safeguard assets allocated to them.

REPAIR AND MAINTENANCE EXPENDITURE: YEAR 1				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 053	3 745	2 957	-21%

T6.3.4

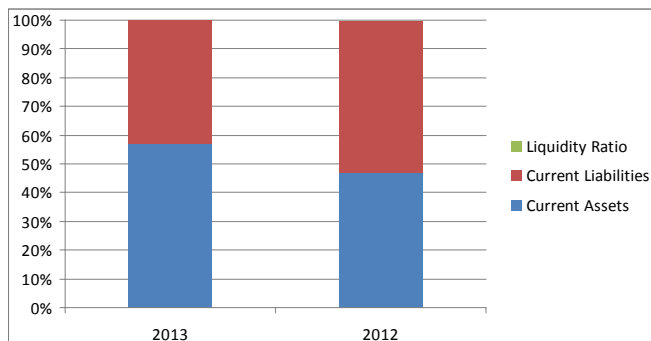
## 6.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity ratios measure the municipality's ability to pay its bills and are calculated by dividing the current assets, due within one year by the municipality's current liabilities, payable within one year. The higher the ratio, the better it is for the organisation.

For 2012 it was 0.89:1 and for 2013 it slightly improved to 1.32:1. The norm is 2:1 and best practice for municipalities are 3:1.

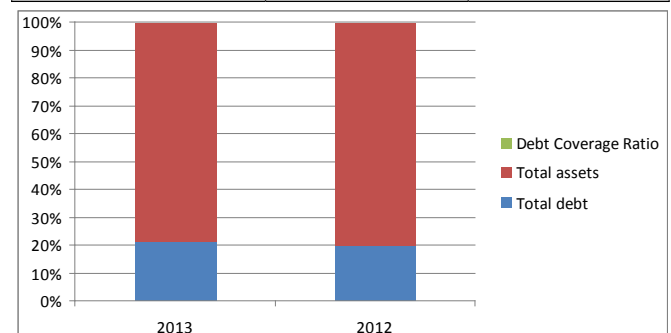
#### 6.4.1

Ratio Analysis:	Liquidation Ratio	
	2013	2012
Current Assets	90 009 443	53 818 480
Current Liabilities	68 993 411	61 778 865
	1.30	0.9
	1.3 : 1	0.9 : 1



#### 6.4.2

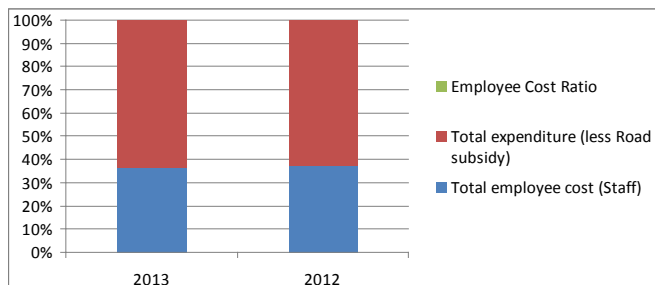
Ratio Analysis:	Debt Coverage Ratio	
	2013	2012
Total debt	176 053 372	159 368 823
Total assets	632 167 606	600 369 100
	28%	27%



## CHAPTER 6

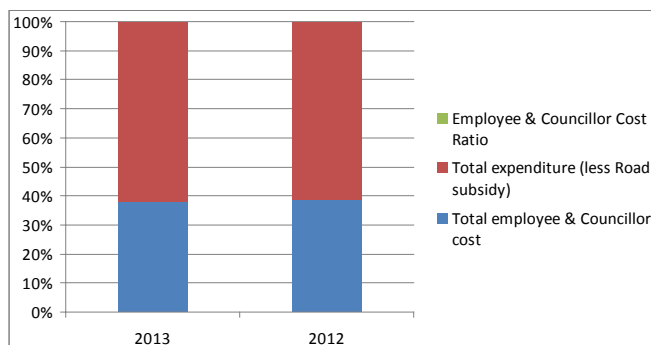
### 6.4.3

Ratio Analysis:	Employee Cost Ratio	
	2013	2012
Total employee cost (Staff)	91 463 258	92 924 441
Total expenditure (less Road subsidy)	157 969 111	153 109 541
	58%	61%



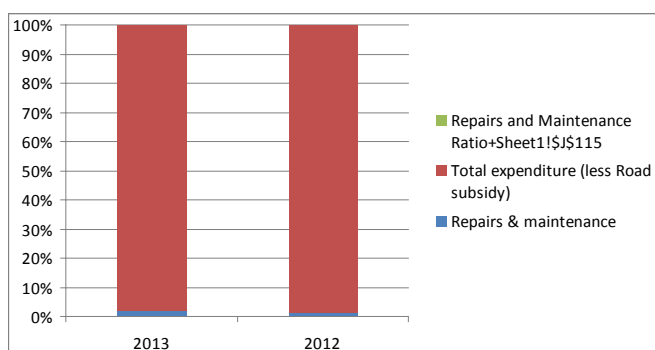
### 6.4.4

Ratio Analysis:	Employee-and Councillor Cost	
	2013	2012
Total employee & Councillor cost	98 210 600	99 251 368
Total expenditure (less Road subsidy)	157 969 111	153 109 541
	62%	65%



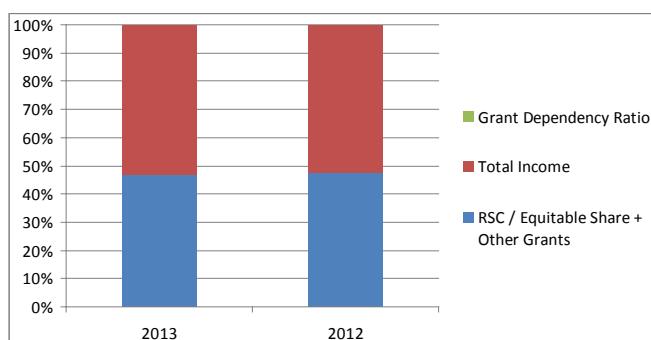
### 6.4.5

Ratio Analysis:	Repairs and Maintenance	
	2013	2012
Repairs & maintenance	2 956 793	2 338 003
Total expenditure (less Road subsidy)	157 969 111	153 109 541
	2%	1%



### 6.4.6

Ratio Analysis:	Grant Dependency Ratio	
	2013	2012
RSC / Equitable Share + Other Grants	138 092 955	128 544 439
Total Income	158 934 590	144 056 111
	88%	89%



**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET****6.5 CAPITAL EXPENDITURE****INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGETS**

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent. Highlight the 5 largest projects (see T5.71.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and the Appendices M (relating to the new works and renewal programmes), N (relating to the full programme of full capital projects, and O (relating to the alignment of projects to wards).

**6.6 SOURCES OF FINANCE**

With the current financial constraints, limited funding is available to fund capital expenditure.

## CAPITAL EXPENDITURE - FUNDING SOURCES YEAR 2010/11 - 2011/12

R' 000		Year 2011/12	Year 2012/13						
Details		Actual	Original Budget (OB)	A d j u s t m e n t Budget	Actual	Adjustment to Variance (%)	OB	Actual to OB Variance (%)	
Source of finance									
	External loans						0		
	Public contributions and donations						0		
	Grants and subsidies						0		
	Own sources	669	1 635	935	730	-55%	-22%		
Total		669	1 635	935	730	-55%	-22%		
Percentage of finance									
	External loans		0%	0%	0%	0%	0%	0%	
	Public contributions and donations		0%	0%	0%	0%	0%	0%	
	Grants and subsidies		0%	0%	0%	0%	0%	0%	
	Other	100%	100%	100%	100%	100%	100%	100%	
Capital expenditure									
	Water and sanitation				0				
	Electricity				0				
	Housing				0				
	Roads and storm water				0				
	Other	669	1 635	935	730	-55%	-22%		
Total		669	1 635	935	730	-55%	-22%		
Percentage of expenditure									
	Water and sanitation		0	0	0	0	0	0	
	Electricity		0	0	0	0	0	0	
	Housing		0	0	0	0	0	0	

Roads and storm water		0	0	0	0	0
Other		100%	100%	100%	1	1
T6.6.1						

### COMMENT ON SOURCES OF FUNDING:

The majority of the capital expenditure is sourced by grants. Included in the grants is the DME grant/project which was placed on hold due to a forensic investigation.

6.1.1

## 6.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS						
R' 000						
Name of Project	Current Year: Year 2012/13			Variance Current Year: Year 1		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
Ladn & Buildings	295	295	116	-61%	-61%	-61%
Vehicles	750	300	299	-60%	-60%	0%
Equipment	590	340	315	-47%	-47%	-8%
T6.7.1						

### COMMENT ON CAPITAL PROJECTS:

n/a



## 6.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Not applicable to Eden District Municipality (C-Municipality)

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 6.9 CASH FLOW

#### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow refers to the management and analysis of a municipality's cash flows. Careful cash flow management allows the municipality to estimate the amount of cash that it will have on hand at any one time, project trends in cash inflow and cash outflow, and evaluate whether a shortfall or surplus in cash could potentially occur.

Investments refer to the act of placing capital into a project or business with the intent of making a profit on the initial placing of capital. An investment may involve the extension of a loan or line of credit, which entitles one to repayment with interest, or it may involve buying an ownership stake in a business, with the hope that the business will become profitable. Investing may also involve buying a particular asset with the intent to resell it later for a higher price. Many types of investing exist, and each is subject to greater or lesser regulation in the jurisdiction in which it takes place. Legally, investing requires the existence and protection of individual property rights. Investing wisely requires a combination of astuteness, knowledge of the market, and timing.

T6.9.0

ASH FLOW OUTCOMES				
R'000				
Description	Year 2011/12	Current Year: Year 2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	91 896			148 103
Government - operating	198 431			138 082
Government - capital	-			-
Interest	2090			3 433
Dividends	-			-
Payments	-			-
Suppliers and employees	264 062			259 036
Finance charges	402			743
Transfers and Grants	-			-
NET CASH FROM/(USED) OPERATING ACTIVITIES	27 953	0	0	29 839

CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts	-	-	-	
Proceeds on disposal of PPE	-	-		170
Decrease (Increase) in non-current debtors	-9 965	-	-	2 604
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Payments	-	-	-	-
Capital assets	-515	-	-	-3 381
NET CASH FROM/(USED) INVESTING ACTIVITIES	-10 480	0	0	-607
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts	-	-	-	-
Short term loans	-	-	-	-
Borrowing long term/refinancing	-1 846	-	-	980
Increase (decrease) in consumer deposits	-	-	-	-
Payments	-	-	-	-
Repayment of borrowing	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 846	0	0	980
NET INCREASE/ (DECREASE) IN CASH HELD	15 627	0	0	30 212
Cash/cash equivalents at the year begin:	27 145			42 773
Cash/cash equivalents at the year end:	42 773	0	-	72 984
Source: MBRR SA7				T6.9.1

## COMMENT ON CASHFLOW OUTCOMES

Cash flow management is the process of monitoring, analyzing, and adjusting your organisation's cash flows.

The most important aspect of cash flow management is avoiding extended cash shortages, caused by having too great a gap between cash inflows and outflows. You won't be able to stay in business if you can't pay your bills for any extended length of time.

Section 13 of the MFMA clearly states that the Minister acting with the concurrence of the Cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments and invest money not immediately required.

## CHAPTER 6

Cash and Cash equivalents	Note 20	72 984 474
LESS:		47 433 443
- Roads Bank Account	Note 20	20 226 282
- Unspent Conditional Grants	Note 9	8 048 538
- Current portion long term liabilities	Note 3	622 328
- Provision for staff leave	Note 6	4 651 107
- Current Portion: Post Retirement Benefits	Note 4 & 6	2 862 693
- Current Portion: Alien Vegetation	Note 7	2 498 888
- Trade Payables	Note 8	5 324 328
- Payments received in advance	Note 8	3 199 279
		25 551 031
PLUS:		8 654 954
- VAT Receivable	Note 10	2 095 405
- Receivables Exchange	Note 18	3 388 492
- Other Receivables Non Exchange	Note 19	3 171 057
Receivable balances after impairment		34 205 985
LESS: ADDITIONAL MATTERS		22 839 714
- Performance Bonus (10/11 & 11/12)	Note 6	779 438
- Shortfall on Pension Fund	Note 8	2 401 642
- Capital Replacement Reserve	SOCNA	-7 390 546
- Claim from SARS	Note 8	5 450 943
- Claim from Department of Public Works	Note 8	-6 817 145
Net Cash		11 366 271

Herewith an extract of Eden DM's Cash Flow Statement

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013		
	Note	2013
		R
NET CASH FROM OPERATING ACTIVITIES		29 839 175
NET CASH FROM INVESTING ACTIVITIES		(-607 051)
NET CASH FROM FINANCING ACTIVITIES		979 732
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		30 211 856

T5.9.1.1

**6.10 BORROWING AND INVESTMENTS****INTRODUCTION TO BORROWING AND INVESTMENTS**

Total outstanding long term liabilities are with regard to DBSA. The amount is R2 365 990. No new loans were taken up for 2012/2013 and no new loans will be taken up in 2013/2014.

Investments are made according to the Cash and Investment Policy of Council.

ACTUAL BORROWINGS YEAR 2010/13			
R' 000			
Instrument	Year 2010/11	Year 2011/12	Year 2012/13
Municipality			
Long-Term Loans (annuity/reducing balance)	3 646	3 050	2 366
Long-Term Loans (non-annuity)	N/A	N/A	N/A
Local registered stock	N/A	N/A	N/A
Instalment Credit	N/A	N/A	N/A
Financial Leases	1 120	0	1 762
PPP liabilities	N/A	N/A	N/A
Finance Granted By Cap Equipment Supplier	N/A	N/A	N/A
Marketable Bonds	N/A	N/A	N/A
Non-Marketable Bonds	N/A	N/A	N/A
Bankers Acceptances	N/A	N/A	N/A
Financial derivatives	N/A	N/A	N/A
Other Securities	N/A	N/A	N/A
Municipality Total	4 766	3 050	4 128
Municipal Entities	N/A	N/A	N/A
Long-Term Loans (annuity/reducing balance)	N/A	N/A	N/A
Long-Term Loans (non-annuity)	N/A	N/A	N/A
Local registered stock	N/A	N/A	N/A
Instalment Credit	N/A	N/A	N/A
Financial Leases	N/A	N/A	N/A
PPP liabilities	N/A	N/A	N/A
Finance Granted By Cap Equipment Supplier	N/A	N/A	N/A
Marketable Bonds	N/A	N/A	N/A
Non-Marketable Bonds	N/A	N/A	N/A
Bankers Acceptances	N/A	N/A	N/A
Financial derivatives	N/A	N/A	N/A
Other Securities	N/A	N/A	N/A
Entities Total	N/A	N/A	N/A

**T6.10.2**

The Long Term Liabilities refers to the DBSA loans. No new loans were taken up during the year.

LONG TERM LIABILITIES	
	2013
Capitalised Lease Liability - At amortised cost	1 761 850
DBSA Loans - At amortised cost	2 505 080
Sub-total	4 266 930
Less: Current portion transferred to currents liabilities	622 328
Capitalised Lease Liability - At amortised cost	-
DBSA Loans - At amortised cost	700 394
Current Portion of Unamortised Charges to Loans	(78 066)
Less: Unamortised Charges to Loans	139 090
Balance 1 July	237 130
Adjustment for the Year	(98 040)
Change in Accounting Policy - Note 32	-
Less: Less liability associated with Discontinued Operations - Note 15	-
Total Long-term Liabilities - At amortised cost using the effective interest rate method	3 505 512

T6.10.3

Total outstanding long term liabilities are with regard to DBSA.

Investments are made according to the Cash and Investment Policy of Council. Refer to recalculation of cash balance at 30 June 2012.

## 6.11 PUBLIC PRIVATE PARTNERSHIPS

Not applicable to Eden District Municipality (C-Municipality).

## COMPONENT D: OTHER FINANCIAL MATTERS

### 6.12 SUPPLY CHAIN MANAGEMENT

Supply Chain Management as a tool for procurement remains a conduit for Service Delivery and as such a critical channel in how public resources are expended. It is in this light that Supply Chain Management across the public sector continues to be marred by controversy, poor service delivery; fraud and corruption have become synonymous with supply chain management. The 2010/11 Audit Outcomes for MFMA period as published by the Auditor General have highlighted the following as prevalent findings across the different municipalities:

- Uncompetitive or unfair procurement process;
- Awards to employees, councilors or other state officials;
- Awards to close family members of employees and councilors; and
- Inadequate contract management and inadequate controls.

The potential for collusion continues to undermine the control environment across board and to this day remains a major risk factor for fraud and corruption. Those that are key decision makers in the awarding of contracts should constantly be wary of undue influence that erodes fair competitive practice. Public officials occupying these positions should strive to ensure that public resources are expended in manner that is reflective of being efficient, effective and economical with a total display for absolute value for money.

It is in this light that Eden District Municipality continues to strive to uphold the five pillars of procurement as entrenched in section 217 of the Constitution, to have a Procurement Policy and System which is:

- Fair
- equitable,
- transparent,
- competitive and
- Cost effective.

With stern Leadership from the Office of the Municipal Manager, much ground has been gained in addressing the findings from the 2010/11 Audit Outcomes and management understands the need for commitment to this process as a working in progress in order to achieve the National Objective of Clean Audit Outcomes. Several corrective measures have been put in place to effect the recommendations from the office of the Auditor General and we trust that these will be reflected in the 2011/12 Audit Outcomes. As part of Eden's responsiveness towards Auditor General 2010/11 Audit findings, Corporate Services has subsequently established a Contract Management unit within Legal Services and that should bode well in the current year against a surge of prior year Irregular Expenditure resulting from services obtained without valid Service Level Agreements being in place.

Eden District Municipality aligns itself with the National Treasury's short to medium term objective, to operate at a level three of the financial capability model by 2015, to achieve this objective the management of Eden has realised the importance of tapping into the number of established Help Desks of Provincial Government and utilising these resource of expertise to its benefit. For the first time Eden underwent a Supply Chain Management Policy and Process review by the Municipal Manager and the extended management team which not only sought to customize the Supply Chain Policy to Eden's environment but also served as a process to induct management on their roles and responsibility regarding procurement. This process was also geared to ensure an improvement in minimising the incurrence of Fruitless and Wasteful expenditure or irregular expenditure in the future.

07 December 2011 witnessed the implementation of the Preferential Procurement Policy Framework Act, 200 (Act No. 5 of 2000). This act effected a migration in how Broad Based Black Economic Empowerment was evaluated for preference points allocation and ensured a greater level of control and uniformity in this process across board. The use of B-BBEE certificates has taken away the burden of potential for fraud and corruption on Municipalities and the function has been delegated to independent accredited agencies. Entities are now being measured as a "B-BBEE status level contributor"; this means B-BBEE status received by entity is based on the entity's overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of Broad Based Black Empowerment Act. There however remains a significant level of trust bestowed upon accounting officers of Exempted Micro Enterprises to execute

this process in an ethical manner and ensure that this band of entities is evaluated according to set guidelines

The challenge remains in ensuring that the ever increasing presence of “tenderpreneurs” can contribute towards existing industries and not be middleman eroding profits or exchanging substandard services or goods with uncompetitive pricing. Eden District Municipality supports Local Economic Development and strives to implement preferential procurement system fully and will continue to play its part in contributing to the National objective of economic transformation.

A change in Council’s new mission statement, “Eden, A future empowered through excellence”, is a commitment from the Leadership to ensure that there is no regression in the gains that have been made thus far and as such overall compliance becomes the norm rather than the exception. The clear lines of delegations remain upheld and procurement process remains a function fully executed by supply chain unit without any political interference.

In order for council to keep making strides, we need not only to highlight the key milestones of success but also to undertake a true reflection on the current and previous challenges. Continuous professional development remains a challenge for capacitation due to limitation of resources, however currently council has ensured that all the supply chain management officials are at minimum enrolled for Treasury’s Minimum Competency Training. It is work in progress to reach the minimum prescribed levels as required by Municipal Finance Management Act Competency Regulation Guidelines. The lessons learnt in forensic investigations have alerted management for the need to maintain and enforce compliance to policy and legislative framework. Previous indulgence in the use of section 36 of the Supply Chain Management Regulation and Supply Chain Policy as a means to circumvent procurement process should see a decline as management is put to task on using emergency process as an excuse for poor planning. The Office of the Municipal manager has undertaken a control measure to address such ills of the past and we should see fewer occurrences of contravention of regulations in the future.

Eden District Municipality looks forward to the establishment of the Provincial Supply Chain Management Focus group / working committee, this will see a greater standardisation of processes and Policies within municipal frame work that will witness a lot more cohesion and synergy amongst supply chain management practitioners. The objective will be to establish desired standards across board as a subset of financial management and improving financial governance within local sphere. Creating a platform for the combination of theory with practical challenges and experience and at the same time ensuring standardisation, uniformity and practicality.

Prospectively, Council looks forward to creating a culture of excellence and efficiency however retrospectively we look at the year that has passed with its many challenges, as a learning, I do a great mile in creating institutional wisdom for years to come. We trust that supply chain management will continue to grow in its capacity to effect a service of quality to the rest of the Municipality.

### 6.13 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The financial statements for 2011/2012 were prepared according to the applicable GRAP standards and was submitted on 31 August 2012. The audit report for 2011/2012 will be issued by the Auditor General by 30 November 2012 as per MFMA regulations. Refer to attach financial statements.

Regular GRAP steering committee meetings took place where the relevant GRAP issues were discussed and progress monitored.  
T5.13.1

# **EDEN DM IS RESPONSIBLE FOR THE FOLLOWING:**

- 1. Integrated development planning in the district;**
- 2. Bulk infrastructure planning;**
- 3. Solid waste disposal sites;**
- 4. Provincial roads (agency basis);**
- 5. Regulation of passenger transport services;**
- 6. Municipal health services;**
- 7. Fire fighting services in the district/ Disaster Management; and**
- 8. Promotion of local tourism.**



# CHAPTER 7

## AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2011/12

#### 7.1 AUDITOR GENERAL REPORTS YEAR 2011/12 (PREVIOUS YEAR)

##### REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON EDEN DISTRICT MUNICIPALITY

##### REPORT ON THE FINANCIAL STATEMENTS

###### Introduction

1. I have audited the financial statements of the Eden District Municipality set out on pages 289 to 392, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

###### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

###### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

###### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eden District Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP)] and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act (DoRA).

**Emphasis of matters**

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

**Significant uncertainties**

8. Enquiries of management and the attorneys revealed that the following claims have been instituted against Eden District Municipality:
- Haarlem Community – R35 000 000
  - Lefatshe Computer Systems- R3 449 236
  - Uniondale Correction Facility on behalf of Department of Public Works- R8 300 000
9. The outcome of these claims cannot be determined at present and no provision has been made for any liability that may result. The municipality correctly disclosed these lawsuits as contingent liabilities.

**Restatement of corresponding figures**

10. As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 30 June 2012 in the financial statements of Eden District Municipality at, and for the year ended, 30 June 2011.

**Material impairments**

11. The municipality had receivables for non-exchange receivables and exchange receivables totalling R16 379 225 and R3 935 341 respectively, which had been outstanding for more than 12 months. The recoverability of these amounts is doubtful and was correctly included in note 19 and 20 for the as the provision for doubtful debts.
12. Included in note 19 are bad debts written off of R12 792 599 due to the debt owed to the municipality assessed as no longer recoverable.

**Material under spending of the capital budget**

13. The municipality has materially under spent its capital budget. At the date of this report, under spending amounted to R13 201 082. The under spending relates to the electricity demand side management project which was placed on hold until the forensic investigation was completed.

**Additional matters**

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

**Unaudited supplementary schedules**

15. The supplementary information set out on pages 393 to 395 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

16. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

**Predetermined objectives**

17. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 57 to 169 of the annual report.
18. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

19. The material finding is as follows concerning the reliability of the information.

**Reliability of information**

20. The National Treasury Framework for managing programme performance information (FMPPI) requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 78% of the actual reported indicators relevant to the Community Services were not accurate when compared to source information. This was due to a lack of monitoring by senior management.

**Compliance with laws and regulations**

21. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

**Procurement and contract management**

22. 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).
23. Awards were made to providers who are persons in service of other state institutions or whose directors are persons in service of other state institutions, in contravention of SCM regulations 44.

**Expenditure management**

24. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act

**Internal control**

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the finding on the annual performance report and the findings on compliance with laws and regulations included in this report.

**Leadership**

26. The accounting officer did not take adequate steps to mitigate the risk of non compliance in the supply chain unit by evaluating the supply chain practices of the municipality against the requirements of the legislation.
27. The accounting officer did not perform adequate monitoring processes to ensure that the performance reported in the annual performance report could be verified or agrees to the supporting documentation.

**Financial and performance management**

28. Control measures put in place to achieve compliance with supply chain processes were not adhered to by officials resulting in non compliance with the supply chain management regulations.
29. Management did not adequately perform their responsibilities when reporting performance, this resulted in the performance report being unreliable as reported in paragraph 21 of this report.

Auditor-General

Cape Town

30 November 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## COMPONENT B: AUDITOR - GENERAL OPINION 2012/13 (CURRENT YEAR)

### 7.2 AUDITOR GENERAL REPORT YEAR 2012/13

#### REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE EDEN DISTRICT MUNICIPALITY

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of the Eden District Municipality set out on pages 4 to 87, which comprise the statement of financial position as at 30 June 2013, 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, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eden District Municipality as at 30 June 2013 and its financial performance, cash flows and comparison of budget and actual amounts for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

**Emphasis of matters**

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

**Significant uncertainties**

7. With references to note 37 to the financial statements, the municipality is the defendant involving the provision of technology services. The outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.
8. With reference to note 37 to the financial statements, the municipality is in dispute with other municipalities in a property ownership lawsuit. The book value of the properties at year end disputed is amounting to R159 644 620. The outcome of the matter cannot presently be determined and no provision for any liability or asset that may result has been made in the financial statements.

**Restatement of corresponding figures**

8. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during the year ended 30 June 2013 in the financial statements of the municipality at, and for the year ended, 30 June 2012.

**Additional matters**

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

**Material inconsistencies in other information included in the annual report**

10. The draft annual report was provided for auditing. A high-level overview was performed on the draft document and no material inconsistencies were identified. The final printer's proof of the annual report will again be reviewed and any material inconsistencies then identified will be communicated to management. Should the inconsistencies not be corrected, it may result in the matter being included in the audit report.

**Unaudited supplementary schedules**

11. The supplementary information set out on pages 86 to 87 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

**Predetermined objectives****Introduction**

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 24 to 107 of the annual report.
14. The reported performance against predetermined objectives was evaluated against the



overall criteria of usefulness and reliability.

15. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
16. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
17. The material findings are as follows:

#### **Usefulness of information**

18. Section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires that the integrated development plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents.
  - A total of 28% of the reported indicators were not consistent or not complete when compared to the planned indicators in the approved integrated development plan.
  - A total of 26% of the reported targets were not consistent or not complete when compared to the planned targets in the approved integrated development plan.
19. This was due to the senior leadership not emphasising the reporting of performance against the integrated development plan, as approved key performance indicators were not reported in the annual performance report.

#### **Reliability of information**

20. The information presented with respect to Development priority 2, Development priority 3, Development priority 5, Development priority 6, Development priority 9 was not reliable when compared to the source information and/or evidence provided. This was due to the lack of monitoring of the completeness of source documentation in support of actual achievements.

#### **Compliance with laws and regulations**

21. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

#### **Asset management**

22. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

#### **Expenditure management**

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

**Revenue management**

24. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

**Annual financial statements**

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 122 of the MFMA. Material misstatements of revenue identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

**Internal control**

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

**Leadership**

27. Management's procedures for the review of the financial statements were not adequate to ensure that the financial statements submitted for auditing were accurate and complete.
28. The accounting officer did not take adequate steps to mitigate the risk of non-compliance in the supply chain unit to prevent irregular expenditure by evaluating the supply chain practices of the municipality against the requirements of legislation.
29. The accounting officer did not perform adequate monitoring processes to ensure that the performance reported in the annual performance report could be verified or agreed to supporting documentation.

**Financial and performance management**

30. The municipality did not develop internal control processes to confirm that the information provided for inclusion in the financial statements and annual performance report was accurate and complete, as management did not allow sufficient time to review the financial statements in detail and to accommodate last-minute changes.
31. The asset and property register was not adequately maintained and the underlying records were not adequately reviewed to determine the validity of descriptions and the classification of properties, which led to misstatements relating to the existence and valuation of property plant and equipment.



32. Management did not adequately perform their responsibilities when reporting on performance, which resulted in the performance report being unreliable.

*Auditor-general*

Cape Town

29 November 2013



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 7.3 ACTION PLANS FOR AUDIT FINDINGS

No	Finding	Legislation	Action Plan	Responsible Person	Due Date
I.	<p><b>Revenue: Accounting treatment of Roads function</b></p> <p>An amount of R17 060 607 (R120 761 441: 2011-12) is incorrectly classified in the statement of financial performance as revenue from non-exchange transactions. Our basis for this conclusion is set out below:</p> <p>A service delivery agreement between the each district municipality (Eden District Municipality in this consultation and the Provincial Government: Western Cape Transport and Public Works.</p> <p>In terms of this agreement "The District Municipality undertakes to maintain, repair, protect and manage proclaimed Provincial Roads in their area as identified by the District Roads Engineer in a safe and reliable condition within the legal framework of the various ordinances, Acts and Regulations.</p> <p>The Provincial Government: Western Cape via the District Roads Engineer will supply the necessary funds, specification, plant and Professional Engineering support and also measure, monitor, manage the works, delegate and instruct if and when necessary.</p> <p>After submission of a budget to the provincial department the municipality receives money in the form of a transfer to fulfil this function.</p> <p>GRAP 9 and GRAP 23 define exchange revenue and non-exchange revenue as:</p> <p>"Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange."</p> <p>"Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange."</p> <p>Based on the definitions above we would first need to determine if the transaction is an exchange transaction.</p> <p>The Eden District Municipality provides the maintenance, repair and management of roads for the provincial department in exchange for cash. The question then arises is the exchange of direct and equal value i.e. does Eden District Municipality give approximate equal value to the province in exchange (see. GRAP 9 par .06)?</p> <p>In terms of the agreement the provincial department covers the personnel costs, overhead expenses and the provisioning of plant and equipment and materials.</p> <p>Further the agreement provides for an agency fee, which needs to be approved upfront. The agency fee also approximates 10% of the funds transferred and costs incurred received. Which appear reasonable in relation to the functions performed.</p>	GRAP 9 and GRAP 23	This matter has been resolved	Ms L Hoek Chief Financial Officer	

	Therefore based on the discussion in the previous paragraphs the revenue in terms of this agreement meets the definition of exchange revenue.  The nature of the related expenditure of R17 060 607 recognised as "Roads – Grant and subsidies utilised" is therefore also incorrectly classified and should no longer be recognised as grant expenditure in the statement of performance, but included in their respective classes of transactions.					
2.	<p><b><u>Expenditure: Suppliers not paid within 30 Days</u></b></p> <p>As per the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), section 65(2)(e) - The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure:</p> <p>(e) that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure;</p> <p>During the audit of expenditure it was found that the following supplier invoices were not paid within 30 days of the receipt of the invoice.</p>	Sect 65(2)(e) of MFMA	<p>The creditors section needs to engage with the supplier directly and request the suppliers to provide an amended invoice that is correctly dated for the services delivered and received by the municipality.</p> <p>This will ensure that the lengthy process with engagements with the responsible department (person) will be prevented.</p> <p>Payment of the revised invoice based on the GRV and actual goods received can then be processed.</p> <p>The municipality is also liaising with the service provider (ABACUS) to ensure that control mechanism can be implemented that will prevent this from occurring in the future. This is an on-going process that will hopefully results in reliable controls</p> <p>This will be communicated to the different departments to ensure that everybody understands the process and ensure payments of creditors are done as per the MFMA requirements.</p>	Mr. S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	Ongoing	

3	<p><b>Audit of Supply Chain Management</b></p> <p>The Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 14 (1) (b) specifies the following:</p> <p>"A supply chain management policy must specify the listing criteria for accredited prospective providers."</p> <p>During the audit of Supply Chain Management, we identified that the Supply Chain Management Policy that is in effect for the 2012-13 financial year under review does not contain the "Listing criteria for prospective suppliers" as per the requirements of the SCM regulation, GNR. 868 of 30 May 2005.</p> <p>This results in non-compliance with the requirements of the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005.</p> <p>This finding was also raised in the 2011-12 audit; refer to paragraph 18 on page 81 of the Final Management report dated 30 November 2012.</p>	The Municipal Supply Chain Management Regulations,	The SCM policy will be reviewed to make an inclusion of the listing criteria.	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	
4	<p><b>Property, Plant and equipment: Heritage – Mayoral chains incorrectly classified</b></p> <p>Standards of Generally Recognised Accounting Practice – Heritage Assets (GRAP 103) definitions paragraphs .04 state that:</p> <p>.04 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.</p> <p>Looking into cultural history of mayoral chains the following was considered:</p> <p>Various forms of livery were used in the middle ages to denote attachment to a great person by friends, servants, and political supporters.</p> <p>The collar, usually of precious metal, was the grandest form of these, usually given by the person the livery denoted to his closest or most important associates, but should not, in the early period, be seen as separate from the wider phenomenon of livery badges, clothes and other forms. From the collar hung a badge or device indicating the person the livery related to; the most important part of the ensemble for contemporaries. Equally gold collars that had no livery connotations were worn.</p> <p>Taking the GRAP 103 definition, cultural history and the fact that the mayoral chains are held indefinitely for the benefit of present and future generations into account, we are of the opinion that the mayoral chains should be classified as heritage assists and not as property, plant and equipment as it currently is.</p> <p>The actual misstatement is R284 000. The details are:</p> <p>Mayoral Chain 1 R250 000 Mayoral Chain 2 R15 000 Mayoral Chain 3 R19 000 <b>Total R284 000</b></p>	Standards of Generally Recognised Accounting Practice – Heritage Assets (GRAP 103)	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	
5	<p><b>Property, Plant and equipment: Existence of land and buildings</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and</p>	Section 62(1) of MFMA	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	

	<p>economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During the testing of existence for land and buildings, the following assets could not be verified using the Geographic Information System (GIS) as it's not identifiable through a unique asset number, invoice number or contact number on the GIS or the asset identification number does not agree with the GIS.</p> <p>The description of the assets might be incorrect or incomplete on the fixed asset register and as a result assets cannot be verified on the GIS.</p>				
6	<p><b><u>Property, Plant and equipment: Existence of investment property</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>Erf 884 Heidelberg - Could not be verified using the Geographic Information System (GIS) system even though a title deed (title deed cannot be used to verify existence) has been provided as well as a surveyor general drawing. The drawing could not substantiate the value of the property, as indicated on the drawing as the property has been subdivided.</p> <p>Erf 2 - Could not be verified using the GIS system and no surveyor general drawing could be provided, and the value could not be substantiated.</p> <p>This is a control weakness which could result in a projected overstatement of R4 230 207.</p>	Section 62(1) of MFMA	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	
7	<p><b><u>Property, Plant and equipment: Infrastructure</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During testing the existence of infrastructure (100% testing), the following infrastructure could not be verified using the Geographic Information System (GIS) system as its not identifiable through a unique asset number, invoice number or contact number on the GIS.</p>	Section 62(1) of MFMA	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	
8	<p><b><u>Property, Plant and equipment: Assets incorrectly classified</u></b></p>		This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	

	<p>During the audit of infrastructure assets, it was found that the following road reserves and streets have been classified incorrectly as it indicated on the Geographic Information System (GIS) system as vacant land, and residential houses. This has resulted in an overstatement of infrastructure assets by R109 017.</p> <p>The following fixed assets were traced to the GIS, it is indicated that roads and streets was incorrectly classified, as the images on GIS clearly shows that it is vacant land with no roads and streets build on it:</p> <p>Viewing these assets on the GIS it is clear that residential houses have been built on these erven. The question is also raised of whose houses these are, as the deeds for these erven are in the name of the municipality. There are no records of these residential houses at the municipality. These properties may therefore not belong to the municipality.</p>				Stores, Assets)	
9	<p><b><u>Property, Plant and equipment: Existence of other assets &amp; community assets</u></b></p> <p>During the audit the existence of the following community assets the following could not be verified as it could not be located:</p> <p>Further to this a physical verification could not be done due to the fact that the asset (a desk) was moved to a much smaller room. In order for the desk to fit into the new smaller room, a part thereof had to be cut off for the desk to fit in properly. However, the part that was cut off from the original asset seems to have contained the asset identification. The details are:</p> <p>This is a control weakness which result in a projected overstatement of R1 009 732 for community assets and R41 437 for other assets.</p>	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)			
10	<p><b><u>Property, Plant and equipment: Assets incorrectly classified</u></b></p> <p>During the audit of infrastructure assets, it was found that the following road reserves and streets have been classified incorrectly as it indicated on the Geographic Information System (GIS) system as vacant land, and residential houses. This has resulted in an overstatement of infrastructure assets by R109 017.</p> <p>The following fixed assets were traced to the GIS, it is indicated that roads and streets was incorrectly classified, as the images on GIS clearly shows that it is vacant land with no roads and streets build on it:</p> <p>Further to the above, the fixed asset register indicate that the below mentioned assets are classified as roads and streets (infrastructure).</p> <p>Viewing these assets on the GIS it is clear that residential houses have been built on these erven. The question is also raised of whose houses these are, as the deeds for these erven are in the name of the municipality. There are no records of these residential houses at the municipality. These properties may therefore not belong to the municipality.</p>	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)			
11	<p><b><u>Property, Plant and equipment: Intangible assets incorrectly classified</u></b></p> <p>Standards of Generally Recognised Accounting Practice – Presentation of Financial</p>	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	GRAP 1 and sec 62(1) of MFMA		

	<p>Statements (GRAP 1) state that: Information to be presented either on the face of the statement of financial position or in the notes</p> <p>.83 An entity shall disclose, either on the face of the statement of financial position or in the notes to the statement of financial position, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.</p> <p>Further to this, in terms of section 62(1) – General financial management functions of the Municipal Finance Management Act 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During the audit of intangible assets, This has resulted in an overstatement of intangible assets of R8 968 and a projected misstatement of R15 029, even though it's trivial, classification is material in nature and is a direct disregard for the accounting standards.</p>				
12	<p><b><u>Compliance: Appointment Executive Manager</u></b></p> <p>In accordance with section 56(4A)(a) of the Local Government: Municipal Systems Act, 2000 (Act No 56 of 2000), the municipal council must, within 14 days of the date of appointment, inform the MEC Local Government of the appointment process and outcome, as may be prescribed.</p> <p>During the audit of compliance it was found that the appointment of senior manager, Ms. T. Holthauzen's, took place on 1 January 2013 and that the Council only notified the MEC Local Government on 28 January 2013, which is not within 14 days from the appointment date.</p>	Section 56(4A)(a) of MFMA	This matter has been resolved	Mr G W Louw (Municipal Manager)	
13	<p><b><u>Property, Plant and equipment: Rights and completeness</u></b></p> <p>In terms of the Framework for Preparation and Presentation of Financial Statements paragraph 66(a), an asset is defined as: “resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.”</p> <p>Through inspection of the asset register it was found that the assets as per annexure A could not be located on the deeds register. It could be that these assets might have been transferred and the asset register not been updated.</p> <p>It is projected that the fixed asset register is overstated by R77 736 249 resulting in assets also being overstated in the Statement of Financial Position as at 30 June 2013.</p>	Framework for Preparation and Presentation of Financial Statements paragraph 66(a),	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	
14	<p><b><u>Property, Plant and equipment: Completeness</u></b></p> <p>In terms of the Framework for Preparation and Presentation of Financial Statements paragraph: Completeness</p> <p>.55 To be reliable, the information in financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or misleading and thus unreliable and deficient in terms of its relevance.</p> <p>Through inspection of the deeds register, it was identified that the following properties</p>	Framework for Preparation and Presentation of Financial Statements paragraph 55	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	

	belong to Eden District Municipality, but is not reflected in the Fixed Asset Register. Please refer to Annexure A. Through further inspection of the deeds register and discussion a municipal official (Johan Stander), it was identified that the following Uniondale properties were transferred to George Municipality, but according to the deeds run the properties are still in the name of Eden District Municipality. Therefore Fixed Asset Register will be understated. The amount could not be projected as the deeds register does not reflect the values.				
15	<b><u>Property, Plant and equipment: Intangible Assets- Completeness</u></b> In terms of the Framework for Preparation and Presentation of Financial Statements paragraph: Completeness .55 To be reliable, the information in financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or misleading and thus unreliable and deficient in terms of its relevance. Based on the audit work performed the transactions listed in the table below could not be traced to the fixed asset register. Therefore fixed asset register will be understated. The amount could not be projected.	Framework for Preparation and Presentation of Financial Statements paragraph 55	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	
16	<b><u>SCM: Non-compliance with s23(c)(iii) of SCM regulations</u></b> The Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 23(c)(iii) requires the following: "the accounting officer to publish the entries in the register and the bid results on the website of the municipality" During the audit of Supply Chain Management, we identified that the register of bids received on time was not published on the website of Eden District Municipality as per the requirements of the SCM regulation, GNR. 868 of 30 May 2005. Only bid results are published on the website of the municipality This results in non-compliance with section 23(c)(iii) of the requirements of the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005.	The Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 23(c)(iii)	The amendment in compliance has been implemented already	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	
17	<b><u>AOPO: Limitation of Scope - Intangible Assets</u></b> Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that: "When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to – (b) direct a person to produce, or to deliver at a specified place and time and in a specified format - (i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or (ii) any such asset;" During our audit of pre-determined objectives for 2013, request for information number 58 was issued on 10 October 2013 however, as at 23 October 2013.	Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004)	Management take note of your recommendations and will comply in future	Mr G W Louw (Municipal Manager)	



18	<p><b>Property, Plant and equipment: Reconciliation between the asset register and property register</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During the audit of Property Plant and Equipment, a reconciliation was performed between the property register and the fixed asset register. It was found that the asset register and the property register does not reconcile and a difference of R12 million was noted.</p> <p>After discussion with the consultants and management it was established that the difference relate to RDP houses that were transferred to the recipients in prior years. This resulted in a projected overstatement of R12 million of the asset register as well as the financial statements.</p>	Section 62(1) of MFMA	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	
19	<p><b>Revenue: Non-exchange grants opening balances</b></p> <p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP1): Overall considerations Fair presentation and compliance with Standards of Generally Recognised Accounting Practice</p> <p>.19 In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>During the audit of revenue from non-exchange transactions, government grants and subsidies, it was noted that the following opening balances differed from the prior year closing balances.</p> <p><input type="checkbox"/> Note 21.11 - Global Fund – 2012 closing balance R0 and the 2013 opening balance R84 000</p> <p><input type="checkbox"/> Note 21.32 - Emergency Housing DMA – 2012 closing balance R282 478 and the 2013 opening balance R364 956</p> <p><input type="checkbox"/> Note 21.33 - Emergency Housing Zoar – 2012 closing balance R174 048 and the 2013 opening balance R348 097</p> <p>The opening balances of the above mentioned notes are therefore misstated.</p>	GRAP Standards	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	
20	<p><b>AFS: Comparison of budget and actual amounts</b></p> <p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP1): Overall considerations Fair presentation and compliance with Standards of Generally Recognised Accounting Practice</p> <p>.19 In virtually all circumstances, a fair presentation is achieved by compliance with</p>	GRAP Standards	Amendments have been effected and all changes and accounting policies will be approved by council when the final audited AFS is tabled for approval	Ms L Hoek Chief Financial Officer	

	applicable Standards of GRAP. A fair presentation also requires an entity: (b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information. During the audit of the Statement of Comparison of Budget and Actual Amounts it was noted that the explanations for material variances was lacking or inconsistent. As per your accounting principles and policies applied in the financial statements, paragraph 1.6, materiality is determined as 1% of total expenditure.				
21	<p><b>Expenditure: Cut off not accrued</b></p> <p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP1): Accrual basis of accounting .31 An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting. .32 When the accrual basis of accounting is used, items are recognised as assets, liabilities, net assets, revenue and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework for the Preparation and Presentation of Financial Statements. During the audit of expenditure and in particular cut-off testing, it was found that the following expenditure were not accounted for in the 2012-13 financial year, it is also not on the general ledger even though the service rendered date, goods received date is all for the 2012-13 financial year. It was found that these expenses are included in 2013-14 general ledger</p>	GRAP Standards	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	
22	<p><b>Employee cost: No Vetting Process</b></p> <p>Section 83 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) state that: (1) The accounting officer, senior managers, the chief financial officer and other financial officials of a municipality must meet the prescribed financial management competency levels. (2) A municipality must for the purposes of subsection (1) provide resources or opportunities for the training of officials referred to in that subsection to meet the prescribed competency levels. During the audit it was found there are no internal controls for the vetting process in terms of Municipal Regulations on Minimum Competency Levels GNR 493 issued by National Treasury. The following employees were appointed and no vetting was done (100% error):  Vetting was approved in January by Council and the South African Qualifications Authority (SAQA) was awarded a tender to do vetting. No vetting has been done due to delays in getting SAQA onto the database.</p>	Section 83 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003)	The process to register the relevant authority (RSA Qualification Authority) to do the vetting is in process	Mr G le Roux (Human Resources)	
23	<p><b>Expenditure: Limitation of Scope</b></p> <p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p>	Section 15(1), General auditing powers, of the Public Audit Act,	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	

	<p>“When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to –</p> <p>(b) direct a person to produce, or to deliver at a specified place and time and in a specified format</p> <p>(i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or</p> <p>(ii) any such asset;”</p> <p>During our audit of expenditure for 2012-13, request for information number 40 was issued on 25 September 2013 however, as at 25 October 2013, the following supporting documents were still outstanding:</p> <p>The non-submission of the above-mentioned information for audit purposes will result in the non-compliance of the Public Audit Act, 2004 (Act No. 25 of 2004) furthermore, this will place a limitation on our audit scope that could result in a negative audit outcome.</p> <p>The projected limitation is R3 986 158.</p>	2004 (Act No. 25 of 2004)			
24	<p><b><u>Expenditure: Expenditure amount recorded differ</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During the testing of expenditure it was found that the expenditure amount recorded in the general ledger is different from the invoices. The general ledger amounts are overstated.</p> <p>The projected misstatement is R537 608</p>	<p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)</p>	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	
25	<p><b><u>Revenue: Lease Contracts limitation of Scope</u></b></p> <p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p> <p>When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to –</p> <p>(b) direct a person to produce, or to deliver at a specified place and time and in a specified format</p> <p>(i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or</p> <p>(ii) any such asset</p> <p>During our audit of revenue the following lease contracts could not be obtained for audit purposes:</p> <p>The non-submission of the above-mentioned information for audit purposes will result in the non-compliance of the Public Audit Act, 2004 (Act No. 25 of 2004) furthermore,</p>	<p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p>	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	

	this will place a limitation on our audit scope that could result in a negative audit outcome.					
26	<p><b><u>PPE: Existence/ classification</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>Taking the carrying value into account it seems as if this asset might have been classified incorrectly as well.</p> <p>This will result in a projected overstatement of R1 624 191 in the Statement of Financial Position at 30 June 2013.</p>	In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)		
27	<p><b><u>AOPO: Relevance of Key Performance Indicators</u></b></p> <p>The Municipal Structures Act, 1998 (Act No. 117 of 1998) section 56 states that: Functions and powers of executive mayors.—(1) an executive mayor is entitled to receive reports from committees of the municipal council and to forward these reports together with a Recommendation to the council when the matter cannot be disposed of by the executive mayor in terms of the executive mayor's delegated powers.</p> <p>(2) The executive mayor must -</p> <p>(c) recommend to the municipal council strategies, programmes and services to address priorities needs through the integrated development plan, and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans and</p> <p>(3) The executive mayor in performing the duties of office must -</p> <p>(a) Identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and services referred in section (2) (c) can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general.</p> <p>During the audit of predetermined objectives it was found that the following indicators do not correspond to the municipalities integrated development plan adopted by council on 30 May 2012.</p>	The Municipal Structures Act, 1998 (Act No. 117 of 1998) section 56	Management take note of your recommendations and will comply in future	Mr G Louw (Municipal Manager)		
28	<p><b><u>AOPO: Validity and Accuracy of reported performance</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p>	In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)	Management take note of your recommendations and will comply in future	Mr G Louw (Municipal Manager)		

	(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards During the testing of the validity and accuracy of reported performance information, the following was found:				
29	<p><b><u>AOPO: Inconsistencies</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During the audit of predetermined objectives the following inconsistencies were found between Service Delivery Implementation Plan approved by council and the Annual Report.</p> <p>1. No evidence could be obtained from the council meetings for approval of the changes.</p> <p>2. The following key performance indicators were not reported on in the Annual Report submitted for Audit:</p> <ol style="list-style-type: none"> <li>1. TL8 - Implement and co-ordinate the waste education initiatives.</li> <li>2. TL9 - Review the Integrated Waste management plan by end of June 2013.</li> <li>3. TL10 - Develop a waste to alternative energy technology process by the end of June 2013.</li> <li>4. TL17 - Implement climate change adaption and mitigation initiatives.</li> <li>5. TL18 - Attend the NGO engagements and the social development forums per annum.</li> <li>6. TL19 - Implement the Eden HAST plan by the end of June 2013.</li> <li>7. TL32 - Coordinated the district engineer's forum meetings.</li> <li>8. TL33 - Coordinate the renewable energy forums.</li> </ol>	In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)	Management take note of your recommendations and will comply in future	Mr G Louw (Municipal Manager)	

	<p>9. TL34 - Increase the maintenance on roads in terms of budget spent.</p> <p>10. TL42 - Develop a new lease agreement by the end of June 2013.</p> <p>11. TL43 - Update and review council property database by the end of June 2013.</p> <p>12. TL47 - Sign an MOU with Petro SA for fire fighting training Academy by the end of June 2013.</p> <p>13. TL53 - Coordinate the functioning of the district IGR forums.</p> <p>14. TL54 - Coordinate the municipal managers forum.</p> <p>15. TL56 - Approve the IDP process plan by the end of August.</p> <p>16. TL58 - Implement the performance Management system up to post level 3 by the end of June 2013.</p> <p>17. TL63 - Re-engineer (business case) district shared services model.</p> <p>18. TL64 - Implement Shared Services Initiatives.</p> <p>19. TL66 - Finalise the service level agreement per initiatives.</p> <p>20. TL69 - Implement the fundraising strategy.</p> <p>21. TL82 - Facilitate the development of a regional strategic plan for rural development.</p> <p>22. TL84 - Implement the EPWP policies through the provincial steering committee.</p> <p>23. TL88 - Implement the EPWP project plan through updating the MIS system.</p>				
30	<p><b><u>SCM: Deviations not sufficiently justified</u></b></p> <p>As per the requirements of the Supply Chain Management Policy section 36 and the Municipal Supply Chain Management Regulations, GNR: 868 of 30 May 2005, section 36: The accounting officer may –</p> <p>(1)(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only</p> <p>(i) in an emergency;</p>	Supply Chain Management Policy section 36 and the Municipal Supply Chain Management Regulations, GNR	Management take note of your recommendations and will comply in future	Mr TM Mporu (Deputy Manager, SCM Data, Stores, Assets)	

	<p>(ii) if such goods or services are produced or available from a single provider only;</p> <p>(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.</p> <p>(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs 36(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.</p> <p>Whilst performing audit work on the approved deviations in note 35.7 of the Annual Financial Statements, the following deviations were found to have insufficient reasons to explain the nature of the deviation as per the Supply Chain Management Policy, paragraph 36 (1) (a) and (b).</p> <p>We could only assess whether the deviations appears reasonable/ justified on the basis that it was impossible/ impractical to obtain three written quotations based on the information provided.</p> <p>We do not agree that it was impossible or impractical get three quotations with regards to the following deviations and that the suppliers identified below in deviation six and seven are sole providers of the items procured from them</p> <p>The lack of communicating specific reasons for deviations in the procurement process may lead to the non-compliance to the requirements of the SCM Regulations and SCM Policy, deviating unjustifiably will lead to irregular expenditure.</p> <p>The projected deviations that are not sufficiently justifiable are R890 851.</p>				
31	<p><b>SCM: Major deviations disclosure incomplete</b></p> <p>As per the requirements of the Supply Chain Management Policy section 36(2) and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 36(2):</p> <p>The accounting officer must record the reasons for any deviations in terms of subparagraph (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.</p> <p>Whilst performing audit work on the approved deviations in note 35.7 of the Annual Financial Statements for the period ended 30 June 2013, the following was identified:</p> <p>The total deviations amount of R7 720 685 in note 35.7 does not agree with the deviation register amount of R7 851 225, a difference of R130 540 was found.</p> <p>A major deviation from procurement above R200 000 identified in the deviations register was not disclosed in Note 35.7</p> <p>Non-compliance with the requirements of the Supply Chain Management Policy section 36(2) and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 36(2).</p>	Supply Chain Management Policy section 36 and the Municipal Supply Chain Management Regulations, GNR	Management take note of your recommendations and will comply in future	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	
32	<p><b>SCM: Awards given to persons in the service of the state</b></p> <p>As per the Supply Chain Management Regulation GNR.868 of May 2005, Section 44 and the Supply Chain Management Policy of the municipality:</p> <p>Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy,</p> <p>(a) who is in service of the state;</p> <p>(b) if the person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or</p> <p>(c) a person who is an advisor or consultant contracted with the municipality.</p>	Supply Chain Management Regulation GNR.868 of May 2005, Section 44 and the Supply Chain Management Policy	Management take note of your recommendations and will comply in future	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	



	As part of the audit process on SCM, the application of computer assisted audit techniques (CAATs) was used in order to identify persons associated with the entity, who might have a vested interest in private companies. The following supplier to whom an award was made did not declare that he was in the service of the state or, if not a natural person, if any of his directors/ members/ principal shareholders/ stakeholders were in the service of the state. Suppliers in which persons in service of other state institutions have an interest:  These transactions have resulted in non-compliance with the SCM Regulation GNR 868, 30 May 2005 and the SCM Policy of the Eden District Municipality				
33	<p><b><u>SCM: Composition of the bid adjudication committee</u></b></p> <p>As per the requirements of the Supply Chain Management Policy section 29(2) and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 29(2): A bid adjudication committee must consist of at least four senior managers of the municipality. During the audit it was confirmed through inspection (100% tested) of the bid adjudication committee minutes that the committee consisted of only three senior managers of the municipality for the following tenders: This resulted in the non-compliance with section 29(2) of the Supply Chain Management Policy and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005 resulting in irregular expenditure for all the payments made to the providers under the relevant tenders. The irregular expenditure is R1 592 179.</p>	Supply Chain Management Policy section 29(2) and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 29(2):	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	
34	<p><b><u>SCM: Winning bidder's municipal account not obtained</u></b></p> <p>As per the requirements of the Supply Chain Management Policy and Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 28(1)(c): A bid evaluation committee must check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears. As per section 38 (1)(d)(i) of the same regulation as mentioned above, the accounting officer must be enabled to reject a bid from a bidder, if any municipal rates and taxes or municipal service charges owed by the bidder or any of its directors to the municipality or municipal entity, or to any other municipality or municipal entity, are in arrears for more than three months. Confirmed through inspection of formal tender documentation that not all winning bidders provided a copy of their latest municipal account or equivalent for the following tenders Non-compliance with the Supply Chain Management Policy and Municipal Supply Chain Management Regulations resulting in irregular expenditure estimated at R3 711 087.</p>	Supply Chain Management Policy and Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 28(1)(c):	Management take note of your recommendations and will comply in future	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	
35	<p><b><u>SCM: Tax clearance certificate not submitted</u></b></p> <p>As per the requirements of the Supply Chain Management Policy and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005:</p>	Supply Chain Management Policy and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 28(1)(c):	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	



	<p>Section 13(b) - A written quotation or bid may not be considered unless the provider who submitted the quotation or bid has furnished the municipality with a valid tax clearance certificate.</p> <p>Section 43 - A valid Tax clearance certificate must accompany the bid documents before making an award to a person, a municipality must first check with SARS whether that person's tax matters are in order.</p> <p>Confirmed through inspection of tender documentation that the following tenders were awarded</p> <p>Non-compliance with the Supply Chain Management Policy and the Municipal Supply Chain Management Regulations resulted in irregular expenditure of R14 363,43.</p>	Chain Management Regulations, GNR. 868			
36	<p><b>SCM: No valid B-BBEE certificate</b></p> <p>In terms of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) sections 6(2) and 10:</p> <p>No points must be awarded for B-BBEE status level if the bidder did not submit an original and valid B-BBEE Status Level Verification Certificates or certified copies thereof.</p> <p>Confirmed through inspection of tender ITE/34/12-13 documentation that B-BBEE points were awarded during the scoring process to Cinnabar without a valid B-BBEE Status Level Verification Certificate or certified copy thereof, resulting in the relevant tender being awarded to them instead of the other bidder.</p> <p>The non-compliance resulted in irregular expenditure of R33 700.</p>	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) sections 6(2) and 10:	This matter has been resolved	Mr TM Mpuru (Deputy Manager, SCM Data, Stores, Assets)	
37	<p><b>Revenue: Rental contract amounts do not agree with recorded</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During testing of revenue from rental contracts instances were found where amounts, as recorded per Abakus, does not agree to the amounts per the rental contracts / agreements. The details are:</p> <p><input type="checkbox"/> Hessequa Municipality - The contract stipulates that R2 000 (incl VAT) is payable monthly from 1 January 2006 to 28 February 2006 and that R6,000 (incl VAT) is payable from 1 July 2006. No further escalation is specified. An amount of R2 280 (incl VAT) was raised from July 2012 to January 2013 and R6 000 from February to June 2013. This does not agree with the contract.</p> <p><input type="checkbox"/> Mr. Jan Terblanche - The contract stipulates that R28 500 (incl VAT) is payable monthly from 1 January 2012 to 31 December 2014. No escalation is specified. An amount of R7 799,84 (incl VAT) was raised in July 2012 and nothing else.</p> <p><input type="checkbox"/> Victoria Bay U Cell (MTN) - The contract stipulates that R2 204 (excl VAT) is payable monthly from 1 February 2013 to 01 February 2018. R2 204 x 5 = R11 020 was recorded on Abakus as including VAT.</p> <p>Further to this, an amount raised for rental revenue could not be traced to the Abakus</p>	Supply Chain Management Policy section 62 and the Municipal Supply Chain Management Act	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	

	<p>transactions listing of rental revenue for the following contracts / agreements as the contracts could not be submitted for audit purposes:</p> <p><input type="checkbox"/> Homeplett properties CC (Johannes Marthinus Geyser), with contract term, 1 August 2012 to 31 July 2013.</p> <p><input type="checkbox"/> Petrus Jacobus Braaf, with contract term, 15 June 2011 to 15 June 2014.</p> <p>The projected misstatement is R34 152</p>				
38	<p><b><u>Disclosure: Note 34 Unauthorised, Irregular, Fruitless and wasteful expenditure</u></b></p> <p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP1): Overall considerations</p> <p>Fair presentation and compliance with Standards of Generally Recognised Accounting Practice</p> <p>.19 In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>Through inspection of disclosure Note 34 to the annual financial statements, it was found that the 2012 comparative figures for unauthorised, fruitless and wasteful and irregular expenditure were incorrectly carried over from the prior year.</p> <p>It was also noted that management did not disclose details relating to the balance of R726 043 for fruitless &amp; wasteful expenditure (note 34.2), no indication was given whether any amount is recoverable and whether criminal or disciplinary steps were taken as a result of the fruitless &amp; wasteful expenditure.</p> <p>Further to this, it was identified that irregular expenditure amounting to R7 720 685 was incorrectly recognised as irregular expenditure for all deviations from the supply chain management policy and regulations for the period. Management should note that all deviations would not be regarded as being irregular expenditure.</p>	GRAP1	This matter has been resolved	Ms L Hoek Chief Financial Officer	
39	<p><b><u>Cash and cash equivalents: AFS/ general ledger does not agree with bank confirmation</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During the audit of cash and cash equivalents it was found that the general ledger and the external bank confirmation does not agree. The details are:</p> <p>Roads Standard Bank current account number 06 083 2835 Balance in the annual financial statements and general ledger R26 179 997 Balance as per Bank Confirmation R20 108 472</p>	Section 62(1) – General financial management functions of the Municipal Finance Management Act,	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	

	Difference R6 071 525 No reconciliation was done between cash and cash equivalents (bank statements) the general ledger. The cash and cash equivalents is overstated by R6 071 525				
40	<p><b><u>Debtors: Limitation of Scope</u></b></p> <p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p> <p>“When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to –</p> <p>(b) direct a person to produce, or to deliver at a specified place and time and in a specified format</p> <p>(i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or</p> <p>(ii) any such asset;”</p> <p>During our audit of debtors for 2012-13, request for information number 69 was issued on 24 October 2013 however, as at 31 October 2013, the following supporting documents was still outstanding:</p> <p>The non-submission of the above-mentioned information for audit purposes will result in the non-compliance of the Public Audit Act, 2004 (Act No. 25 of 2004) furthermore, this will place a limitation on our audit scope that could result in a negative audit outcome.</p> <p>The projected limitation is R1 009 489.</p>	Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004)	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	
41	<p><b><u>Revenue: Actual revenue received does not agree to the amount in the general ledger</u></b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>Revenue from income of agency fees overstated by R 44 846</p>	Section 62(1) – General financial management functions of the Municipal Finance Management Act	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	
42	<p><b><u>Disclosures: MFMA prior figures error</u></b></p> <p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP1): Overall considerations</p>	Standard of Generally Recognised Accounting	This matter has been resolved	L Hoek Chief Financial Officer	

	Fair presentation and compliance with Standards of Generally Recognised Accounting Practice .19 In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity: (b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information. During the audit of additional disclosure in terms of section 124 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), it was found that the prior year figures are incorrectly stated as these figures used are that of the 2011 financial year instead of the 2012 financial year, note 35 refers.	Practice: Framework for Preparation and Presentation of Financial Statements (GRAP I)		
43	<p><b><u>Debtors: No interest charged on overdue accounts</u></b></p> <p>In terms of section 64 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA) Revenue management—(1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality. (2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure— (g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and During the audit of debtors it was found that no interest has been charged on the following debtors</p>	Section 64 of the Municipal Finance Management Act	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)
44	<p><b><u>Implementation of the 2012-13 annual budget</u></b></p> <p>As per the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), section 52(d) - the mayor of a municipality must within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality. During the audit of compliance, it was found that the mayor did not submit a report to council on the implementation of the budget in a timely manner. The dates are as follows: <input type="checkbox"/> Quarter 3 section 52(d) should have been submitted on 30 April 2013, only submitted on 9 May 2013 <input type="checkbox"/> Quarter 4 section 52(d) should have been submitted on 31 July 2013, only submitted on 24 August 2013</p> <p><b><u>Adjustments budget for 2012-2013</u></b></p> <p>As per the Municipal budget and reporting regulation 26(1) (GNR 393 of 17 April 2009), the municipal manager must make public the approved adjustment budget, within 10 working days after the council approved the adjustment budget. During the audit of compliance, it was found that the municipal manager did not make the approved adjustment budget available within 10 working days. The adjustment budget was approved in council meeting 28 January 2013, and the approved adjustment budget was made public on 14 February 2013.</p>	(MFMA), section 52(d)	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)
45	<b><u>Disclosures: Discrepancy between adjustments to approved budget</u></b>	GRAP I	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)

	<p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP): Overall considerations Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>During the audit of Statement of Comparison of Budget and Actual amounts, it was noted that a discrepancy exists between the budgets made available to the public and the approved adjusted budget as at January 2013. The details are:</p> <p><b>Discrepancies:</b></p> <p>The revised operating revenue R176 272 713</p> <p>Total operating revenue as per the adjustment to approved budgets (AFS) R177 372 713</p> <p><b>Difference R1 100 000</b></p> <p>The revised operating expenditure of R175 336 969</p> <p>Total operating expenditure as per the adjustment to approved budgets (AFS) R176 436 972</p> <p><b>Difference R1 100 003</b></p> <p>Budgeted amount for operating revenue as per the financial statements are overstated by R1 100 000 and the budgeted amount for operating expenditure as per the financial statement is overstated by R1 100 003.</p>				
46	<p><b>Disclosures: No aging analysis – other receivables from non exchange transactions</b></p> <p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP): Overall considerations .19 In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>During the audit of other receivables from non exchange transactions (note 19) it was found that there is no age analysis disclosed for the current year as well as the previous year.</p> <p>Further to this it was also found that for note 41, the provision for doubtful debt as per note does not agree to the provision in note 18 and note 19 for receivables:</p> <ol style="list-style-type: none"> <li>1. Note 41: Provision for doubtful debts R6 565 966</li> <li>2. Note 18 &amp; 19: Provision for doubtful debts R8 021 472</li> </ol> <p>There is a difference of R1 455 506</p>	GRAP1	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	
47	<p><b>Employee cost: High vacancy rate</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <ol style="list-style-type: none"> <li>(a) That the resources of the municipality are used effectively, efficiently and economically;</li> <li>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</li> </ol>	Section 62(1) – General financial management functions of the Municipal Finance Management Act	This matter has been resolved	Mr G le Roux( Human Resources)	

	During the audit of employee cost it was noted that the overall vacancy rate has increased from 9% during the 2011-12 financial year to 10,6% the 2012-13 financial year. The non-filing of vacant posts could have a negative effect on the municipality's service delivery				
48	<p><b><u>Disclosure: Contingent liabilities incomplete (Note 37</u></b></p> <p>As per section 125(2)(c) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the notes to the annual financial statements of a municipality must disclose the particulars of any contingent liabilities of the municipality or entity as at the end of the financial year.</p> <p>During the audit of contingent liabilities, it was confirmed through inspection of the legal confirmation received from Schroter &amp; Associates Attorneys that the case involving Andy Lamont was not disclosed as a contingent liability in note 37 of the annual financial statements, the estimated financial exposure according to the legal confirmation is R1,2 million.</p> <p>Therefore contingent liabilities in disclosure note 37 are understated by R1,2 million.</p>			Ms L Hoek Chief Financial Officer	
49	<p><b><u>Consultants: Limitation of scope</u></b></p> <p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p> <p>“When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to –</p> <p>(b) direct a person to produce, or to deliver at a specified place and time and in a specified format</p> <p>(i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or</p> <p>(ii) any such asset;”</p> <p>During our audit of consultants for 2012-13 information regarding the use of the following consultants could not be provided:</p> <p><input type="checkbox"/> MeyerOtto and Mubesco</p> <p><input type="checkbox"/> Jan Palm</p> <p><input type="checkbox"/> Ignite</p> <p><input type="checkbox"/> ENS</p> <p>Information needed:</p> <p><input type="checkbox"/> Formal needs assessment</p> <p><input type="checkbox"/> Copy of project plan/ budget</p> <p><input type="checkbox"/> Who is monitoring the work of the consultant and how is it monitored (minutes discussing performance/ progress as well as).</p> <p>The non-submission of the above-mentioned information for audit purposes will result in the non-compliance of the Public Audit Act, 2004 (Act No. 25 of 2004) furthermore, this will place a limitation on our audit scope that could result in a negative audit outcome.</p>	Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004)	This matter has been resolved	Ms L Hoek Chief Financial Officer	

50	<p><b>Compliance: Non-compliance section 32(4) of MFMA</b></p> <p>In terms of section 32(4) the Municipal Finance Management Act, 2003 (Act No. 56 of 2003):</p> <p>The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of –</p> <p>a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;</p> <p>b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and</p> <p>c) the steps that have been taken -</p> <p>(i) to recover or rectify such expenditure; and</p> <p>(ii) to prevent a recurrence of such expenditure.</p> <p>During the audit the above mentioned reports were requested from management but could not be submitted. Management confirmed that these reports were not sent as per the requirement of the MFMA.</p>	Section 32(4) the Municipal Finance Management Act	This matter has been resolved	Ms L Hoek Chief Financial Officer	
51	<p><b>Revenue: Receipt accrued for in the wrong financial year</b></p> <p>In terms of the Standard of Generally Recognised Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP):</p> <p>Definitions</p> <p>.05 Accrual basis means a basis of accounting under which transactions other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses.</p> <p>During the audit it was found that the call centre service level agreement between the municipality and Mossel Bay Municipality states that R42 223,50 is payable by Mossel Bay Municipality, which is the prior year's amount (2011-12) of R39 095,84 + 8% escalation.</p> <p>Twelve receipts were raised that amounted to R506 682. However as per inspection of the general ledger a 13th receipt was raised on 16 August 2012 amounting to R39 095,84.</p> <p>This receipt relates to the 2011-12 financial year and should therefore have been accrued for in the 2011-12 financial year and not in the 2012-13 financial year</p>	GRAP1	This matter has been resolved	Mr S Stanley (Acting Deputy Manager BTO, Expenditure, Income)	
52	<p><b>Inventory: Annual Financial Statements differ from inventory listing</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>During the audit of inventory the following difference were found in comparing the annual financial statements, general ledger and the inventory listing.</p>	Section 62(1) – General financial management functions of the Municipal Finance Management Act	This matter has been resolved	Mr TM Mpuu (Deputy Manager, SCM Data, Stores, Assets)	



	Annual financial statements R3 778 281 General ledger R3 778 281 Inventory listing R3 729 763 Difference R48 518 Inventory is therefore over stated by R48 518.				
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# GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ol style="list-style-type: none"> <li>1. Service delivery &amp; infrastructure</li> <li>2. Economic development</li> <li>3. Municipal transformation and institutional development</li> <li>4. Financial viability and management</li> <li>5. Good governance and community participation</li> </ol>
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.

## GLOSSARY

Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section I of the MFMA defines a "vote" as:</p> <p>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>

# ABBREVIATIONS

ARMS:	Audit & Risk Management Solutions	IGR:	Intergovernmental Relations
AG:	Auditor-General	IMFO:	Institute for Municipal Finance Officers
BEE:	Black Economic Empowerment	IPWT:	Infrastructure, Public Works and Transport
BIMP:	Bulk Infrastructure Master Plan	ITP:	Integrated Transport Plan
BSD:	Basic Service Delivery	JOC:	Joint Operational Centre
BVM:	Eden District Municipality	KPA's	Key Performance Areas
CAPEX:	Capital Expenditure	KPI's	Key Performance Indicators
CBD:	Central Business District	LED:	Local Economic Development
CBP:	Community Based Planning	LGSETA:	Local Government Sector Education and Training Authority
CFO:	Chief Financial Officer	LTO:	Local Tourism Office
CRDP:	Comprehensive Rural Development Programme	LTA:	Local Tourism Association
CRR:	Cash Reserve Ratio	MAYCOM:	Mayoral Committee
CTRU:	Cape Town Routes Unlimited	MDMC:	Municipal Disaster Management Centre
DBSA:	Development Bank of South Africa	MFMA:	Municipal Finance Management Act
DCF:	District Coordinating Forum	MFVM:	Municipal Financial Viability and Management
DMA :	District Management Area	MIG:	Municipal Infrastructure Grant
DWAE:	Department of Water Affairs and Environment	MM:	Municipal Manager
DWAF:	Department of Water Affairs and Forestry	MMC:	Member of the Mayoral Committee
DPLG:	Department of Local Government	MMMTTs:	Municipal Mitigation Monitoring Task Teams
ECC:	Emergency Control Centre	MSA:	Municipal Systems Act No. 32 of 2000
ECDC:	Early Childhood Development Centre	MTECH:	Medium Term Expenditure Committee
EDENDM:	Eden District Municipality	MPRA:	Municipal Property Rates Act
EDAC:	Eden District AIDS Council	NGO:	Non-governmental organisation
EDYC:	Eden District Youth Council	NQF:	National Qualifications Framework
EDM:	Eden District Municipality	NSDP:	National Spatial Development Perspective
EDMMF:	Eden District Municipal Managers Forum	NT:	National Treasury
EE:	Employment Equity	NToD:	National Department of Transport
EIA:	Environmental Impact Assessment	OPEX:	Operating expenditure
EMF:	Environmental Management Framework	PAYE:	Pay As you Earn
EMP:	Environmental Management Policy	PCF:	Premier's Coordinating Forum
EMS:	Emergency Medical Services	PDMC:	Provincial Disaster Management Centre
EMSDP:	Environmental Management and Spatial Development and Planning	PMS:	Performance Management System
EOC:	Emergency Operations Centre	PP:	Public Participation
EPWP:	Extended Public Works Programme	PPP:	Public Private Partnership
EQM:	Environmental Quality Management	PT:	Provincial Treasury
ESS:	Early Warning System	RSDF:	Regional Spatial Development Framework
ETD:	Economic and Tourism Development	SALGA:	South African Local Government Organisation
EWD:	Early Warning Display	SAMDI:	South African Management Development Institute
FRM:	Finance and Resource Mobilization	SAPS:	South African Police Services
FPA:	Fire Protection Associations	SCFPA:	Southern Cape Fire Protection Association
GAMAP:	Generally Accepted Municipal Accounting Practice	SCM:	Supply Chain Management
GDP:	Gross Domestic Product	SDBIP:	Service Delivery and Budget Implementation Plan
GIS:	Geographic Information System	SDF:	Spatial Development Framework
GIZ:	German International Corporation	SITA:	State Information Technology Agency
GGID:	Good Governance and Institutional Development	TAS:	Turn Around Strategy
GGPP:	Good Governance and Public Participation	WED:	World Environmental Day
GRAP:	General Recognised Accounting Practices	WESSA:	Wildlife and Environmental Society of South Africa
GSC:	Council for Geosciences	WIT:	Wage Incentive Teams
HR:	Human Resources	WWF:	World Wildlife Fund
ICT:	Information Communication Technology	UIF:	Unemployment Insurance Fund
IDASA:	Institute for Democracy in South Africa		
IDP:	Integrated Development Plan		
IFRS:	International Financial Reporting Standards		

## APPENDICES

## APPENDIX A - COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

## 2011/2016 TERM - COUNCIL

PARTY	PR	PART	30-Jun	14-Jul	10, 22 & 26 Aug	SEPT: NO MEETING	28-Oct	28-Nov	DEC: NO MEETING	TOTAL
ANC	✓		NM Tanda	NM Tanda	NM Tanda		NM Tanda	NM Tanda		7
ANC	✓		S de Vries	S de Vries (absent)	S de Vries (absent on 22/8 and 26/8)		S de Vries	S de Vries (absent)		7
ANC	✓		M Fielies	M Fielies	M Fielies		M Fielies	M Fielies		7
ANC	✓		NA Bityi	NA Bityi	NA Bityi (absent on 26/8)		NA Bityi	NA Bityi (absent)		7
ANC	✓		D Xego	D Xego	D Xego		D Xego	D Xego		7
ANC	✓		P Luiters	P Luiters	P Luiters		P Luiters (absent)	P Luiters (absent)		7
DA	✓		HJ McCombi	HJ McCombi	HJ McCombi		HJ McCombi	HJ McCombi		7
DA	✓		H Floors	H Floors	H Floors		H Floors	H Floors		7
DA	✓		JJA Koegelenberg	JJA Koegelenberg	JJA Koegelenberg (absent on 26/8)		JJA Koegelenberg	JJA Koegelenberg		7
DA	✓		TA Simmers	TA Simmers	TA Simmers		TA Simmers (absent)	TA Simmers		7
DA	✓		NP Ngemntu	NP Ngemntu	NP Ngemntu		NP Ngemntu	NP Ngemntu		7
DA	✓		CM Skietekat	CM Skietekat	CM Skietekat		CM Skietekat	CM Skietekat		7
DA	✓		JG Janse van Rensburg	JG Janse van Rensburg	JG Janse van Rensburg		JG Janse van Rensburg	JG Janse van Rensburg		7
DA	✓		SF May	SF May	SF May		SF May	SF May		7

ICOSA	✓		VM Donson	VM Donson		VM Donson				donson replaced by Cllr BDD Linden	BDD Linden			7
George Mun.		✓	J du Toit	J du Toit		J du Toit				J du Toit	J du Toit			7
George Mun.		✓	T Teyisi	T Teyisi		T Teyisi				T Teyisi	T Teyisi			7
George Mun.		✓	HJ Jones	LBC Esau elected by IEC on 8 July 2011		LBC Esau				LBC Esau	LBC Esau			7
George Mun.		✓	GC Niehaus	GC Niehaus		GC Niehaus				GC Niehaus	GC Niehaus			7
George Mun.		✓	LN Qupe	LN Qupe		LN Qupe				LN Qupe	LN Qupe			7
George Mun.		✓	P van der Hoven	P van der Hoven		P van der Hoven				P van der Hoven	P van der Hoven			7
Hessequa		✓	R Johannes	R Johannes		R Johannes				R Johannes	R Johannes			7
Hessequa		✓	D Abrahams	D Abrahams		D Abrahams				D Abrahams	D Abrahams			7
Kannaland		✓	WP Meshoa	WP Meshoa		WP Meshoa				WP Meshoa	WP Meshoa			7
Knysna		✓	M Gombo	M Gombo		M Gombo				M Gombo	M Gombo			7
Knysna		✓	T Nayler	T Nayler		T Nayler				T Nayler	T Nayler			7
Mosselbay		✓	JJ Gerber - (absent)	JJ Gerber		JJ Gerber				JJ Gerber	JJ Gerber			7
Mosselbay		✓	NC Booisen	NC Booisen		NC Booisen				NC Booisen	NC Booisen			7
Mosselbay		✓	D van Rensburg	D van Rensburg		D van Rensburg				D van Rensburg	D van Rensburg			7
Mosselbay		✓	SS Mbandezi	SS Mbandezi		SS Mbandezi				SS Mbandezi	SS Mbandezi			7
Oudtshoorn		✓	J Harmse	J Harmse		J Harmse				J Harmse	J Harmse			7

Oudtshoorn	✓	J Maxim	J Maxim	J Maxim(absent 22/8)	J Maxim	J Maxim(absent)	7
Oudtshoorn	✓	VI van der Westhuizen	VI van der Westhuizen	VI van der Westhuizen	VI van der Westhuizen	VI van der Westhuizen	7
Bitou	✓	LL Mvimbi	LL Mvimbi	LL Mvimbi	LL Mvimbi (absent)	LL Mvimbi	7
Bitou	✓	AR Olivier	AR Olivier	AR Olivier	AR Olivier	AR Olivier	7

2012

		28-Jun	30-Jul	27-Aug	28-Sep	22-Oct	Nov	12 Des	TOTAL
PARTY	PR	PART							
ANC	✓	NM Tanda	NM Tanda	NM Tanda	NM Tanda	NM Tanda		NM Tanda	
ANC	✓	S de Vries	resigned on 31 Jul 2012	Waxa appointed by IEC on 7 Aug 2012	VWaxa (absent)	VWaxa (absent)		VWaxa	
ANC	✓	M Fielies	M Fielies	M Fielies	M Fielies(absent)	M Fielies(absent)		M Fielies	
ANC	✓	NA Bityi	NA Bityi	NA Bityi	NA Bityi(absent)	NA Bityi		NA Bityi	
ANC	✓	D Xego	D Xego	D Xego	D Xego(absent)	D Xego		D Xego	
ANC	✓	resigned on 30 Jun 2012	CN Ngalo-appointed by IEC on 13 July 2012	CN Ngalo	CN Ngalo(absent)	CN Ngalo		CN Ngalo	
DA	✓	HJ McCombi	HJ McCombi	HJ McCombi	HJ McCombi	HJ McCombi		HJ McCombi	
DA	✓	H Floors	H Floors	H Floors	H Floors	H Floors		H Floors	
DA	✓	JJA Koegelenberg	JJA Koegelenberg (sick leave)	JJA Koegelenberg	JJA Koegelenberg	JJA Koegelenberg		J J A Koegelenberg	

DA	✓		TA Simmers	TA Simmers	TA Simmers(	TA Simmers	TA Simmers	TA Simmers	TA Simmers			TA Simmers	
DA	✓		NP Ngemntu	NP Ngemntu	NP Ngemntu	NP Ngemntu	NP Ngemntu	NP Ngemntu	NP Ngemntu			NP Ngemntu	
DA	✓		CM Skietekat	CM Skietekat	CM Skietekat	CM Skietekat	CM Skietekat	CM Skietekat	CM Skietekat			CM Skietekat	
DA	✓		JG Janse van Rensburg	JG Janse van Rensburg	JG Janse van Rensburg	JG Janse van Rensburg	JG Janse van Rensburg	JG Janse van Rensburg	JG Janse van Rensburg			JG Janse van Rensburg	
DA	✓		SF May	SF May	SF May	SF May	SF May	SF May	SF May			SF May	
ICOSA	✓		BDD Linden	BDD Linden(	BDD Linden(	BDD Linden(	BDD Linden(	BDD Linden(	BDD Linden(			BDD Linden	
George Mun.		✓	J du Toit	J du Toit	J du Toit	J du Toit	J du Toit	J du Toit	J du Toit			J du Toit	
George Mun.		✓	T Teyisi	T Teyisi(	T Teyisi(	T Teyisi	T Teyisi	T Teyisi	T Teyisi			T Teyisi	
George Mun.		✓	LBC Esau	LBC Esau	LBC Esau	LBC Esau	LBC Esau	LBC Esau	LBC Esau			LBC Esau	
George Mun.		✓	GC Niehaus	GC Niehaus	GC Niehaus	GC Niehaus	GC Niehaus	GC Niehaus	GC Niehaus			GC Niehaus	
George Mun.		✓	LN Qupe	LN Qupe	LN Qupe	LN Qupe	LN Qupe	LN Qupe	LN Qupe			LN Qupe	
George Mun.		✓	P van der Hoven	P van der Hoven(	P van der Hoven	P van der Hoven	P van der Hoven	P van der Hoven	P van der Hoven			P van der Hoven	
Hessequa		✓	R Johannes	R Johannes	R Johannes	R Johannes	R Johannes	R Johannes	R Johannes			R Johannes	
Hessequa		✓	D Abraham	D Abraham	D Abraham	D Abraham	D Abraham	D Abraham	D Abraham			D Abraham	
Kannaland		✓	WP Meshoa	WP Meshoa(	WP Meshoa	WP Meshoa	WP Meshoa	WP Meshoa	WP Meshoa			WP Meshoa	
Knysna		✓	M Gombo	M Gombo	M Gombo(	M Gombo(	M Gombo(	M Gombo(	M Gombo(			S de Vries	
Knysna		✓	T Naylor	T Naylor	T Naylor	T Naylor	T Naylor	T Naylor	T Naylor			T Naylor	

Mosselbay	✓	JJ Gerber	JJ Gerber	JJ Gerber	JJ Gerber	JJ Gerber (absent)	JJ Gerber			JJ Gerber		
Mosselbay	✓	NC Booisen	NC Booisen	NC Booisen	NC Booisen	N C Booisen(absent)	NC Booisen			NC Booisen		NC Booisen
Mosselbay	✓	D van Rensburg	D van Rensburg	D van Rensburg	D van Rensburg	D van Rensburg(absent)	D van Rensburg			D van Rensburg		D van Rensburg
Mosselbay	✓	SS Mbandezi	SS Mbandezi(absent)	SS Mbandezi	SS Mbandezi	SS Mbandezi	SS Mbandezi			SS Mbandezi		SS Mbandezi
Oudtshoorn	✓	J Harmse	J Harmse(without leave)	J Harmse	J Harmse	J Harmse(absent)	J Harmse(without leave)			J Harmse		J Harmse
Oudtshoorn	✓	J Maxim	J Maxim	J Maxim	J Maxim	J Maxim(absent)	J Maxim			J Maxim		J Maxim
Oudtshoorn	✓	VI van der Westhuizen	VI van der Westhuizen	VI van der Westhuizen	VI van der Westhuizen	VI van der Westhuizen	VI van der Westhuizen(absent)			VI van der Westhuizen		VI van der Westhuizen
Bitou	✓	LL Mvimbi	Resign as cllr on 1/7/12 as cllr	Appointed by IEC on 17/8/12	MM Mbali	MM Mbali	MM Mbali(absent)			M Mbali(absent)		M Mbali(absent)
Bitou	✓		JWG Brummer appointed by IEC on 12/7/12	Brummer: Cessation of DA membership as of 31/7/2012	NM de Waal appointed by IEC on 25/09/12	NM de Waal	NM de Waal			NM de Waal		NM de Waal

2013

PARTY	PR	PART	28-Jun	30-Jul	27-Aug	28-Sep	22-Oct	NOVEMBER	DECEMBER	TOTAL
ANC	✓									
ANC	✓									



## APPENDICES

[illegible]

## APPENDICES

[illegible]

## APPENDIX B - COMMITTEES AND COMMITTEE PURPOSES

## EDEN DISTRICT MUNICIPALITY - SECTION 80 COMMITTEES : AS AT March 2012

	TANDO	BONISILE	REHANA	REHANA	TANDO	REHANA	TANDO
<u>PARTIES</u>	COMMUNITY SERVICES	INFRASTRUCTURE SERVICES	FINANCIAL SERVICES	CORPORATE SERVICES	STRATEGIC SERVICES	LOCAL ECONOMIC DEVELOPMENT SERVICES	POVERTY ALLEVIATION & RURAL DEV
CHAIR	AR OLIVIER	J Du TOIT	JJA KOEGELENBERG	TA SIMMERS	HJ MCCOMBI	J MAXIM	SF MAY
DA	GC Niehaus	JJA Koegelenberg	JG Janse van Rensburg	NP Ngemntu	LBC Esau	HJ McCombi	H Floors
	LN Qupe	H Floors	JJ Gerber	JJ Gerber	NP Ngemntu	NC Booisen	AR Olivier
	T Simmers	NC Booisen	SF May		GC Niehaus	AR Olivier	R Johannes
		JG Janse van Rensburg			CMA Skietekat	R Johannes	LN Qupe
ANC	ME Gombo	P van der Hoven	D Xego	T Teyisi	LL Mvimbi	S de Vries	N Bityi
	MN Tanda	D Abrahams	P van der Hoven	S Mbandezi	P van der Hoven	M Fielies	P van der Hoven
COPE	J Maxim						
ICOSA				Vacant			W Meshoa
ACDP			D van Rensburg	D van Rensburg			
				J du Toit			
TOTAL	7	7	7	8	7	7	8

## APPENDIX B - SECTION 79 COMMITTEES

			T HOLTZHAUSEN	T HOLTZHAUSEN	REHANA	TANDO	DAPHNE	DISCIPLINARY COMMITTEE
Parties	BUDGET STEERING	APPEALS COM	GOVERNANCE	SCOPA	TRAINING & DEV	HEALTH & SAFETY	LOCAL LABOUR FORUM	AS AND WHEN REQUIRED
CHAIR	JJA KOEGELENBERG	D VAN RENS-BURG	D NAYLER	D XEGO	TA SIMMERS	TA SIMMERS	TA Simmers	
DA	JJ Gerber	JJ Gerber	JJ Gerber	LN Qupe HJ Floors JGirgense van Rens-	NP Ngemntu	Vacant GC Niehaus	J du Toit TA Simmers HJ McCombi SF May Municipal Manager T Holtzhausen I Official	
ANC			P van der Hoven	S de Vries		MM Mbali	P van der Hoven T Teyisi	
COPE			J Maxim		J Maxim			
ICOSA			BDD Linden	BDD Linden	W Meshoa		BDD Linden	
ACDP		J du Toit	J du Toit	D van Rensburg				
UNIONS					2 Imatu Vacant(samwu) M April	P Koopman D Baartman M Solani	7 Samwu 3 Imatu	

## APPENDIX B - OTHER COMMITTEES

Political Party	Public Transport Council representatives	Road Agency	DAC
	Chairperson of Infrastructure	Chairperson of Infrastructure	Chairperson of Social Dev (SF May)
DA	NC Booisen as secundus	NC Booisen as secundus	JJA Koegelenberg JG Janse van Rensburg (secundus)
ANC			
COPE			
ICOSA			
ACDP			

## APPENDIX C - THIRD TIER ADMINISTRATIVE STRUCTURE

Creation Date  
06/06/2012

Last Modified  
06/07/2013

**EDEN DISTRICT MUNICIPALITY**  
**ORGANOGRAM: OFFICE OF MUNICIPAL MANAGER (2012/2013)**

COUNCIL APPROVAL: DC 365/09/12

COUNCIL

EXECUTIVE MAYOR

OFFICE OF THE MUNICIPAL MANAGER	
PURPOSE: TO ENSURE THAT MUNICIPAL SERVICES ARE ADMINISTERED IN ACCORDANCE	
CONSTITUTION	
FUNCTIONS:	
1. PROVIDE SUPPORT SERVICES TO THE MUNICIPALITY IN SUPPORT OF THE EFFICIENT EXECUTION	
OF ITS FUNCTIONS AND OBLIGATIONS IN ACCORDANCE WITH THE IDP	
2. MANAGE THE FINANCIAL DEPARTMENT TO ENSURE FINANCIAL VIABILITY, COMPLIANCE AND	
REPORTING OF THE MUNICIPALITY AND TO COORDINATE, FACILITATE AND PROVIDE CAPACITY	
BUILDING IN THE DISTRICT AS A WHOLE AS CONTAINED IN THE IDP	
3. PROVIDE MANAGEMENT SERVICES IN ACCORDANCE WITH LEGISLATION, POLICIES AND THE IDP	
4. PROVIDE ROADS SERVICES AS AGENT OF PROVINCIAL GOVERNMENT IN ACCORDANCE WITH ROADS AGENCY FUNCTION AGREEMENT	
5. PROVIDE INDEPENDANT APPRAISAL OF THE ADEQUACY AND EFFECTIVENESS	
6. MANAGE TO DEVELOP, MAINTAIN AND MONITOR THE INSTITUTIONAL PERFORMANCE MANAGEMENT SYSTEMS IN THE MUNICIPALITY	
7. MANAGE INTERNAL AUDIT SERVICES	
8. MANAGE DEPARTMENTAL RISK	
1 X MUNICIPAL MANAGER	GW LOUW 5715
CONTRACT SECTION 56	

1 X PERSONAL ASSISTANT  
POST LEVEL T10 (TASK MARCH 2012)

RL MEYER 12/15

1 X ADMINISTRATIVE OFFICER PTI (ADMIN ASSISTANT) E DE VILLIERS 0234  
POST LEVEL 0PT11 (T-UNAVAILABLE)

DEPARTMENT: SUPPORT SERVICES	
1 X EXECUTIVE MANAGER	
CONTRACT SECTION 56	
DEPARTMENT: FINANCIAL SERVICES	
1 X CHIEF FINANCIAL OFFICER	
POST LEVEL T19	
DEPARTMENT: MANAGEMENT SERVICES	
1 X EXECUTIVE MANAGER	
CONTRACT SECTION 56	
DEPARTMENT: ROADS SERVICES (AGENCY FUNCTION)	
1 X SENIOR MANAGER	
POST LEVEL T19	

PURPOSE: TO PROVIDE INDEPENDENT APPRAISAL OF THE ADEQUACY AND EFFECTIVENESS	
1. ASSISTANCE WITH THE DEVELOPMENT OF & REVIEW & CONSOLIDATION OF EDEN	
DISTRICT OPERATIONAL STRATEGY & PLANS	
2. MANAGE THE IMPLEMENTATION OF AUDIT STRATEGIES & PLANS	
3. REVIEW DEVELOP & RECOMMEND SYSTEMS & PROCESSES	
4. DEVELOP & RECOMMEND DIVISIONAL POLICIES & PROCEDURES	
5. DEVELOP, MANAGE & LEAD THE AUDIT STAFF	
6. MANAGE & COORDINATE RISK ASSESSMENTS & CROSS AUDITING	
7. OVERSEE PROPER REPORTING PROCESSES	
1 X CHIEF INTERNAL AUDITOR & REGIONAL FACILITATOR	NM DLENGEZELE 1160
POST LEVEL T15 (BENCHMARKED)	

SEE PAGE 2

PURPOSE: TO DEVELOP, MAINTAIN AND MONITOR THE INSTITUTIONAL PERFORMANCE MANAGEMENT SYSTEMS IN THE MUNICIPALITY	
FUNCTIONS:	
1. DEVELOPING, COORDINATING AND IMPLEMENTING THE POLICY ON PERFORMANCE MANAGEMENT	
SYSTEM IN COMPLIANCE WITH LEGISLATION AND COMMUNICATION PARTICIPATION	
2. DEVISING INSTRUMENTS AND MECHANISMS TO SUPPORT THE IMPLEMENTATION OF THE PMS FRAMEWORK	
3. ADVISING THE MUNICIPAL MANAGER AND OTHER MANAGERS ON MATTERS RELATED TO THE PMS.	
4. FACILITATING COORDINATING THE ANNUAL REVIEW OF THE PMS.	
5. ENSURING HORIZONTAL AND VERTICAL ALIGNMENT OF THE PMS WITH NATIONAL, PROVINCIAL & DISTRICT	
GOVERNMENT STRUCTURES	
7. ENSURING AND MANAGING AN OPERATIONAL MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM,	
FILTERING THROUGH TO THE DISTRICT.	
1 X PERFORMANCE MANAGEMENT OFFICER	IG SAAMMAN 1038
POST LEVEL 0PT11 (T11)	

## APPENDIX D - FUNCTIONS OF MUNICIPALITY / ENTITY

## Municipal / Entity Functions

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	Eden Community Services Department
Building regulations	No	B - Municipal/Provincial Government Function
Child care facilities	Yes	Eden Community Services
Electricity and gas reticulation	Yes	Eden Technical Services Department
Firefighting services	Yes	Eden Disaster Management Section
Local tourism	Yes	Eden Tourism Section
Municipal airports	No	B - Municipal Function
Municipal planning	Yes	Eden Strategic Services Department
Municipal health services	Yes	District Municipal Function
Municipal public transport	Yes	Eden Technical Services Department
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	Eden EPWP Section
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	B - Municipal Function
Stormwater management systems in built-up areas	Yes	Eden Technical Services Department
Trading regulations	No	B - Municipal Function
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	B - Municipal Function
Constitution Schedule 5, Part B functions:		
Beaches and amusement facilities	No	B - Municipal Function
Billboards and the display of advertisements in public places	No	B - Municipal Function
Cemeteries, funeral parlours and crematoria	No	B - Municipal Function
Cleansing	No	B - Municipal Function
Control of public nuisances	No	B - Municipal Function
Control of undertakings that sell liquor to the public	No	B - Municipal Function
Facilities for the accommodation, care and burial of animals	No	B - Municipal Function
Fencing and fences	No	B - Municipal Function
Licensing of dogs	No	B - Municipal Function
Licensing and control of undertakings that sell food to the public	Yes	Eden Municipal Health Section
Local amenities	No	B - Municipal Function
Local sport facilities	No	B - Municipal Function
Markets	No	B - Municipal Function
Municipal abattoirs	No	B - Municipal Function

## APPENDICES

Municipal parks and recreation	No	B - Municipal Function
Municipal roads	Yes	Eden Technical Services Department
Noise pollution	No	B - Municipal Function
Pounds	No	B - Municipal Function
Public places	No	B - Municipal Function
Refuse removal, refuse dumps and solid waste disposal	No	B - Municipal Function
Street trading	No	B - Municipal Function
Street lighting	No	B - Municipal Function
Traffic and parking	No	B - Municipal Function

T D



## APPENDIX G - RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2011/2012

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during Year 2011/12	Recommendations adopted (enter Yes) If not adopted (provide explanation)
19 August 2011	The Internal Audit provides recommendations to Management based on the findings that have been identified during audits performed.	Yes, follow-up reports are performed to ensure that management implements the recommendations
14 November 2011	The Internal Audit provides recommendations to Management based on the findings that have been identified during audits performed.	Yes, follow-up reports are performed to ensure that management implements the recommendations
22 February 2012	The Internal Audit provides recommendations to Management based on the findings that have been identified during audits performed.	Yes, follow-up reports are performed to ensure that management implements the recommendations
22 March 2012	The Internal Audit provides recommendations to Management based on the findings that have been identified during audits performed.	Yes, follow-up reports are performed to ensure that management implements the recommendations
12 June 2012	The Internal Audit provides recommendations to Management based on the findings that have been identified during audits performed.	Yes, follow-up reports are performed to ensure that management implements the recommendations

## APPENDIX K (I) - REVENUE COLLECTION PERFORMANCE BY VOTE

REVENUE COLLECTION PERFORMANCE BY VOTE									
Vote Description	Year 2011/12	Current Year: Year 2012/13			Actual	Adjusted Budget	Original Budget	Year 1 Variance	
		Actual	Original Budget	Adjusted Budget				Original Budget	Adjustments Budget
Executive and Council	291 931		165 968	168 962	290 183		75%		72%
Finance									
Corporate			688	1 364	901		31%		-34%
Planning and Development									
Public Safety									
Health Services			1 110	160	131		19%		-18%
Community and Social									
Sport and Recreation			5 446	4 985	4 583		-16%		-8%
Housing									
Waste Management				327	312				-5%
Road Transport									
Waste Water Management									
Water									
Electricity									
Environmental Management			275	475	488		77%		3%
Total Revenue by Vote	291 931		172 487	176 273	296 598		72%		68%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3									T K.1

## APPENDIX K (II) - REVENUE COLLECTION PERFORMANCE BY SOURCE

R '000									
Description		Year 2010/11		Year 2011/12		Year 2011/12 Variance			
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget		
Property rates									
Property rates - penalties & collection charges									
Service Charges - electricity revenue									
Service Charges - water revenue									
Service Charges - sanitation revenue									
Service Charges - refuse revenue									
Service Charges - other									
Rentals of facilities and equipment			2 000	1 770	1 775	- 11%		0%	
Interest earned - external investments		2 089	2 350	1 991	3 433	46%		72%	
Interest earned - outstanding debtors									
Dividends received									
Fines									
Licences and permits									
Agency services			10 320	10 320	127 772	24%		24%	
Transfers recognised - operational		249 305	130 697	135 069	242 585	86%		86%	
Other revenue		23 280	27 120	27 125	31 546	16%		16%	
Gains on disposal of PPE									
Environmental Protection									
Total Revenue (excluding capital transfers and contributions)		274 674	172 487	176 273	292 111	69%		66%	
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.									
							T K.2		

## APPENDIX L - CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

CONDITIONAL GRANTS: EXCLUDING MIG						
R' 000						
Details	Budget	Adjust-ments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	A d j u s t - ments Budget	
Local Government Financial Management Grant	1 250	1250	1250	0 %	0%	
LGSETA: LED Learnerships	200	200	415	108 %	108 %	
Global fund		58	0	0%	%	
Libraries Grant - Facilities	140	140	0	0%	0%	
Task contributions municipalities	0	0	219	0%	0%	
Roads dept of transport	0	0	120 761	0%	0%	
Work for water	11 705	11 705	3 651	68 %	68 %	
Electricity demand side management	4 000	4 000	0	0%	0%	
MSIG (Municipal System Improvement Grant)	790	790	790	0%	0%	
Total	6380	6380	127 087			
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T L

Refer to page 203

## APPENDIX M - CAPITAL EXPENDITURE - NEW &amp; UPGRADE / RENEWAL PROGRAMMES

CAPITAL EXPENDITURE - FUNDING SOURCES YEAR 2010/11 - 2011/12									
R' 000		Year 2010/11	Year 2011/12						
Details		Actual	Original Budget (OB)	A d j u s t m e n t Budget	Actual	Adjustment to Variance (%)	OB	Actual to Variance (%)	OB
Source of finance									
	External loans						0		
	Public contributions and donations		8 000				0		
	Grants and subsidies		4 000				0		
	Own sources		7 000	13 890			669	98%	95%
Total		0	19 000	13 890			669	98%	95%
Percentage of finance									
	External loans		0%	0%			0%	0%	0%
	Public contributions and donations		42%	0%			0%	0%	0%
	Grants and subsidies		21%	0%			0%	0%	0%
	Other		37%	100%			100%	100%	100%
Capital expenditure									
	Water and sanitation						0		
	Electricity						0		
	Housing						0		
	Roads and storm water						0		
	Other		19000	13890			669	-27%	-96%
Total		0	19000	13890			669	-27%	-96%
Percentage of expenditure									
	Water and sanitation		0	0			0	0	0
	Electricity		0	0			0	0	0
	Housing		0	0			0	0	0
	Roads and storm water		0	0			0	0	0
	Other		1	1			1	1	1
T5.6.1									

Refer to page 207

## CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*						
R' 000						
Name of Project	Current Year: Year 2011/12	Adjustment Budget	A c t u a l Expenditure	Variance Current Year: Year 1		
	Original Budget			Original Variance (%)	Adjustment variance (%)	
Public Safety		236	196	#DIV/0!		17%
Sport and Recreation	700	291	170	76%		42%
Corporate services	550	503	303	45%		40%
Electricity	4 000	11 490	0	100%		100%
IT equipment	3 602	700	0	100%		100%
					T5.7.1	

Refer to 6.7 Page 208

## APPENDIX M (II) - CAPITAL EXPENDITURE - FUNDING SOURCES YEAR 2010/11 - 2011/12

CAPITAL EXPENDITURE - FUNDING SOURCES YEAR 2010/11 - 2011/12									
R' 000		Year 2010/11	Year 2011/12		A d j u s t m e n t Budget	Actual	Adjustment to Variance (%)	OB	Actual to OB Variance (%)
Details		Actual	Original Budget (OB)						
Source of finance									
	External loans								
	Public contributions and donations		8 000						
	Grants and subsidies		4 000						
	Own sources		7 000		13 890	669		98%	95%
Total		0	19 000		13 890	669		98%	95%
Percentage of finance									
	External loans		0%		0%			0%	0%
	Public contributions and donations		42%		0%			0%	0%
	Grants and subsidies		21%		0%			0%	0%
	Other		37%		100%	100%		100%	100%
Capital expenditure									
	Water and sanitation					0			
	Electricity					0			
	Housing					0			
	Roads and storm water					0			
	Other		19000		13890	669		-27%	-96%
Total		0	19000		13890	669		-27%	-96%
Percentage of expenditure									
	Water and sanitation		0		0	0		0	0
	Electricity		0		0	0		0	0
	Housing		0		0	0		0	0
	Roads and storm water		0		0	0		0	0
	Other		1		1	1		1	1
T5.6.1									

Refer to page 207

## APPENDIX O - DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

<b>DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY: YEAR 2011/12</b>				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	V a l u e Year R' 000	Total Amount committed over previous and future years
No loans were made by the municipality				
* Loans/Grants - whether in cash or in kind				T R



## APPENDIX Q - NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Development of Regional Bulk Water Supply and Wastewater master plans	100%
	Development of Integrated Waste Management Master Plan	100%
	Establish a Renewable energy forum in the district	100%
	Development of Bulk Sanitation Masterplan	n/a to C-Municipality
	Plan and develop a regional landfill site with a hazardous cell	80%
	Draft by-laws and policy for waste management in the region	60%
	Developed an Air Quality Masterplan	100%
	Developed a Disaster Management Plan	100%
	Render a Municipal Health Service	100%
	Development of a District Integrated Transport Plan (DITP)	100%
Output: Implementation of the Community Work Programme	District Non-motorised Transport Plan developed	100%
	Eden Mobility Strategy developed	100%
	Maintenance of district municipal roads	100%
	Appointment of District EPWP Coordinator	100%
	Develop an EPWP strategy	100%
	As District Municipality (Category C Municipality), the Eden District Municipality does not have Ward Committees. 90% of all B - Municipalities residing within the district, however, do have fully functional Ward Committees.	
	IDP review for 2011/12	100%
	Financial statements submitted by legislative deadline	100%
	Unqualified audit report for 2010/11	100%
	Implement performance management system (not organisational)	80 - 90%
Output: Administrative and financial capability	Implement IT system integration	80%
	Disaster Recovery Infrastructure	100%
	Develop a land asset system	65%
	Institutionalization of participation structures	50%
	Implement disability programmes	60%
	Human resource administration	90%
	Regional HR forum operational	100%
	Workplace skills plan for 2011/12 submitted	100%
	SALGA- Corporate Working group	100%
	Regional Skills Development Forum	100%
	Conduct skills audit for the region	100%

\* Note: Some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information.

APPENDIX S - DECLARATION OF RETURNS NOT MADE IN DUE TIME  
UNDER MFMA S71**MFMA SECTION 71 RETURNS NOT MADE DURING YEAR 1 ACCORDING TO REPORTING  
REQUIREMENTS**

Return	Reason Return has not been properly made on due date
AM2012	Information in terms of Assets / Financial statements is not in the required format and difficulty completing the return

## VOLUME II

## ANNUAL FINANCIAL STATEMENTS

EDEN DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

NET ASSETS AND LIABILITIES		2013 R (Actual)	2012 R (Restated)
	Note		
<b>Net assets</b>		456 114 234	441 000 277
Housing Development Fund	2	56 426	56 426
Capital replacement reserve		7 390 546	7 390 546
Accumulated Surplus/(Deficit)		448 667 262	433 553 305
<b>Non-current liabilities</b>		107 059 961	97 589 958
Long-term liabilities	3	3 505 512	2 512 940
Employee Benefits	4	100 567 435	92 196 213
Non-current provisions	5	2 987 014	2 880 805
<b>Current liabilities</b>		68 993 411	61 778 865
Current Employee Benefits	6	17 158 630	15 923 298
Provisions	7	2 498 888	2 368 639
Payables from Exchange Transactions	8	40 665 028	35 066 622
Unspent conditional grants and receipts	9	8 048 537	7 883 178
Current portion of long-term liabilities	3	622 328	537 128
<b>Total Net Assets and Liabilities</b>		<b>632 167 606</b>	<b>600 369 100</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		542 158 163	546 550 620
Property, plant & equipment	11	148 706 327	155 470 849
Investment Property	12	347 611 218	344 922 438
Intangible Assets	13	3 541 143	1 378 776
Non-Current Investments	15	40 774	40 774
Long-term receivables	16	42 258 702	44 737 782
<b>Current assets</b>		90 009 443	53 818 480
Inventory	17	3 778 281	3 311 513
Trade receivables from exchange transactions	18	3 388 492	1 314 981
Other receivables - Non exchange transactions	19	3 171 057	2 011 211
Vat receivable	10	2 095 405	1 754 629
Unpaid conditional grants and receipts	9	2 057 455	-
Current portion of long-term debtors	16	2 534 279	2 653 527
Cash and Cash Equivalents	20	72 984 474	42 772 618
<b>Total Assets</b>		<b>632 167 606</b>	<b>600 369 100</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
<b>REVENUE</b>		<b>Total</b>			<b>Total</b>
<b>Revenue from Non-Exchange Transactions</b>		138 098 849	128 562 476	(120 761 442)	249 323 919
<b>Taxation Revenue</b>		-	126	-	126
Property rates - penalties imposed and collection charges		-	-	-	-
Regional Services Levies		-	126	-	126
Public contributions, donated and contributed property, plant and equipment		-	-	-	-
<b>Transfer Revenue</b>		138 092 955	128 544 439	(120 761 442)	249 305 881
Regional Services Levies Equitable Share		125 699 000	122 912 000	-	122 912 000
Government grants and subsidies	21	12 393 955	5 632 439	(120 761 442)	126 393 881
<b>Other Revenue</b>		5 894	17 911	-	17 911
Fines		-	-	-	-
Insurance Proceeds		-	-	-	-
Fair Value Adjustment - Investments		-	-	-	-
Unamortised Discount		5 894	17 911	-	17 911
Assets Identified for the First Time		-	-	-	-
<b>Revenue from Exchange Transactions</b>		145 125 564	143 476 901	118 126 714	25 350 187
Rental of facilities and equipment		1 774 762	1 265 673	-	1 265 673
Interest earned - external investments		3 432 586	2 089 886	-	2 089 886
Interest earned - outstanding debtors		-	5	-	5
Licenses and permits		208 295	205 200	-	205 200
Third Party Payments		-	-	-	-
Actuarial Gain from Ex-Gratia Pensions		159 276	2 944 250	-	2 944 250
Department of Transport - Roads Service Charges		110 141 345	120 748 861	120 748 861	-
Income for agency services		14 148 470	7 234 405	(2 980 595)	10 215 000
Other income	22	14 018 312	8 476 758	358 448	8 118 310
TASK Contributions Municipalities		-	-	-	-
Contributed PPE		294 102	-	-	-
Gains on disposal of property, plant and equipment		133 542	-	-	-
Contribution Shop Steward		814 874	511 863	-	511 863
<b>Total Revenue</b>		<b>283 224 413</b>	<b>272 039 377</b>	<b>(2 634 728)</b>	<b>274 674 106</b>
<b>EXPENDITURE</b>					
Employee related costs	23	91 463 258	92 924 441	954 971	91 969 470
Employee related costs - Roads		51 068 849	50 861 967	50 861 967	-
Remuneration of Councillors	24	6 747 342	6 326 927	-	6 326 927
Impairment of Trade Receivables		2 042 881	380 212	-	380 212
Collection costs		-	-	-	-
Actuarial Loss		8 111 513	562 626	-	562 626
Impairment Losses		120 395	2 166 809	(70 710)	2 237 519
Increase in Provision for Rehabilitation of Landfill Sites		-	-	-	-
Increase in Provision for Alien Vegetation		236 458	550 467	-	550 467
Depreciation		4 572 603	6 215 400	(266 185)	6 481 585
Amortisation		468 231	646 318	(402 320)	1 048 638
Repairs and maintenance		2 956 793	2 338 003	170 149	2 167 853
Finance Charges	25	742 776	401 852	-	401 852
Contracted services		6 384 700	5 692 604	-	5 692 604
Grants and subsidies utilised	26	11 273 713	5 420 789	-	5 420 789
Roads - Operating Grant Expenditure	27	59 072 495	69 886 894	(50 874 548)	120 761 442
Stock Losses	17	5 687	268 288	-	268 288
Unamortised Discount - Interest		98 040	112 654	-	112 654
Loss on disposal of property, plant and equipment		391 063	156 413	(44 367)	200 780
General Expenses	28	22 353 658	28 945 738	431 204	28 514 535
<b>Total Expenditure</b>		<b>268 110 455</b>	<b>273 858 402</b>	<b>760 161</b>	<b>273 098 241</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>15 113 957</b>	<b>(1 819 025)</b>	<b>(3 394 889)</b>	<b>1 575 865</b>
Surplus/ (Deficit) from Discontinued Operations		-	-	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>15 113 957</b>	<b>(1 819 025)</b>	<b>(3 394 889)</b>	<b>1 575 865</b>
<b>Loss on transfer of District Management Area</b>		-	(100 061 444)	(278 268)	(99 783 176)
<b>NET (DEFICIT) FOR THE YEAR</b>		<b>15 113 957</b>	<b>(101 880 469)</b>	<b>(3 673 157)</b>	<b>(98 207 312)</b>

Refer to Note 34 for explanation of variances

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	<u>Capital Replacement Reserve</u>	<u>Housing Development Fund</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total</u>
	R	R	R	R
<b>2012</b>				
Balance at 1 July 2011	15 379 122	56 426	545 894 275	561 329 823
Correction of error (Note 29)	-	-	(18 449 077)	-18 449 077
Changes in accounting policy	-	-	-	-
<b>Restated Balance</b>	<b>15 379 122</b>	<b>56 426</b>	<b>527 445 198</b>	<b>542 880 746</b>
Surplus/(deficit) for the year			(101 880 469)	-101 880 469
Corrections			-	-
Purchase of Property, Plant and Equipment	-		-	-
Transfer to Surplus	(7 988 576)		7 988 576	-
<b>Balance at 30 June 2012</b>	<b>7 390 546</b>	<b>56 426</b>	<b>433 553 305</b>	<b>441 000 277</b>
<b>2013</b>				
Correction of error (Note 29)	-	-	-	-
<b>Restated Balance</b>	<b>7 390 546</b>	<b>56 426</b>	<b>433 553 305</b>	<b>441 000 277</b>
Surplus/(deficit) for the year			15 113 957	15 113 957
Purchase of Property, Plant and Equipment			-	-
Transfer to Surplus	-	-	-	-
Transfer to Housing Development Fund	-	-	-	-
Interest received			-	-
<b>Balance at 30 June 2013</b>	<b>7 390 546</b>	<b>56 426</b>	<b>448 667 262</b>	<b>456 114 234</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R	2012 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		148 102 719	91 896 129
Government - operating		138 082 436	198 431 333
Government - capital		-	-
Interest		3 432 586	2 089 891
Dividends		-	-
<b>Payments</b>			
Suppliers and employees		(259 035 790)	(264 061 969)
Finance charges		(742 776)	(401 852)
Transfers and Grants		-	-
Cash generated/(absorbed) by operations	30	29 839 175	27 953 531
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>29 839 175</b>	<b>27 953 531</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(581 293)	(465 462)
Proceeds on disposal of property, plant and equipment		169 731	0
Additions to Investment Properties		-	-
Increase in intangible assets		(2 799 712)	(49 897)
Decrease / (Increase) in non-current receivables		2 604 222	(9 964 727)
Decrease / (Increase) in non-current investments		-	200
Decrease / (Increase) in Discontinued Operations		-	-
Decrease in call investment deposits		-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(607 051)</b>	<b>(10 479 887)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in consumer deposits		-	-
Increase/(Decrease) in Long term liabilities		979 732	(1 823 928)
Increase/(Decrease) in Liabilities associated with Discontinued Operations		-	(22 409)
Increase in funds and reserves		-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>979 732</b>	<b>(1 846 337)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>30 211 856</b>	<b>15 627 307</b>
Cash and cash equivalents at the beginning of the year		42 772 618	27 145 311
Cash and cash equivalent at the end of the year	31	72 984 474	42 772 618

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R	2013 R	2013 R	
	(Actual)	(Final Budget)	(Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	72 983 370	27 145 000	45 838 370	Cash and Call investment deposits were treated as cash and cash equivalents when budgeted figures were prepared. Amongst others, the following was not taken into consideration during the budget preparation: Roads bank account, unspent grants, provision for SARS and trade payables.
Call investment deposits	1 104	30 000 000	(29 998 896)	Refer above
Consumer debtors	-	(20 200 000)	20 200 000	Incorrect budget methodology applied. Consumer debtors were transferred to George Municipality in May 2012.
Other Receivables	10 712 409	12 352 000	(1 639 591)	Anticipating debtors relating to rental of facilities not materialised due to task team still in process of investigating all Investment Property revenue enhancing initiatives.
Current portion of long-term receivables	2 534 279	2 298 000	236 279	Refer above
Inventory	3 778 281	3 406 000	372 281	Increase in fuel and other materials due to additional work performed by the Roads Agency department on year-end.
<b>Total current assets</b>	<b>90 009 443</b>	<b>55 001 000</b>	<b>35 008 443</b>	
<b>Non current assets</b>				
Long-term receivables	42 258 702	35 111 000	7 147 702	Increase in post-retirements benefits of the Roads department, resulting in the increase in the long term debtor of the Public of Transport.
Investments	40 774	-	40 774	
Investment property	347 611 218	354 027 000	(6 415 782)	When AFS were finalised, complete revisit of Investment Property was performed, resulting in unforeseen amendments being made.
Property, plant and equipment	148 706 327	177 192 000	(28 485 673)	
Biological Assets	-	-	-	
Intangible Assets	3 541 143	3 358 000	183 143	When AFS were finalised, complete revisit of Intangible assets was performed, resulting in unforeseen amendments being made.
Heritage Assets	-	92 716 000	(92 716 000)	No heritage asses identified when AFS were compiled
<b>Total non current assets</b>	<b>542 158 163</b>	<b>662 404 000</b>	<b>(120 245 837)</b>	
<b>TOTAL ASSETS</b>	<b>632 167 606</b>	<b>717 405 000</b>	<b>-85 237 394</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	622 328	537 000	85 328	
Consumer deposits	-	-	-	
Trade and other payables	48 713 565	29 977 000	18 736 565	Correction of error on VAT on Agency Function, Compensation Commissioner not anticipated, as well as the July Roads subsidy received in June as payment in advance.
Provisions and Employee Benefits	19 657 518	17 111 000	2 546 518	Provision for pro-rata bonus not considered during budget preparation.
<b>Total current liabilities</b>	<b>68 993 411</b>	<b>47 625 000</b>	<b>21 368 411</b>	
<b>Non current liabilities</b>				
Borrowing	3 505 512	4 182 000	(676 488)	Budgeted figures based on prior year balances, including disaster management finance lease which was re-paid during 2013.
Provisions and Employee Benefits	103 554 449	91 770 000	11 784 449	Provision for pro-rata bonus not considered during budget preparation.
<b>Total non current liabilities</b>	<b>107 059 961</b>	<b>95 952 000</b>	<b>11 107 961</b>	
<b>TOTAL LIABILITIES</b>	<b>176 053 372</b>	<b>143 577 000</b>	<b>32 476 372</b>	
<b>NET ASSETS</b>	<b>456 114 234</b>	<b>573 828 000</b>	<b>(117 713 766)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	448 667 262	1 640 000	447 027 262	
Reserves	7 446 972	15 435 000	(7 988 028)	It was budgeted that depreciation amount would be transferred to CRR. However, due to cash constraint, this was not possible.
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>456 114 234</b>	<b>17 075 000</b>	<b>439 039 234</b>	

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

### ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	27 145 311	(311)	27 145 000	
Call investment deposits	30 000 000	-	30 000 000	
Consumer debtors	-	(20 200 000)	(20 200 000)	Incorrect budget methodology applied. Consumer debtors were transferred to George Municipality in May 2012.
Other Receivables	12 351 868	132	12 352 000	
Current portion of long-term receivables	2 297 645	355	2 298 000	
Inventory	3 405 546	454	3 406 000	
<b>Total current assets</b>	<b>75 200 370</b>	<b>(20 199 370)</b>	<b>55 001 000</b>	
<b>Non current assets</b>				
Long-term receivables	35 111 026	(26)	35 111 000	
Investments	-	-	-	
Investment property	354 026 907	93	354 027 000	
Property, plant and equipment	177 192 000	-	177 192 000	
Biological Assets	-	-	-	
Intangible Assets	3 357 640	360	3 358 000	
Other Non-Current Assets	92 716 167	(167)	92 716 000	
<b>Total non current assets</b>	<b>662 403 740</b>	<b>260</b>	<b>662 404 000</b>	
<b>TOTAL ASSETS</b>	<b>737 604 110</b>	<b>(20 199 110)</b>	<b>717 405 000</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	
Borrowing	537 000	-	537 000	
Consumer deposits	-	-	-	
Trade and other payables	29 977 000	-	29 977 000	
Provisions and Employee Benefits	17 110 847	153	17 111 000	
<b>Total current liabilities</b>	<b>47 624 847</b>	<b>153</b>	<b>47 625 000</b>	
<b>Non current liabilities</b>				
Borrowing	4 182 000	-	4 182 000	
Provisions and Employee Benefits	91 770 000	-	91 770 000	
<b>Total non current liabilities</b>	<b>95 952 000</b>	<b>-</b>	<b>95 952 000</b>	
<b>TOTAL LIABILITIES</b>	<b>143 576 847</b>	<b>153</b>	<b>143 577 000</b>	
<b>NET ASSETS</b>	<b>594 027 263</b>	<b>(20 199 263)</b>	<b>573 828 000</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	1 640 436	(436)	1 640 000	
Reserves	15 435 548	(548)	15 435 000	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>17 075 984</b>	<b>(984)</b>	<b>17 075 000</b>	



# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R	2013 R	2013 R	
	(Actual Excluding Roads' Amounts)	(Final Budget)	(Variance)	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	1 774 762	1 790 800	(16 038)	
Interest earned - external investments	3 432 586	1 990 908	1 441 678	Expenditure was incurred later during the financial year.
Interest earned - outstanding debtors	-	-	-	
Dividends received	-	-	-	
Fines	-	-	-	
Licences and permits	208 295	-	208 295	Included under other income in the budget.
Agency services	14 148 470	12 511 234	1 637 236	Additional allocations received for the roads function for resealing projects.
Government Grants and Subsidies - Operating	138 092 955	147 709 233	(9 616 278)	
Contributed PPE	294 102	-	294 102	Assets received from Santam
Other revenue	14 998 356	12 820 538	2 177 818	Additional unforeseen income received from fire fighting fees.
Gains on disposal of PPE	133 542	-	133 542	
<b>Total Operating Revenue</b>	<b>173 083 068</b>	<b>176 822 713</b>	<b>(3 739 645)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	91 463 258	88 008 909	3 454 349	Compensation Commissioner not budgeted for and leave and bonus provision corrected as part of year-end procedures.
Remuneration of councillors	6 747 342	6 871 411	(124 069)	
Debt impairment	2 042 881	1 054 000	988 881	Budget was prepared based on prior year figures. However, when in-depth review of outstanding amounts was performed, additional impairment was required due to ageing of debts.
Depreciation & asset impairment	5 161 229	8 135 840	(2 974 611)	Lower depreciation due to review of useful lives.
Finance charges	742 776	749 840	(7 064)	Prior year actual figures were used as the basis for the compilation of the budget figures. However, during the financial year, the finance lease relating to the disaster management equipment were fully paid up during the year, resulting in the decrease in finance charges.
Bulk purchases	-	-	-	
Other materials	2 956 793	3 745 229	(788 436)	Accurate budgeting is encumbered due to re-active maintenance performed instead of pro-active maintenance.
Contracted services	6 384 700	17 303 164	(10 918 464)	In the process of compiling a maintenance and fleet management plan which will increase the level of pro-active maintenance in the future.
Grants and subsidies paid	11 273 713	9 545 686	1 728 027	Savings In the use of consultants.
Other expenditure	30 805 356	40 472 892	(9 667 536)	General savings initiatives, savings task team was established and implementation of turnaround strategy. Reasons for major savings include decrease in legal costs due to appointment of in-house legal advisor as well as savings on operating projects due limited use of external service providers when projects were completed.
Loss on disposal of PPE	391 063	-	391 063	
<b>Total Operating Expenditure</b>	<b>157 969 111</b>	<b>175 886 972</b>	<b>(17 917 861)</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>15 113 957</b>	<b>935 742</b>	<b>14 178 215</b>	
Government Grants and Subsidies - Capital	-	-	-	
<b>Net Surplus/(Deficit) for the year</b>	<b>15 113 957</b>	<b>935 742</b>	<b>14 178 215</b>	

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

### ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	2 157 000	(366 200)	1 790 800	Original budget was not correct and adjustment was made after an investigation of rental properties.
Interest earned - external investments	2 349 600	(358 692)	1 990 908	Less funds available for investment and lower interest rates than anticipated
Interest earned - outstanding debtors	-	-	-	
Dividends received	-	-	-	
Fines	-	-	-	
Licences and permits	-	-	-	
Agency services	12 637 542	(126 308)	12 511 234	Work for Water admin fee was lower than anticipated.
Government Grants and Subsidies - Operating	128 949 000	18 760 233	147 709 233	Roll-over grants approved and additional allocations received. Re-allocation between grants and other income.
Other revenue	26 394 509	(13 573 971)	12 820 538	Re-allocation between grants and other income and revenue from resorts were adjusted downwards.
Gains on disposal of PPE	-	-	-	
<b>Total Operating Revenue</b>	<b>172 487 651</b>	<b>4 335 062</b>	<b>176 822 713</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	88 295 836	(286 927)	88 008 909	
Remuneration of councillors	6 871 411	-	6 871 411	
Debt impairment	1 054 000	-	1 054 000	
Depreciation & asset impairment	8 135 840	-	8 135 840	
Finance charges	749 840	-	749 840	
Bulk purchases	-	-	-	
Other materials	4 052 777	(307 548)	3 745 229	Re-allocation between repairs and maintenance and other expenditure.
Contracted services	16 881 786	421 378	17 303 164	
Grants and subsidies paid	4 892 000	4 653 686	9 545 686	Roll-over grants approved and additional allocations received
Other expenditure	39 913 463	559 429	40 472 892	
Loss on disposal of PPE	-	-	-	
<b>Total Operating Expenditure</b>	<b>170 846 953</b>	<b>5 040 019</b>	<b>175 886 972</b>	
<b>Operating Deficit for the year</b>	<b>1 640 699</b>	<b>(704 957)</b>	<b>935 742</b>	
Government Grants and Subsidies - Capital			-	
<b>Net Surplus for the year</b>	<b>1 640 699</b>	<b>(704 957)</b>	<b>935 742</b>	

**EDEN DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	148 102 719	500 000	147 602 719	Incorrect budget methodology applied. Budget template will be revised to ensure GRAP compliance. Staff will be capacitated with the necessary skills.
Government - operating	138 082 436	1 500 000	136 582 436	Refer above.
Government - capital	-	-	-	
Interest	3 432 586	2 350 000	1 082 586	Refer above.
Dividends	-	-	-	
Payments				
Suppliers and Employees	(259 035 790)	(9 479 080)	(249 556 710)	Refer above.
Finance charges	(742 776)	(750 000)	7 224	Refer above.
Transfers and Grants	-	(4 892 000)	4 892 000	Refer above.
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>29 839 175</b>	<b>(10 771 080)</b>	<b>40 610 255</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of Assets	169 731	-	169 731	Refer above.
Decrease/(increase) in non-current receivables	2 604 222	-	2 604 222	Refer above.
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(3 381 005)	-	(3 381 005)	Refer above.
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(607 051)</b>	<b>-</b>	<b>(607 051)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	979 732	-	979 732	Refer above.
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>979 732</b>	<b>-</b>	<b>979 732</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>30 211 856</b>	<b>(10 771 080)</b>	<b>40 982 936</b>	
Cash and Cash Equivalents at the beginning of the year	42 772 618	-	42 772 618	Refer above.
Cash and Cash Equivalents at the end of the year	72 984 474	(10 771 080)	83 755 554	Refer above.

**EDEN DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

**ADJUSTMENTS TO APPROVED BUDGET**

	2013 R	2013 R	2013 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	41 188 446	(40 688 446)	500 000	
Government - operating	128 949 000	(127 449 000)	1 500 000	
Government - capital	-	-	-	
Interest	2 350 000	-	2 350 000	
Dividends		-	-	
Payments				
Suppliers and Employees	(119 920 287)	110 441 207	(9 479 080)	
Finance charges	(750 000)	-	(750 000)	
Transfers and Grants	(4 892 000)	-	(4 892 000)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>46 925 159</b>	<b>(57 696 239)</b>	<b>(10 771 080)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	-	-	-	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>46 925 159</b>	<b>(57 696 239)</b>	<b>(10 771 080)</b>	
Cash and Cash Equivalents at the beginning of the year	46 925 159	-	-	
Cash and Cash Equivalents at the end of the year		(57 696 239)	(10 771 080)	Refer above

Incorrect budget methodology applied. Budget template will be revised to ensure GRAP compliance. Staff will be capacitated with the necessary skills.  
Refer above

Refer above

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS****1.1. BASIS OF PREPARATION**

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

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

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

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

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

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

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

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

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

**1.3. GOING CONCERN ASSUMPTION**

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

**1.4. COMPARATIVE INFORMATION**

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

**1.5. AMENDED DISCLOSURE POLICY**

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

**1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

**1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and based on the Municipal Budget and Reporting Regulations format. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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

Explanations for material differences between the final budget amounts and actual amounts are included in the Statements of Comparison of Budget and Actual Amounts. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R500,000.

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

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

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

Standard	Description	Effective Date
<b>GRAP 6 (Revised – Nov 2010)</b>	<b>Consolidated and Separate Financial Statements</b> The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of a Municipality as a single entity.	<b>Unknown</b>
<b>GRAP 7 (Revised – Mar 2012)</b>	<b>Investments in Associate</b> This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.  No significant impact is expected as the Municipality will not participate in such business transactions.	<b>1 April 2013</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

<b>GRAP 8</b> <b>(Revised – Nov 2010)</b>	<b>Interest in Joint Ventures</b> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	<b>Unknown</b>
<b>GRAP 18</b> <b>(Original – Feb 2011)</b>	<b>Segment Reporting</b> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p>	<b>Unknown</b>
<b>GRAP 20</b> <b>(Original – June 2011)</b>	<b>Related Party Disclosure</b> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<b>Unknown</b>
<b>GRAP 105</b> <b>(Original – Nov 2010)</b>	<b>Transfer of Functions Between Entities Under Common Control</b> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>



# ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

<b>GRAP 106</b> <b>(Original – Nov 2010)</b>	<b>Transfer of Functions Between Entities Not Under Common Control</b> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
<b>GRAP 107</b> <b>(Original – Nov 2010)</b>	<b>Mergers</b> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
<b>IGRAP 11</b>	<b>Consolidation - Special Purpose Entities (SPE)</b> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	<b>Unknown</b>
<b>IGRAP 12</b>	<b>Jointly Controlled Entities non-monetary contributions</b> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	<b>Unknown</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**1.9. RESERVES****1.9.1. Capital Replacement Reserve (CRR)**

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

**1.9.2. Housing Development Fund**

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

**1.10. LEASES****1.10.1. Municipality as Lessee**

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**1.10.2. Municipality as Lessor**

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

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

**1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

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

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

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

**1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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

**1.13. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

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

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

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

**1.14. PROVISIONS**

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

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

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

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

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

## 1.15. EMPLOYEE BENEFITS

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

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

### 1.15.1. *Post-Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

#### **1.15.2. Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

#### **1.15.3. Ex gratia Gratuities**

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

#### **1.15.4. Provision for Staff Leave**

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

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

Accumulated leave is vesting.



**1.15.5. Staff Bonuses Accrued**

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

**1.15.6. Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees.

**1.15.7. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which 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.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

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

**1.15.8. Other Short-term Employee Benefits**

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.

**1.16. BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the Municipality directly to the nature of the expenditure to be funded. In such cases, the Municipality expenses those borrowing costs related to a qualifying asset directly to the Statement of Financial Performance.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

## **1.17. PROPERTY, PLANT AND EQUIPMENT**

### **1.17.1. Initial Recognition**

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

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

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**1.17.2. Subsequent Measurement – Cost Model**

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

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

**1.17.3. Depreciation and Impairment**

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

The annual depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	7 - 32	Buildings	9 - 32
		Other vehicles	2 - 34
<b><u>Community</u></b>		Office equipment	4 - 32
Buildings	7 - 32	Furniture and fittings	1 - 33
Recreational Facilities	32	Bins and containers	8 - 32
Parks and gardens	22	Specialised plant and Equipment	4 - 23
		Fire Engines	6 - 34
		Emergency equipment	6 - 17
		Computer equipment	3 - 32

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

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

**1.17.4. De-recognition**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2010.

**1.18. INTANGIBLE ASSETS****1.18.1. Initial Recognition**

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

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

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

Intangible assets are initially recognised at cost.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

**1.18.2. Subsequent Measurement – Cost Model**

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

**1.18.3. Amortisation and Impairment**

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	4 - 18

**1.18.4. De-recognition**

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

**1.19. INVESTMENT PROPERTY****1.19.1. Initial Recognition**

Investment property is recognised as an asset when, and only when:

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

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

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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

**1.19.2. Subsequent Measurement – Cost Model**

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

**1.19.3. Depreciation and Impairment – Cost Model**

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

<b><u>Investment Property</u></b>	<b><u>Years</u></b>
Buildings	29 - 32

**1.19.4. De-recognition**

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

**1.19.5. Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010

**1.20. HERITAGE ASSETS****1.20.1. Initial Recognition**

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

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

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

#### **1.20.2. Subsequent Measurement – Cost Model**

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

#### **1.20.3. Depreciation and Impairment**

Heritage assets are not depreciated

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

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

#### **1.20.4. De-recognition**

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

#### **1.20.5. Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

### **1.21. NON-CURRENT ASSETS HELD FOR SALE**

#### **1.21.1. Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**1.21.2. Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

**1.22. IMPAIRMENT OF NON-FINANCIAL ASSETS****1.22.1. Cash-generating assets**

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

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

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

**(a) External sources of information**

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

**(b) Internal sources of information**

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### **1.22.2. Non-cash-generating assets**

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

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

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

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## (b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## 1.23. INVENTORIES

### 1.23.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

### 1.23.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

## **1.24. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

### **1.24.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### **1.24.2. Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### **1.24.2.1. Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### 1.24.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### 1.24.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### 1.24.2.4. Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.24.3. De-recognition of Financial Instruments****1.24.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.24.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.24.4. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**1.25. REVENUE****1.25.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.25.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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

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

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connections on the property. Service charges are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

## 1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same Municipality (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 Municipality of which the other entity is a member).
  - both entities are joint ventures of the same third party.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an Municipality who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.27. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

**1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

**1.31.1. Post-retirement medical obligations, Long service awards and Ex gratia gratuities**

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**1.31.2. Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1.31.3. Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.31.4. Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

**1.31.5. Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

**1.31.6. Revenue Recognition**

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.31.7. Provision for Clearing of Alien Vegetation**

The Municipality has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared. Assessment of the clearing costs is based on quotations from a specialist supplier and is made every second year and adjusted for inflationary in the alternate years.

**1.31.8. Provision for Task Implementation**

The provision at 30 June for Task Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

**1.31.9. Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**1.31.10. Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

**1.31.11. Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.33. CAPITAL COMMITMENTS**

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.34. EVENTS AFTER REPORTING DATE**

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

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

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 2 HOUSING DEVELOPMENT FUND

Housing Development Fund

- Unappropriated Surplus
- Loans extinguished by Government on 1 April 1998

The Housing Development Fund is represented by the following assets and liabilities

- Bank and cash

#### Total Housing Development Fund Assets and Liabilities

2013 R	2012 R
56 426	56 426
56 426	56 426
-	-
56 426	56 426
56 426	56 426

#### 3 LONG TERM LIABILITIES

Capitalised Lease Liability - At amortised cost  
DBSA Loans - At amortised cost

Sub-total

Less: Current portion transferred to currents liabilities

DBSA Loans - At amortised cost  
Current Portion of Unamortised Charges to Loans

Less: Unamortised Charges to Loans

Balance 1 July  
Adjustment for the Year

#### Total Long-term Liabilities - At amortised cost using the effective interest rate method

Annuity loans at amortised cost is calculated at 9.29%-17.82% interest rate, with first maturity date of 31 December 2009 and last maturity date of 31 March 2016. Interest rates are at arms length and the amounts reflected above represents the fair value of the financial liabilities. The schedule of contractual maturity analysis for Annuity Loans:

Refer to Appendix A for more detail on long-term liabilities.

The obligations under DBSA loans are scheduled below:

Amounts payable under DBSA loans

Payable within one year  
Payable within two to five years  
Payable after five years

Less: Future finance obligations

#### Present value of loan obligations

Less: Amounts due for settlement within 12 months

#### Amount due for settlement after 12 months

Minimum Loan Payments	
2013	2012
1 065 688	1 065 688
532 844	1 598 532
-	-
1 598 532	2 664 220
2 668 398	622 978
4 266 930	3 287 198
(700 394)	(635 168)
3 566 536	2 652 030

#### 4 EMPLOYEE BENEFITS

Provision for Post Employment Health Care Benefits  
Roads - Provision for Post Employment Health Care Benefits  
Provision for Ex-Gratia Pension Benefits  
Roads - Provision for Ex-Gratia Pension Benefits  
Provision for Long Service Leave Awards  
Roads - Provision for Long Service Leave Awards

Less Short Term Portion Transferred to Current Provisions

#### Total Non-current Employee Benefit Liabilities

2013 R	2012 R
55 798 855	44 434 116
40 801 527	43 847 116
1 007 190	1 009 246
855 875	1 002 246
4 362 238	4 173 517
3 113 523	2 499 304
105 939 208	96 965 545
(5 371 773)	(4 769 332)
100 567 435	92 196 213

Included in the above provision for Employee Benefits are the following amounts in respect of benefits payable to the Roads Division:

Roads - Provision for Post Employment Health Care Benefits  
Roads - Provision for Ex-Gratia Pension Benefits  
Roads - Provision for Long Service Leave Awards

2013 R	2012 R
40 801 527	43 847 116
855 875	1 002 246
3 113 523	2 499 304
44 770 925	47 348 666

In terms of the agreement with the Western Cape Provincial Government these amounts will be recoverable from the Provincial Government Western Cape on payment to the set employees. Refer note 16.

#### Post Employment Health Care Benefits

Balance 1 July  
Contribution for the year  
Interest Cost  
Expenditure for the year  
DMA staff transfer curtailment  
Actuarial Loss/(Gain)

#### Total post retirement benefits 30 June

Less: Transfer of Current Portion - Note 6

#### Balance 30 June

2013 R	2012 R
88 281 230	80 158 912
3 208 495	2 930 581
6 591 292	6 659 298
(3 873 060)	(3 950 180)
-	(2 352 508)
2 392 423	4 835 127
96 600 380	88 281 230
(4 245 684)	(3 873 060)
92 354 696	84 408 170

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 4 EMPLOYEE BENEFITS (Continued)

#### Long Service Leave Benefits

	2013 R	2012 R
Balance 1 July	6 672 821	6 146 331
Contribution for the year	735 605	788 126
Interest Cost	413 095	456 213
Expenditure for the year	(676 588)	(803 163)
DMA staff transfer curtailment		(433 160)
Actuarial Loss/(Gain)	330 828	518 474
<b>Total post retirement benefits 30 June</b>	<b>7 475 761</b>	<b>6 672 821</b>
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(826 134)</b>	<b>(581 994)</b>
<b>Balance 30 June</b>	<b>6 649 627</b>	<b>6 090 827</b>

#### Ex-Gratia Pension Awards

Balance 1 July	2 011 492	2 236 754
Contribution for the year	-	-
Interest Cost	108 116	157 281
Expenditure for the year	(314 277)	(303 400)
Actuarial Loss/(Gain)	57 735	(79 143)
<b>Total post retirement benefits 30 June</b>	<b>1 863 066</b>	<b>2 011 492</b>
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(299 955)</b>	<b>(314 277)</b>
<b>Balance 30 June</b>	<b>1 563 111</b>	<b>1 697 215</b>

#### TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	96 965 543	88 541 997
Contribution for the year	3 944 100	3 718 707
Interest Cost	7 112 503	7 272 792
Expenditure for the year	(4 863 925)	(5 056 743)
DMA staff transfer curtailment	-	(2 785 668)
Actuarial Loss/(Gain)	2 780 986	5 274 458
<b>Total post retirement benefits 30 June</b>	<b>105 939 207</b>	<b>96 965 543</b>
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(5 371 773)</b>	<b>(4 769 331)</b>
<b>Balance 30 June</b>	<b>100 567 434</b>	<b>92 196 212</b>

### 4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2013 Members	2012 Members
In-service (employee) members	193	201
Roads - In-service (employee) members	187	184
Continuation members (e.g. retirees, widows, orphans)	82	81
Roads - Continuation members (e.g. retirees, widows, orphans)	67	71
<b>Total Members</b>	<b>529</b>	<b>537</b>

The liability in respect of past service has been estimated to be as follows:

	2013 R	2012 R
In-service members	20 979 543	20 197 695
Roads - In-service members	19 704 991	18 080 395
Continuation members	34 819 312	24 236 421
Roads - Continuation members	21 096 535	25 766 720
<b>Total Liability</b>	<b>96 600 381</b>	<b>88 281 231</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2010 R	2011 R
In-service members	13 235 688	14 544 044	18 270 798
Roads - In-service members	9 836 950	12 297 165	14 159 873
Continuation members	22 272 894	23 789 933	28 124 019
Roads - Continuation members	18 241 793	18 180 649	19 604 223
	<b>63 587 325</b>	<b>68 811 791</b>	<b>80 158 913</b>

Experience adjustments were calculated as follows:

	2013 R	2012 R
Liabilities: (Gain) / loss	6 190 000	(3 898 000)

	2009 R	2010 R	2011 R
Liabilities: (Gain) / loss	2 883 000	3 740 000	(780 000)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
Keyhealth  
LA Health  
ProSano  
Hosmed  
SAMWU Medical Aid

The Future-service Cost for the ensuing year is estimated to be R 3 266 868, whereas the Interest- Cost for the next year is estimated to be R 8 063 028.



## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 4 EMPLOYEE BENEFITS (Continued)

Key actuarial assumptions used:

##### i) Rate of interest

Discount rate	8.53%	7.63%
Health Care Cost Inflation Rate	7.55%	6.93%
Net Effective Discount Rate	0.91%	0.66%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

##### ii) Mortality rates

The PA 90 ult. Mortality table was used by the actuaries.

##### iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

	2013 R	2012 R
Present value of fund obligations	55 798 855	44 434 116
Roads - Present value of fund obligations	40 801 526	43 847 115
<b>Net liability/(asset)</b>	<b>96 600 381</b>	<b>88 281 231</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

##### Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	88 281 230	80 158 912
Current service cost	3 208 495	2 930 581
Interest Cost	6 591 292	6 659 298
Benefits Paid	(3 873 060)	(3 950 180)
Total expenses	94 207 957	85 798 611
DMA Staff Transfer Curtailment	-	(2 352 508)
Actuarial (gains) / losses	2 392 423	4 835 127
Present value of fund obligation at the end of the year	96 600 380	88 281 230

##### Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		40.685	55.916	96.600	
Health care inflation	1%	49.636	62.207	111.843	16.00%
Health care inflation	-1%	33.662	50.587	84.249	-13.00%
Post retirement mortality	- 1 yr	42.019	58.156	100.174	4.00%
Average retirement age	+ 1 yr	43.712	55.916	99.628	3.00%
Withdrawal rate	-50%	45.350	55.916	101.266	5.00%

Assumption	Change	Current-service Cost R	Interest Cost R	Total R	% change
Central Assumption		3 208 500	6 591 300	9 799 800	
Health care inflation	1%	4 020 200	7 690 900	11 711 100	20.00%
Health care inflation	-1%	2 588 800	5 708 300	8 297 100	-15.00%
Post-retirement mortality	-1 year	3 313 500	6 849 600	10 163 100	4.00%
Average retirement age	-1 year	3 455 500	6 814 600	10 270 100	5.00%
Withdrawal Rate	-50%	3 831 400	6 953 000	10 784 400	10.00%

#### 4.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 215 Eden employees and 300 Roads employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 915 457, whereas the Interest- Cost for the next year is estimated to be R 515 028.

Key actuarial assumptions used:

##### i) Rate of interest

Discount rate	7.28%	6.47%
General Salary Inflation (long-term)	6.79%	5.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.46%	0.47%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

##### Analysis of accrued liability

Fair value of plan assets -		
Accrued Liability	4 362 238	4 173 517
Roads - Accrued Liability	3 113 523	2 499 304
<b>Net liability / (asset)</b>	<b>7 475 761</b>	<b>6 672 821</b>

	2013 R	2012 R
Present value of fund obligation at the beginning of the year	6 672 821	6 146 331
Current service cost	735 605	788 126
Interest Cost	413 095	456 213
Benefits Paid	(676 588)	(803 163)
Total expenses	7 144 933	6 587 507
DMA Staff Transfer Curtailment	-	(433 160)
Actuarial (gains) / losses	330 828	518 474
Present value of fund obligation at the end of the year	7 475 761	6 672 821



# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 4 EMPLOYEE BENEFITS (Continued)

The amounts recognised in the Statement of Financial Position are as follows:

	2013 R	2012 R
Accrued Liability	4 362 238	4 173 517
Roads - Accrued Liability	3 113 523	2 499 304
<b>Net liability</b>	<b>7 475 761</b>	<b>6 672 821</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2010 R	2011 R
Accrued Liability	3 241 846	4 752 074	3 744 356
Roads - Accrued Liability	1 694 817	2 677 312	2 401 975
<b>Total Liability</b>	<b>4 936 663</b>	<b>7 429 386</b>	<b>6 146 331</b>

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss		356 598	57 687
	2009 R	2010 R	2011 R
Liabilities: (Gain) / loss	91 154	2 070 144	(304 411)

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		7.746	
General salary inflation	+ 1%	7.978	7%
General salary inflation	- 1%	7.021	-6%
Average retirement age	-2 yrs	5.934	-21%
Average retirement age	+2 yrs	8.553	14%
Withdrawal rates	-50%	8.974	20%

#### 4.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 10 former Eden employees and 15 former Roads employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 115 595.

Key actuarial assumptions used:

##### i) Rate of interest

	2013 %	2012 %
Discount rate	6.74%	5.82%
Pension Increase Rate	3.12%	2.52%
Net Effective Discount Rate: pensioners with pension increases of 50% of DPI	3.51%	3.22%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amounts recognised in the Statement of Financial Position are as follows:

	2013 R	2012 R
Accrued Liability	1 007 190	1 009 245
Roads - Accrued Liability	855 875	1 002 246
<b>Net liability</b>	<b>1 863 065</b>	<b>2 011 491</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2010 R	2011 R
Accrued Liability	1 331 368	1 103 251	1 129 529
Roads - Accrued Liability	1 302 980	1 193 785	1 107 225
<b>Total Liability</b>	<b>2 634 348</b>	<b>2 297 036</b>	<b>2 236 754</b>

Experience adjustments were calculated as follows:

	2013 R	2012 R
Liabilities: (Gain) / loss	84 892	(225 549)
Assets: Gain / (loss)	-	-

	2009 R	2010 R	2011 R
Liabilities: (Gain) / loss	143 539	(228 298)	30 642
Assets: Gain / (loss)	-	-	-

#### Analysis of accrued liability

	2013 R	2012 R
Fair value of plan assets -		
Accrued Liability	1 007 190	1 009 245
Roads - Accrued Liability	855 875	1 002 246
<b>Net liability / (asset)</b>	<b>1 863 066</b>	<b>2 011 491</b>

## EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## 4 EMPLOYEE BENEFITS (Continued)

## Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year  
Interest Cost  
Benefits Paid  
Total expenses  
Actuarial (gains) / losses  
Present value of fund obligation at the end of the year

2013 R	2012 R
2 011 492	2 236 754
108 116	157 281
(314 277)	(303 400)
1 805 331	2 090 635
57 735	(79 143)
1 863 066	2 011 492

## Sensitivity Analysis on the Unfunded Accrued Liability

## Assumption

Central assumptions  
Pension Increase rate  
Pension Increase rate  
Post-retirement mortality

## Change

+1%  
-1%  
- 1 yr

Liability  
(R)

1 863 065  
1 959 421  
1 774 010  
1 958 945

## % change

5%  
-5%  
5%

## 4.4 Retirement Funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

## Cape Joint Pension Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.90% (30 June 2011 - 98.10%).

2013

2012

R

404 944

R

400 853

Contributions paid recognised in the Statement of Financial Performance

## Cape Retirement Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108.00% (30 June 2011 - 103.3%).

13 351 106

11 220 255

Contributions paid recognised in the Statement of Financial Performance

## Defined Contribution Plans

Council contribute to the Municipal Council Pension Fund and the NMWF Retirement Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund

98 470

179 144

Contributions paid recognised in the Statement of Financial Performance

98 470

179 144

## 5 NON-CURRENT PROVISIONS

Provision for Alleviation of Alien Vegetation on Council Properties  
Less current portion transferred to Current Provisions - Note 7

2013

R

5 485 902

(2 498 888)

2 987 014

2012

R

5 249 444

(2 368 639)

2 880 805

## Total Non-Current Provisions

## Clearing of Alien Vegetation

Balance 1 July  
Contribution for the year

5 249 444

236 458

4 698 977

550 467

## Total provision 30 June

5 485 902

(2 498 888)

2 987 014

5 249 444

(2 368 639)

2 880 805

Less: Transfer of Current Portion to Current Provisions - Note 7

## Balance 30 June

According to the Alien Vegetation Eradication plan developed for the district municipality, it is estimated that an amount of R5,485,902 is required assuming that a strategy is followed where all properties were treated in the first year. The total budget required for the first follow-up would be R2,498,888 in the second year, R906,818 in the third year and R623 328 in the fourth year and will be continued for 10 years.

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. The following rate was used - 5% (2012 - 5.3%)

There was no expenditure incurred for the current or prior financial years.

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 6 CURRENT EMPLOYEE BENEFITS

	2013 R	2012 R
Performance Bonuses	779 438	1 106 005
Provision for Staff Leave	4 651 107	4 244 637
Provision for Staff Bonus	2 039 417	2 033 115
Roads - Provision for Staff Leave	2 787 026	2 249 965
Roads - Performance Bonuses	-	84 598
Roads - Provision for Staff Bonus	1 529 869	1 435 646
	5 371 773	4 769 332
Current Portion of Employee Benefit Provisions	2 862 693	2 117 086
Current Portion of Employee Benefit Provisions - Roads	2 509 080	2 652 246
<b>Total Provisions</b>	<b>17 158 630</b>	<b>15 923 298</b>

	<u>Roads - Performance Bonus</u>	<u>Performance Bonus</u>
<b>30-Jun-13</b>		
Balance at beginning of year	84 598	1 106 005
Contributions/ (Reversal) to/of provision - current year provision	(84 598)	(326 567)
<b>Balance at end of year</b>	<b>-</b>	<b>779 438</b>
<b>30-Jun-12</b>		
Balance at beginning of year	126 218	680 445
Overprovision previous year	(126 218)	-
Contributions to provision - current year provision	84 598	425 560
<b>Balance at end of year</b>	<b>84 598</b>	<b>1 106 005</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

	<u>Roads - Staff Leave</u>	<u>Staff Leave</u>
<b>30-Jun-13</b>		
Balance at beginning of year	2 249 965	4 244 637
Contributions to provision - current year provision	860 501	939 669
Expenditure incurred	(323 439)	(533 199)
<b>Balance at end of year</b>	<b>2 787 026</b>	<b>4 651 107</b>
<b>30-Jun-12</b>		
Balance at beginning of year	2 058 381	4 567 241
Contributions to provision - current year provision	191 584	(322 604)
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>2 249 965</b>	<b>4 244 637</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

	<u>Roads - Staff Bonus</u>	<u>Staff Bonus</u>
<b>30-Jun-13</b>		
Balance at beginning of year	1 435 646	2 033 116
Contributions to provision - current year provision	2 732 175	3 794 391
Expenditure incurred	(2 637 953)	(3 788 089)
<b>Balance at end of year</b>	<b>1 529 868</b>	<b>2 039 418</b>
<b>30-Jun-12</b>		
Balance at beginning of year	1 350 759	2 203 441
Contributions to provision - current year provision	1 979 271	3 510 833
Expenditure incurred	(1 894 384)	(3 681 158)
<b>Balance at end of year</b>	<b>1 435 646</b>	<b>2 033 116</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements, Other Defined Benefit Plan Information

#### 7 PROVISIONS

	2013 R	2012 R
Current Portion of Alleviation of Alien Vegetation	2 498 888	2 368 639
<b>Total Provisions</b>	<b>2 498 888</b>	<b>2 368 639</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 8 TRADE PAYABLES FROM EXCHANGE TRANSACTIONS

	2013 R	2012 R
Trade Payables	5 324 328	3 010 980
Balance previously reported		2 489 692
Correction of error - Note 29.4: Correction of Municipal Accounts at B-Municipalities		521 288
Payments received in advance	3 199 279	4 582 032
Shortfall on Pension fund	2 401 642	3 571 756
Roads - Shortfall on Pension fund	772 877	665 648
Advances to Agencies		
Other creditors	7 694 408	7 255 501
Balance previously reported		3 647 063
Correction of error - Note 29.4: Compensation Commissioner		3 786 508
Correction of error - Note 29.4: Compensation Commissioner		(9 516)
Correction of error - Note 29.4: Large Medical Aid Claims		(5 510)
Correction of error - Note 29.4: Medical Aid Contributions		(332 255)
Correction of error - Note 29.4: Correction of Insurance Payments		146 579
Correction of error - Note 29.4: Previous Councillors Paid Incorrectly		15 367
Correction of error - Note 29.4: Correction of SARS PAYE Payments		7 265
SARS - Roads	5 450 943	5 215 130
Balance previously reported		-
Correction of error - Note 29.4: Correction of VAT on Agencies Incorrectly Claimed		5 215 130
Roads - Payment Received in Advance	9 474 284	7 522 825
Roads - Other creditors	2 680 084	627 040
Balance previously reported		1 155 618
Correction of error - Note 29.4 - Medical Aid Contributions		(528 578)
Government subsidies: Department of Transport - Roads	2 893 270	1 768 471
Balance previously reported		1 283 266
Correction of error - Note 29.4 - Medical Aid Contributions		528 578
Correction of error - Note 29.5 - Large Medical Aid Claims		(43 373)
Roads - Plant Account	-	-
Retention Creditors	-	-
Debtors with credit balances	103 671	126 483
Councillors Transport Allowance	-	50 514
Allocations to municipalities	670 242	670 242
<b>Total Trade Payables</b>	<b>40 665 028</b>	<b>35 066 622</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

#### 9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

##### Unspent Grants

	8 048 538	7 883 178
National Government Grants	5 962 258	6 124 200
Provincial Government Grants	949 015	960 834
Other Grant Providers	1 137 265	798 144
<b>Less: Unpaid Conditional Grants</b>	<b>2 057 455</b>	<b>0</b>
National Government Grants	558 358	-
Provincial Government Grants	7 250	0
Other Grant Providers	1 491 847	-
<b>Total Conditional Grants and Receipts</b>	<b>5 991 083</b>	<b>7 883 178</b>

See appendix "B" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.. For the 2012 Financial Year R 189 000 of the MSIG grant and R 1 572 000 of the Electricity Demand Side Management Grant was withheld.

#### 10 TAXES

VAT Receivable	2 095 405	1 754 629
	<u>2 095 405</u>	<u>1 754 629</u>

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

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 11 PROPERTY, PLANT AND EQUIPMENT (Continued)

##### Third party payments received for losses incurred:

	2013 R	2012 R
Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost	423 556	156 413
Surplus/Deficit	<u>423 556</u>	<u>156 413</u>

##### Impairment of property plant and equipment

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings	-	15 099
Infrastructure	-	27 524
Community Assets	-	1 590 673
Other	-	473 682
	<u>-</u>	<u>2 106 977</u>

##### Effect of changes in accounting estimates

During the current year residual values of certain vehicles were re-assessed to ensure values are in line with the estimated amounts that the District Municipality would currently obtain from the disposal of the asset if the assets were already of the age and condition expected at the end of its estimated useful life. The effect on the current as well as future periods are as follow:

	2013 R	2014 R	2015 R
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	(1 074 739)	(2 101 263)	122 182
Increase in Accumulated Depreciation: Property, plant and equipment	<u>(1 074 739)</u>	<u>(3 176 003)</u>	<u>(3 053 821)</u>

#### 12 INVESTMENT PROPERTY

##### Net Carrying amount at 1 July

	2013 R	2012 R
<b>Net Carrying amount at 1 July</b>	<b>344 922 438</b>	<b>351 647 139</b>
Cost - Buildings	19 381 437	358 132 600
Cost - Land	328 558 463	-
Correction of Error RDP Houses - Note 29.2		(17 500)
Correction of Error Land & Buildings Identified for the First Time - Note 29.2		3 222 500
Correction of Error Removal of Duplications - Note 29.2		(6 702 000)
Correction of Error Held for Sale Land and Buildings - Note 29.2		-
Accumulated Depreciation - Buildings	(3 017 462)	(4 105 694)
Correction of error Depreciation Calculation - Note 29.2		(1 002)
Correction of incorrect depreciation calculations - Note 29.2		2 309
Correction of Error Held for Sale Land and Buildings - Note 29.2		1 115 926
Acquisitions	-	-
Cost of Land Transferred from Property, Plant and Equipment	571 000	-
Cost of Buildings Transferred from Property, Plant and Equipment	3 400 000	-
Transfer of Accumulated Depreciation form Property, Plant and Equipment	(679 889)	-
Restated depreciation for the year	(602 331)	(541 100)
Depreciation for the year - previously reported		(766 578)
Correction of Error RDP Houses		491
Correction of Error Removal of Duplications		223 883
Correction of error Depreciation Calculation - Note 29.2		1 104
Disposals	-	-
Transfer of functions to George Municipality: Cost	-	(6 695 700)
Balance Previously reported		(6 630 700)
Correction of Error Held for Sale Land and Buildings - Note 29.2		(65 000)
Transfer of functions to George Municipality: Accumulated Depreciation	-	512 099
Balance Previously reported		499 102
Correction of Error Held for Sale Land and Buildings - Note 29.2		12 997
Depreciation written back on disposal	-	-
<b>Net Carrying amount at 30 June</b>	<b>347 611 218</b>	<b>344 922 438</b>
Cost - Buildings	19 952 437	347 939 900
Cost - Land	331 958 463	-
Accumulated Depreciation - Buildings	<u>(4 299 682)</u>	<u>(3 017 462)</u>
Revenue derived from the rental of investment property	<u>1 774 762</u>	<u>1 265 673</u>

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 13 INTANGIBLE ASSETS

	2013 R	2012 R
<b>Cost</b>	<b>6 234 237</b>	<b>3 556 535</b>
Opening Balance on 1 July	3 444 659	3 507 554
Balance Previously reported	3 556 535	5 702 946
Class Transfers	(111 876)	-
Correction of Error Removal of incorrect capitalisations - Note 29.3	-	(396 505)
Correction of Error Intangibles incorrectly capitalised - Note 29.3	-	(2 909 262)
Correction of Error Intangibles identified for the First Time - Note 29.3	-	1 110 374
Acquisitions for the year - At cost	2 799 712	49 897
Balance Previously reported	-	33 513
Correction of Error Intangibles identified for the First Time - Note 29.3	-	16 384
Disposals	(10 134)	-
Class Transfer - To Property, Plant & Equipment: Cost	-	447 264
Impairment of Intangible Assets	-	448 180
<b>Less: Accumulated Amortisation</b>	<b>(2 693 094)</b>	<b>(2 177 759)</b>
Opening Balance on 1 July	(2 110 906)	(1 413 140)
Balance Previously reported	(2 177 759)	(1 903 619)
Class Transfers	66 853	-
Correction of error Amortisation Calculation - Note 29.3	-	1 185
Correction of error opening balance differences - Note 29.3	-	(11 565)
Correction of error zero carrying values - Note 29.3	-	15 187
Correction of Error Removal of incorrect capitalisations - Note 29.3	-	236 067
Correction of Error Intangibles incorrectly capitalised - Note 29.3	-	659 840
Correction of Error Intangibles identified for the First Time - Note 29.3	-	(410 235)
Restated Amortisation for the year	(468 231)	(646 318)
Amortisation for the year - previously reported	-	(1 048 638)
Correction of error Amortisation Calculation - Note 29.3	-	138
Correction of error zero carrying values - Note 29.3	-	(3 037)
Correction of Error Removal of incorrect capitalisations - Note 29.3	-	47 317
Correction of Error Intangibles incorrectly capitalised - Note 29.3	-	493 589
Correction of Error Intangibles identified for the First Time - Note 29.3	-	(135 687)
Disposals	6 438	-
Class Transfer - From Property, Plant & Equipment: Accumulated Amortisation	-	(435 939)
Impairment of Intangible Assets	(120 395)	(317 638)
<b>Total Intangible Assets</b>	<b>3 541 142.80</b>	<b>1 378 776.02</b>
No intangible asset were assed having an indefinite useful life.		
There are no intangible assets whose title is restricted.		
There are no intangible assets pledged as security for liabilities		
There are no contractual commitments for the acquisition of intangible assets.		

#### 14 NON-CURRENT ASSETS HELD FOR SALE & LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS

	2012 R
Non-Current Assets Held for Sale / discontinued operations	
Opening Balance	92 716 166
Additional Held for Sale Property, Plant and Equipment transferred	49 794 669
Transfer of Functions to George Municipality	(106 247 344)
Transferred to Property, Plant and Equipment	(36 263 491)
	0
Liabilities associated with discontinued operations	
Opening Balance	6 281 576
Transfer of Functions to George Municipality	(6 259 167)
Transferred to Employee Benefits	(22 409)
	-

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 15 NON-CURRENT INVESTMENTS

##### Unlisted

KKLK shares and Loan Account - Held at Fair Value through Profit and Loss

##### Total Unlisted

##### Total Investments

##### Council's valuation of unlisted investments

KKLK shares

#### 16 LONG-TERM RECEIVABLES

Car loans - At amortised cost

Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1) - At amortised cost

Department of Transport: Roads - Long Service Awards (Note 4.2) - At amortised cost

Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.3) - At amortised cost

Long term debtors: Local Authorities - At amortised cost

Less: Current portion transferred to current receivables

Car loans - At amortised cost

Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1) - At amortised cost

Department of Transport: Roads - Long Service Awards (Note 4.2) - At amortised cost

Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.3) - At amortised cost

Local Authorities - At amortised cost

Less: Unamortised Charges to Long Term Receivables

Balance 1 July

Adjustment for the Year

##### Total

2013 R	2012 R
40 774	40 774
40 774	40 774
40 774	40 774
40 774	40 774
40 774	40 774
40 774	40 774
-	1 281
40 801 527	43 847 116
3 113 523	2 499 304
855 875	1 002 246
25 199	50 399
44 796 124	47 400 346
2 534 279	2 653 527
-	1 281
1 865 178	2 253 096
500 218	240 382
143 684	158 768
25 199	-
3 143	9 037
9 037	-
(5 894)	9 037
42 258 702	44 737 782

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 16 LONG-TERM RECEIVABLES (Continued)

##### LOANS TO OTHER LOCAL AUTHORITIES

The loans to other local authorities are interest free, except for the following loan:

##### *Knysna Municipality:*

Hornlee - Water and sewerage loan is payable over 20 years and bears interest at 10%, instalment is R 25 200 per year (October 1993)

##### CAR LOANS

Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 5 years. As from 1 July 2005 no new car loans or computer loans to staff are permitted.

##### DEPARTMENT OF TRANSPORT: ROADS

In terms of the agreement between the Western Cape Provincial Government and past experience, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor.

The carrying value of the Long-Term Receivables approximate their fair value and are shown at amortised cost using the effective interest rate method. As these loans are all recoverable the Municipality was not required to make any provision for any possible impairments.

#### 17 INVENTORY

Consumable Stores - at cost

##### Total Inventory

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

2013 R	2012 R
3 778 281	3 311 513
<b>3 778 281</b>	<b>3 311 513</b>
<b>5 687</b>	<b>268 288</b>
<b>-</b>	<b>-</b>
<b>5 687</b>	<b>268 288</b>

#### 18 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

##### As at 30 June 2013

Service debtors

Ambulance and Fire Fighting Fees

Councillors' Arrears

Rental Agreements

##### Total

Gross Balances	Provision for Bad Debts	Net Balances
3 089 483	(2 071 495)	1 017 988
2 583 395	(1 455 506)	1 127 889
3 698 950	(2 456 335)	1 242 615
<b>9 371 828</b>	<b>(5 983 336)</b>	<b>3 388 492</b>

##### As at 30 June 2012

Service debtors

Electricity

Water

Refuse

Sewerage

Ambulance and Fire Fighting Fees

Councillors' Arrears

Rental Agreements

##### Total

Gross Balances	Provision for Bad Debts	Net Balances
20 495	(20 495)	-
2 028	(2 083)	(55)
708	(708)	-
2 847	(2 847)	-
1 737 595	(1 684 950)	52 645
1 132 331	(849 248)	283 083
2 354 319	(1 375 011)	979 308
<b>5 250 323</b>	<b>(3 935 342)</b>	<b>1 314 981</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

##### (Electricity, Water, Refuse and Sewerage): Ageing

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

##### Total

2013 R	2012 R
-	(55)
-	-
-	-
-	-
-	0
-	26 132
<b>-</b>	<b>26 078</b>

##### Housing Rentals & Rental Agreements: Ageing

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

##### Total

2013 R	2012 R
-	-
589 708	131 902
56 300	53 718
57 745	46 242
2 972 777	3 231 120
22 419	23 668
<b>3 698 950</b>	<b>3 486 650</b>

##### Councillors' Arrears: Ageing

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

##### Total

2013 R	2012 R
-	-
-	-
-	-
760 992	-
1 822 403	1 132 331
-	-
<b>2 583 395</b>	<b>1 132 331</b>



# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 18 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

	2013 R	2012 R
<b>Ambulance and Fire Fighting Fees-Ageing</b>		
Current (0-30 days)	(650)	(650)
31 - 60 Days	363 672	-
61 - 90 Days	170 409	-
91 - 120 Days	-	-
121-365 Days	2 315 571	1 495 330
+ 365 Days	240 481	242 914
<b>Total</b>	<b>3 089 483</b>	<b>1 737 595</b>

The summary of Debtors by Customer Classification includes Sundry Debtors (Continued Members) separately disclosed in Note 19.

#### Reconciliation of the bad debt provision

Balance at the beginning of the year	20 314 566	32 726 953
Contributions to provision: Exchange Receivables	1 523 816	73 655
Contributions to provision: Non-exchange Receivables	519 066	306 558
Bad debts written off against provision	(14 335 975)	(12 792 599)
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>8 021 473</b>	<b>20 314 567</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

#### 19 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

##### As at 30 June 2013

	Gross Balances	Provision for Bad Debts	Net Balances
Recoverable Debtor: JP Zeelie	463 059	(463 059)	-
Recoverable Debtor: DMA	449 116	-	449 116
Sundry debtors	3 560 794	(1 349 038)	2 211 756
Continued Members	373 977	(226 039)	147 938
Roads - Sundry debtors	357 014	-	357 014
Councillors Transport Allowance	5 233	-	5 233
<b>Total Other Debtors</b>	<b>5 209 193</b>	<b>(2 038 136)</b>	<b>3 171 057</b>

##### As at 30 June 2012

	Gross Balances	Provision for Bad Debts	Net Balances
Taxes - Rates	19 252	(19 261)	(9)
Recoverable Debtor: JP Zeelie	463 059	(463 059)	-
Recoverable Debtor: C Africa	34 709	-	34 709
Recoverable Debtor: World Golf Challenge	300 000	-	300 000
Balance previously reported	-		
Correction of error - Note 29.5: Correction of Recoverable Debtor World Golf Challenge	300 000		
Recoverable Debtor: DMA	303 638	-	303 638
Balance previously reported	-		
Correction of error - Note 29.5: Correction of Recoverable Debtor DMA	303 638		
Sundry debtors	2 603 909	(1 579 060)	1 024 849
Balance previously reported	3 069 098		
Correction of error - Note 29.5: Ex-Gratia Medical Scheme	(438 350)		
Correction of error - Note 29.5: Mossel Bay Municipality Call Centre	39 096		
Correction of error - Note 29.5: Funeral Insurance	(4 559)		
Correction of error - Note 29.5: Correction of Compensation Commissioner	(9 516)		
Correction of error - Note 29.5: Correction of Incorrect Journal	(51 860)		
Roads - Sundry debtors	305 596	-	305 596
Balance previously reported	348 969		
Correction of error - Note 29.5: Correction of Large Medical Aid Claims	(43 373)		
Councillors Transport Allowance	42 428	-	42 428
Regional Services levies	14 317 845	(14 317 845)	-
Advances to Agencies	-	-	-
<b>Total Other Debtors</b>	<b>18 390 436</b>	<b>(16 379 225)</b>	<b>2 011 211</b>

The provision for doubtful debts on other debtors exists due to the possibility that not all debts will be recovered.

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 19 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS (Continued)

	2013 R	2012 R
<b>Rates-Ageing</b>		
Current (0-30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	-	349
+ 365 Days	-	18 903
<b>Total</b>	-	19 252
<b>Recoverable Debtor: JP Zeelie</b>		
Current (0-30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	-	-
+ 365 Days	463 059	463 059
<b>Total</b>	463 059	463 059
<b>Recoverable Debtor: C Africa</b>		
Current (0-30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	-	-
+ 365 Days	-	34 709
<b>Total</b>	-	34 709
<b>Recoverable Debtor: World Golf Challenge</b>		
Current (0-30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	-	300 000
+ 365 Days	-	-
<b>Total</b>	-	300 000
<b>Recoverable Debtor: DMA</b>		
Current (0-30 days)	8 132	30 834
31 - 60 Days	8 877	27 288
61 - 90 Days	6 069	43 356
91 - 120 Days	2 828	78 074
121-365 Days	119 573	124 086
+ 365 Days	303 638	-
<b>Total</b>	449 116	303 638
<b>Sundry debtors</b>		
Current (0-30 days)	457 005	399 461
31 - 60 Days	116 709	140 783
61 - 90 Days	104 874	57 311
91 - 120 Days	113 236	74 116
121-365 Days	944 016	735 510
+ 365 Days	1 824 954	1 196 728
<b>Total</b>	3 560 794	2 603 909
<b>Continued Members</b>		
Current (0-30 days)	-	-
31 - 60 Days	92 602	-
61 - 90 Days	18 278	-
91 - 120 Days	11 183	-
121-365 Days	251 914	-
+ 365 Days	-	-
<b>Total</b>	373 977	-
<b>Roads - Sundry debtors</b>		
Current (0-30 days)	72 452	15 282
31 - 60 Days	74 451	13 524
61 - 90 Days	2 287	21 488
91 - 120 Days	-	38 695
121-365 Days	-	61 499
+ 365 Days	207 824	155 109
<b>Total</b>	357 014	305 596
<b>Councillors Transport Allowance</b>		
Current (0-30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	-	42 428
+ 365 Days	5 233	-
<b>Total</b>	5 233	42 428
<b>Regional Services levies</b>		
Current (0-30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	-	-
+ 365 Days	-	14 317 845
<b>Total</b>	-	14 317 845

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The fair value of other receivables approximate their carrying value.

The provision for doubtful debts on other debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 20 CASH AND CASH EQUIVALENTS

##### Liabilities

Roads - Bank Account

##### Assets

Call Investment Deposits

Roads - Bank Account

Cash

Primary Bank Account

Standard Bank Account

##### **Total Cash and Cash Equivalents - Assets**

The effective interest rate was 5.03% (2012: 5.48%).

The Municipality has the following bank accounts:-

##### **Call Investment Deposits**

Included in other deposits and bank balances are an amount of R 5 962 305 (2012: R 7 883 177) which is attributable to unspent grants and subsidies; and R 7 390 546 (2012: R 7 390 546) which is attributable to the Capital Replacement reserve and R 56 426 (2012: R 56 426) which is attributable to the Housing Development Fund and R 1 743 662 (2012: R 2 512 940) which is to repay long-term liabilities as set out in note 3.

##### **Current Account (Primary Bank Account)**

ABSA George Branch

Account Number 4050434930

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

##### **Current Account (Standard Bank Account)**

Standard Bank George Branch

Account Number 06 083 263 0

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Cash

2013  
R

2012  
R

-  
1 104  
20 226 282  
21 365  
35 254  
52 700 469  
**72 984 474**

-  
1 121  
14 494 484  
21 690  
28 250 113  
5 210  
**42 772 618**

#### 21 GOVERNMENT GRANTS AND SUBSIDIES

##### Unconditional

Equitable Share

##### Conditional

Grants and Donations

Subsidies

##### **Total Government Grants and Subsidies**

Government Grants and Subsidies - Operating

Government Grants and Subsidies - Capital

##### **Total Government Grants and Subsidies**

2013  
R

2012  
R

125 699 000  
12 393 954

122 912 000  
75 519 333

12 393 954  
-

75 519 333  
-

**138 092 954**

**198 431 333**

138 082 436  
10 518

198 431 333  
-

**138 092 954**

**198 431 333**

##### 21.1 Equitable Share

Opening balance

Grants received

VAT on Grants

Conditions met - Operating

Conditions met - Capital

Conditions still to be met

-  
125 699 000  
-  
(125 699 000)  
-

-  
122 912 000  
-  
(122 912 000)  
-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 GOVERNMENT GRANTS AND SUBSIDIES (Continued)		2013 R	2012 R
<b>21.2</b>	<b><u>Municipal Systems Improvement Grant (MSIG)</u></b>		
	Opening balance	328 747	10 147
	Grants received	1 000 000	790 000
	VAT on Grants	(76 124)	(34 681)
	Repaid to National Revenue Fund	-	(189 000)
	Conditions met - Operating	(1 348 849)	(247 719)
	Conditions met - Capital	(10 518)	-
	Conditions still to be met	<b>(106 744)</b>	<b>328 747</b>
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>21.3</b>	<b><u>Local Government Financial Management Grant (FMG)</u></b>		
	Opening balance	330 174	(245 738)
	Grants received	1 250 000	1 250 000
	VAT on Grants	(138 455)	(2 358)
	Conditions met - Operating	(1 429 446)	(671 730)
	Conditions met - Capital	-	-
	Conditions still to be met	<b>12 274</b>	<b>330 174</b>
	The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>21.4</b>	<b><u>Electricity Demand Side Management</u></b>		
	Opening balance	5 399 984	7 490 210
	VAT on Grants	-	(39 387)
	Repaid to National Revenue Fund	-	(1 572 000)
	Conditions met - Operating	-	(478 838)
	Conditions met - Capital	-	-
	Conditions still to be met	<b>5 399 984</b>	<b>5 399 984</b>
	Grant utilised for energy efficiency investigation within the region.		
<b>21.5</b>	<b><u>Dpt Land Affairs: District Assessment Committee</u></b>		
	Opening balance	49 343	49 893
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	(550)
	Conditions met - Capital	-	-
	Conditions still to be met	<b>49 343</b>	<b>49 343</b>
	Grant utilised to assess the land affairs within the region.		
<b>21.6</b>	<b><u>Donation Funds National Water</u></b>		
	Opening balance	41 700	41 700
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	<b>41 700</b>	<b>41 700</b>
	Grant utilised to investigate the district's water plans.		
<b>21.7</b>	<b><u>Socio Economic Survey Sanitation Practices</u></b>		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	<b>-</b>	<b>-</b>
	Grant utilised for training of disadvantaged individuals on good sanitation practices.		
<b>21.8</b>	<b><u>Housing Consumer Education Fund</u></b>		
	Opening balance	32 167	32 167
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	<b>32 167</b>	<b>32 167</b>
	The Housing Consumer Education Grant was used for public awareness programs.		
<b>21.9</b>	<b><u>LGESTA:Re-imbursements</u></b>		
	Opening balance	688 150	272 953
	Grants received	485 654	415 197
	VAT on Grants	(5 392)	-
	Conditions met - Operating	(40 311)	-
	Conditions met - Capital	-	-
	Conditions still to be met	<b>1 128 101</b>	<b>688 150</b>
	Grant is utilised for training purposes of municipal staff.		

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 21 GOVERNMENT GRANTS AND SUBSIDIES (Continued)

	2013 R	2012 R
<b>21.10 LGSETA: LED Learnership</b>		
Opening balance	9 164	30 654
Grants received	-	-
VAT on Grants	-	(1 795)
Conditions met - Operating	-	(19 695)
Conditions met - Capital	-	-
Conditions still to be met	<u>9 164</u>	<u>9 164</u>
Grant is utilised for training purposes of municipal staff.		
<b>21.11 GLOBAL FUND</b>		
Opening balance	(0)	57 821
Correction of Error	-	-
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(57 821)
Conditions met - Capital	-	-
Conditions still to be met	<u>(0)</u>	<u>-</u>
Grant utilised for socio economic upliftment.		
<b>21.12 Human Rights Programme</b>		
Opening balance	53 797	53 797
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>53 797</u>	<u>53 797</u>
Grant utilised for the promotion of human rights within the region.		
<b>21.13 Sports Grounds: Haarlem</b>		
Opening balance	18 178	18 178
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	(9 500)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>8 678</u>	<u>18 178</u>
Grant utilised for purchase of sports grounds in Haarlem.		
<b>21.14 Libraries Grant - Facilities</b>		
Opening balance	77 506	85 817
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(8 311)
Conditions met - Capital	-	-
Conditions still to be met	<u>77 506</u>	<u>77 506</u>
The grant was used for appointment of library staff.		
<b>21.15 Non-Motorised Transport</b>		
Opening balance	18 107	94 915
Grants received	-	-
VAT on Grants	-	(9 433)
Conditions met - Operating	(15 666)	(67 375)
Conditions met - Capital	-	-
Conditions still to be met	<u>2 442</u>	<u>18 107</u>
Grant utilised of building sub-roads for bicycles and pedestrians.		
<b>21.16 Bucket system Elimination Schools/Clinic</b>		
Opening balance	132 794	146 332
Grants received	-	-
VAT on Grants	(584)	(602)
Conditions met - Operating	(3 793)	(12 936)
Conditions met - Capital	-	-
Conditions still to be met	<u>128 417</u>	<u>132 794</u>
Grant utilised for replacing bucket system with VIP toilets.		
<b>21.17 WC079: Regional Landfill Site</b>		
Opening balance	17 865	75 014
Grants received	-	-
VAT on Grants	(2 194)	(7 018)
Conditions met - Operating	(15 671)	(50 131)
Conditions met - Capital	-	-
Conditions still to be met	<u>0</u>	<u>17 865</u>
Grant utilised for the investigations into the possibility of a regional landfill site.		

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2013 R	2012 R
<b>21.18 <u>LG: Bulk Water and Waste Water infrastructure.</u></b>		
Opening balance	62 850	62 850
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<b>62 850</b>	<b>62 850</b>
Grant utilised for bulk infrastructure investigations.		
<b>21.19 <u>Expanded Public Works Incentives</u></b>		
Opening balance	65 294	69 000
Grants received	1 000 000	-
VAT on Grants	(11 908)	(455)
Conditions met - Operating	(1 136 965)	(3 251)
Conditions met - Capital	-	-
Conditions still to be met	<b>(83 579)</b>	<b>65 294</b>
The grant is utilised for job creation.		
<b>21.20 <u>Umsobomvu Youth Fund</u></b>		
Opening balance	-	41 003
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(41 003)
Conditions met - Capital	-	-
Conditions still to be met	<b>-</b>	<b>-</b>
Grant utilised for training of the youth and the establishment of a youth office.		
<b>21.21 <u>Financial Assistance Aerial Fire fighting</u></b>		
Opening balance	(0)	276 750
Grants received	-	-
VAT on Grants	-	(33 531)
Conditions met - Operating	-	(243 220)
Conditions met - Capital	-	-
Conditions still to be met	<b>(0)</b>	<b>(0)</b>
Grant utilised for funding the helicopter used for fire fighting.		
<b>21.22 <u>Task Contributions - Municipalities</u></b>		
Opening balance	100 830	155 635
Grants received	127 678	219 071
VAT on Grants	(6 188)	(7 193)
Conditions met - Operating	(272 568)	(266 683)
Conditions met - Capital	-	-
Conditions still to be met	<b>(50 247)</b>	<b>100 830</b>
Grant utilised for the funding of the TASK unit.		
<b>21.23 <u>WFW: Brandwacht 2010/11</u></b>		
Opening balance	(0)	-
Grants received	1 488 160	401 305
VAT on Grants	(83 534)	(24 443)
Conditions met - Operating	(1 404 627)	(376 862)
Conditions met - Capital	-	-
Transfer to Unspent WFW - Note 22.29	-	0
Conditions still to be met	<b>0</b>	<b>-</b>
Grant utilised for the eradication of alien vegetation.		
<b>21.24 <u>WFW: Great - Brak 2010/11</u></b>		
Opening balance	(0)	-
Grants received	1 352 485	527 300
VAT on Grants	(114 098)	(20 621)
Conditions met - Operating	(1 238 387)	(506 679)
Conditions met - Capital	-	-
Transfer to Unspent WFW - Note 22.29	-	-
Conditions still to be met	<b>-</b>	<b>-</b>
Grant utilised for the eradication of alien vegetation.		
<b>21.25 <u>WFW: Uniondale 2010/11</u></b>		
Opening balance	0	-
Grants received	-	47 130
VAT on Grants	-	(957)
Conditions met - Operating	-	(46 173)
Conditions met - Capital	-	-
Transfer to Unspent WFW - Note 22.29	-	(0)
Conditions still to be met	<b>0</b>	<b>-</b>
Grant utilised for the eradication of alien vegetation.		

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		2013 R	2012 R
<b>21.26</b>	<b><u>WFW: Karatara 2010/11</u></b>		
	Opening balance	0	-
	Grants received	765 217	1 379 919
	VAT on Grants	(31)	(6 533)
	Conditions met - Operating	(765 186)	(1 373 386)
	Conditions met - Capital	-	-
	Transfer to Unspent WFW - Note 22.29	-	-
	Conditions still to be met	-	-
	Grant utilised for the eradication of alien vegetation.		
<b>21.27</b>	<b><u>WFW: Knysna 2010/11</u></b>		
	Opening balance	0	-
	Grants received	376 669	543 355
	VAT on Grants	(8 408)	(5 446)
	Conditions met - Operating	(368 261)	(537 909)
	Conditions met - Capital	-	-
	Transfer to Unspent WFW - Note 22.29	-	(0)
	Conditions still to be met	-	-
	Grant utilised for the eradication of alien vegetation.		
<b>21.28</b>	<b><u>WFW: Moordkuyl 2010/11</u></b>		
	Opening balance	-	-
	Grants received	1 219 057	427 714
	VAT on Grants	(51 837)	(17 285)
	Conditions met - Operating	(1 167 219)	(410 429)
	Conditions met - Capital	-	-
	Transfer to Unspent WFW - Note 22.29	-	-
	Conditions still to be met	0	-
	Grant utilised for the eradication of alien vegetation.		
<b>21.29</b>	<b><u>WFW - (Unspent &amp; PM fees)</u></b>		
	Opening balance	-	(324 722)
	Grants received	-	324 722
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Transfer from other WFW grants	-	0
	Conditions still to be met	-	0
	Grant utilised for the eradication of alien vegetation.		
<b>21.30</b>	<b><u>Development of Sport &amp; Recreation</u></b>		
	Opening balance	(1)	(1)
	Correction of error	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	(1)	(1)
	Grant utilised for the development of sport & recreation.		
<b>21.31</b>	<b><u>Kannaland</u></b>		
	Opening balance	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	Grant utilised for infrastructure projects in Kannaland.		
<b>21.32</b>	<b><u>Emergency Housing DMA</u></b>		
	Opening balance	282 478	282 478
	Correction of error	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	282 478	282 478
	Grant was utilised to repair flood damage.		
<b>21.33</b>	<b><u>Emergency Housing Zoar</u></b>		
	Opening balance	174 048	174 048
	Correction of error	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	174 048	174 048
	Grant was utilised to repair flood damage.		

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		2013 R	2012 R
21.34	<b><u>ROADS - DEPARTMENT OF TRANSPORT</u></b>		
	Opening balance	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	Grant is utilised to fund the roads function operated on behalf of the Department of transport.	-	-
21.35	<b><u>Municipal Infrastructure Grant</u></b>		
	Opening balance	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.	-	-
21.36	<b><u>Integrated Human Settlement Grant</u></b>		
	Opening balance	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
21.37	<b><u>WC FMG: Longterm financial plan</u></b>		
	Opening balance	-	-
	Grants received	250 000	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	250 000	-
21.38	<b><u>WC FMG: Risk Assessment</u></b>		
	Opening balance	-	-
	Grants received	300 000	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	300 000	-
21.39	<b><u>DWA: Abstraction Validation on Bitou</u></b>		
	Opening balance	-	-
	Grants received	35 589	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	35 589	-
21.40	<b><u>DWAF: Chemical Water Sampling</u></b>		
	Opening balance	-	-
	Grants received	306 286	-
	VAT on Grants	(40 684)	-
	Conditions met - Operating	(272 850)	-
	Conditions met - Capital	-	-
	Conditions still to be met	(7 248)	-
21.41	<b><u>RBIG &amp; DBSA: Bulk Water Studies</u></b>		
	Opening balance	-	-
	Grants received	545 065	-
	VAT on Grants	(66 938)	-
	Conditions met - Operating	(580 727)	-
	Conditions met - Capital	-	-
	Conditions still to be met	(102 600)	-
21.42	<b><u>STUDY: Implementation alternative Solid Waste (NT)</u></b>		
	Opening balance	-	-
	Grants received	-	-
	VAT on Grants	(51 525)	-
	Conditions met - Operating	(316 511)	-
	Conditions met - Capital	-	-
	Conditions still to be met	(368 036)	-
21.43	<b><u>STUDY: Implementation alternative Solid Waste (DBSA)</u></b>		
	Opening balance	-	-
	Grants received	-	-
	VAT on Grants	(187 460)	-
	Conditions met - Operating	(1 151 540)	-
	Conditions met - Capital	-	-
	Conditions still to be met	(1 339 000)	-



# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2013 R	2012 R
<b>21.44 TOTAL GRANTS</b>		
Opening balance	7 883 178	8 950 903
Repaid to National Revenue Fund	-	(1 761 000)
Grants received	136 200 860	129 237 714
VAT on Grants	(845 360)	(211 737)
Conditions met - Operating	(137 237 077)	(128 332 702)
Conditions met - Capital	(10 518)	-
Conditions still to be met	<b>5 991 083</b>	<b>7 883 178</b>

See Annexure B for detailed summary of unspent grants and subsidies.

#### 24.1 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years, except for the equitable share allocation which will increase as a result of the abolishment of the RSC Levies.

#### 22 OTHER INCOME

	2013 R	2012 R
Air quality plan	280 000	-
Building Application Fees	-	-
Call Centre Mosselbay	506 682	433 280
Commission on Collections	-	(573 021)
COP 17 Summit	-	32 800
Corporate Golf Challenge Project	-	300 000
Previously reported		-
Correction of error - Note 29.5: Correction of Recoverable Debtor		300 000
DWAF: Chemical Sampling Water	-	119 714
Fire Fighting fees	4 579 145	2 630 898
Fire Fighting/ Health Levy	22 590	33 091
Harvesting Plantation	55 575	55 575
Health Claims	145 518	374 416
Insurance	-	-
Integrated waste management plan	311 742	-
IT Shared Services District	900 453	-
Plans Copies	1 327	2 499
Photostats and Faxes	54	-
Refund Deposits	7 120	-
Resorts	4 861 360	4 511 115
Sport Club Fees	23 860	35 440
Sundry Income	2 192 251	389 770
Tariffs And Penalties: Health	130 635	131 181
<b>Total Other Income</b>	<b>14 018 312</b>	<b>8 476 758</b>

#### 23 EMPLOYEE RELATED COSTS

	2013 R	2012 R
Employee related costs- Salaries and Wages	55 225 451	55 281 853
Employee related costs - Contribution for UIF, pensions and medical aids	17 366 726	17 505 987
Previously reported		16 551 016
Correction of error - Note 29.7		954 971
Travel, motor car, accommodation, subsistence and other allowances	8 869 150	9 562 917
Housing benefits and allowances	604 247	623 518
Overtime payments	1 056 761	1 082 756
Performance bonus	(326 567)	-
Leave Payment	922 152	782 929
Leave Bonus	3 794 391	4 135 828
Increase in Provision for Health Care Benefits	3 352 372	3 286 791
Increase in Provision for Long Service Awards	699 777	732 879
Decrease in Provision for Ex-Gratia Pensions	(101 202)	(71 017)
Long-service awards	-	-
<b>Total Employee Related Costs</b>	<b>91 463 258</b>	<b>92 924 441</b>

Advances were made to employees. Loans to employees are set out in note 16

#### REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2013 R 12 Months	2012 R 12 Months
<b>Remuneration of the Municipal Manager (G Louw)</b>		
Annual Remuneration	956 755	864 568
Performance Bonuses	-	-
Car Allowance	167 220	167 220
Contributions to UIF, Medical and Pension Funds	103 918	94 336
<b>Total</b>	<b>1 227 893</b>	<b>1 126 124</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 23 EMPLOYEE RELATED COSTS (Continued)

##### Remuneration of the Chief Finance Officer: N Deo

	2013 R	2012 R 2 Months
Annual Remuneration		141 719
Leave pay-out		49 019
Performance Bonuses		-
Car Allowance		12 970
Contributions to UIF, Medical and Pension Funds		4 089
<b>Total</b>		<b>207 797</b>

##### Remuneration of the Acting Chief Finance Officer: L Hoek

	6 Months	10 Months
Annual Remuneration	327 636	485 708
Performance Bonuses	-	-
Car Allowance	57 204	95 340
Contributions to UIF, Medical and Pension Funds	57 522	52 419
<b>Total</b>	<b>442 361</b>	<b>633 467</b>

##### Remuneration of the Chief Finance Officer: L Hoek

	6 Months	
Annual Remuneration	271 917	
Leave pay-out		
Performance Bonuses		
Car Allowance	64 831	
Contributions to UIF, Medical and Pension Funds	76 958	
<b>Total</b>	<b>413 706</b>	

##### Remuneration of Individual Executive Directors (Support & Management Services) 30 June 2013

	6 Months Support Services (B Holtshausen)	12 Months Management Services (C Africa)
Annual Remuneration	303 512	696 742
Leave Paid	-	-
Performance Bonuses	-	-
Housing Allowance	1 434	84 000
Car Allowance	53 069	72 600
Contributions to UIF, Medical and Pension Funds	54 352	147 725
Severance Package	-	-
<b>Total</b>	<b>412 367</b>	<b>1 001 068</b>

##### Remuneration of Individual Executive Directors (Corporate, Community & Technical Services)

	2 Months Strategic Services (M Hoogbaard)	7 Months Technical Services (Z Ntile)	12 Months Corporate Services (A De Beer)	12 Months Community Services (C Africa)
Annual Remuneration	101 545	479 968	788 067	662 896
Leave Paid	-	39 137	-	-
Performance Bonuses	-	-	-	-
Housing Allowance	-	-	-	84 000
Car Allowance	25 000	70 365	139 200	72 600
Contributions to UIF, Medical and Pension Funds	23 715	902	22 761	136 428
Severance Package	138 000	-	-	-
<b>Total</b>	<b>288 260</b>	<b>590 372</b>	<b>950 029</b>	<b>955 924</b>

##### Remuneration of Individual Acting Executive Directors (Support & Management Services) 30 June 2013

	6 Months Support Services (B Holtshausen)
Annual Remuneration	336 110
Leave Paid	-
Performance Bonuses	-
Housing Allowance	3 132
Car Allowance	57 204
Contributions to UIF, Medical and Pension Funds	52 047
<b>Total</b>	<b>448 493</b>

##### Remuneration of Individual Acting Executive Directors (Corporate, Community & Technical Services) 30 June 2012

	Strategic Services	Technical Services
J Strydom (1 Feb 2012 - 30 April 2012)	-	200 066
H Ottervanger (1 May 2012 - 30 June 2012)	-	153 230
AL Sauls (1 Sep 2011 - 31 Mar 2012)	349 343	-
<b>Total</b>	<b>349 343</b>	<b>353 296</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 24 REMUNERATION OF COUNCILLORS

	2013 R	2012 R
Executive Mayor	362 194	378 594
Deputy Executive Mayor	244 533	223 480
Speaker	302 818	310 085
Mayoral Committee Members	2 256 540	2 354 114
Councillors	2 175 999	1 939 943
Pension Contributions	104 580	93 467
Travel Allowances	972 925	777 416
Telephone Allowances	252 693	225 005
Medical Contributions	75 061	24 824
<b>Total Councillor's Remuneration</b>	<b>6 747 343</b>	<b>6 326 928</b>

#### *In-Kind Benefits*

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at Council's cost.

The Executive Mayor has use of a Council owned vehicle for official duties.

#### 25 FINANCE CHARGES

	2013 R	2012 R
Long-term liabilities	740 638	401 852
SARS	2 138	-
Finance leases	-	-
<b>Total Interest on External Borrowings</b>	<b>742 776</b>	<b>401 852</b>

#### 26 GRANTS AND SUBSIDIES UTILISED

Regional Task Unit	-	88
Municipal Systems Improvement Grant (MSIG)	1 348 849	247 719
Dpt Land Affairs: District Assessment Committee	-	550
Local Government Financial Management Grant (FMG)	1 429 446	671 730
LGSETA: LED Learnership	-	19 695
LGSETA: Re-imbursements	40 311	-
Sports Grounds: Haarlem	9 500	-
GLOBAL FUND	-	57 821
Libraries Grant - Facilities	-	8 311
Non-Motorised Transport	15 666	67 375
Bucket system Elimination Schools/Clinic	3 793	12 936
WC079: Regional Landfill Site	15 671	50 131
Expanded Public Works Incentives	1 136 965	3 251
Umsobomvu Youth Fund	-	41 003
Financial Assistance Aerial Fire fighting	-	243 220
Task Contributions - Municipalities	272 568	266 683
WFW: Brandwacht 2010/11	1 404 627	376 862
WFW: Great - Brak 2010/11	1 238 387	506 679
WFW: Uniondale 2010/11	-	46 173
WFW: Karatara 2010/11	765 186	1 373 386
WFW: Knysna 2010/11	368 261	537 909
WFW: Moordkuyf 2010/11	1 167 219	410 429
DWAF: Chemical Water Sampling	272 850	-
RBIG & DBSA: Bulk Water Studies	580 727	-
STUDY: Implementation alternative Solid Waste (NT)	316 511	-
STUDY: Implementation alternative Solid Waste (DBSA)	1 151 540	-
Electricity Demand Side Management	-	478 838
	<b>11 538 077</b>	<b>5 420 789</b>

#### 27 ROADS - OPERATING EXPENDITURE

Plant Hire	-	9 332 896
General Expenses	58 635 922	59 837 835
Contributions to Capital	436 573	716 163
	<b>59 072 495</b>	<b>69 886 894</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 28 GENERAL EXPENSES

Included in general expenses are the following: -

	2013 R	2012 R
Administrative Recoveries: Roads	-	117 277
Advertisements	323 226	474 598
Audit Fees	1 857 450	2 054 565
Bank Charges	187 358	144 801
Biomonitoring	-	330
Computer Programs	-	25 136
Contribution Full time Shopsteward	45 975	37 705
Courier Services	-	4 386
Deeds	1 080	-
Disposable Equipment	6 462	-
Domestic Expenses	337 909	418 228
Donations: Council	-	263 346
Employee Support	5 150	10 251
Entertainment Allowances	62 963	108 743
External Audit Committee	64 948	45 646
Forensic Audit	-	86 792
Health Advisory Committee	877	789
Herbicides	35	-
Health Education	12 781	7 011
Inventory Items	14 063	-
Insurance	634 194	1 119 116
Previously reported		972 537
Correction of error - Note 29.4		146 579
Laboratory Test	454 114	461 560
Laundry Service	138 506	138 238
Legal Fees	1 203 901	1 971 657
License fees	5 043	275 124
Previously reported		291 508
Correction of error - Note 29.3		(16 384)
Material	9 513	3 906
Membership fees	850 629	946 888
Operating Projects	2 043 895	5 636 789
Pauper Burials	-	2 900
Pension Contribution Mission Street	-	355 000
Plant	1 236 952	1 240 710
Postage/ Post Box Rental	11 554	21 270
Printing & Stationery	1 016 846	1 125 562
Protective Clothing	384 193	568 550
Public Relations	1 961	27 281
Purchases Tents	-	45 263
Purchases Mattresses	70 832	10 640
Rates & Taxes	575 651	591 925
Previously reported		310 269
Correction of error - Note 29.4		281 656
Refreshments	60 299	59 841
Registration Fees: Congresses	39 463	34 805
Rent	286 528	234 755
Rent Disaster Centre Equipment	1 657 185	1 787 882
Repayment: Eden Employee s (3G)	14 215	19 352
Restaurant	70 517	84 826
Road Reserve	104 943	-
Security	83 204	-
Services Accounts	1 726 109	1 827 373
Skills Development Levy	697 911	677 377
Strategic Planning	24 619	17 183
Study Assistance	309 631	208 319
Subsistence & Travel	1 035 091	1 206 129
Sundry Expenses	53 048	251 572
Telephone/Data lines	3 416 846	3 397 545
Training	1 169 064	739 460
Vermin Control	1 139	1 149
Wreaths & Bouquets	8 325	7 781
Year-end Function	37 460	48 406
	<b>22 353 658</b>	<b>28 945 738</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 29 CORRECTION OF ERROR IN TERMS OF GRAP 3

During the current financial year, the municipality had corrected the following prior period errors:

##### 29.1 Property Plant and Equipment

###### Balance previously reported - 30 June

Correction of assets with values previously disposed now found - Note 29.7  
Correction of assets without values previously disposed now found - Note 29.6  
Correction of assets previously impaired now found - Note 29.7  
Correction of opening balances with differences to asset register - Note 29.6  
Correction of assets previously held for sale not transferred - Note 29.7  
Correction of assets identified for the first time - Note 29.6  
Correction of assets with zero cost prices - Note 29.6  
Correction of Error Assets not Controlled - - Note 29.6  
Correction of Error Land & Buildings Identified for the First Time - Note 29.6  
Correction of Error Removal of Duplications - Note 29.6  
Correction of Error RDP Houses - Note 29.6  
Correction of Error Held for Sale Land and Buildings - Note 29.6  
Correction of Error Removal of incorrect capitalisations - Note 29.6 & 29.7  
Correction of Error Maintenance Items Incorrectly Capitalised - Note 29.6 & 29.7  
Correction of Error Pre 2007 items already included in valuation - Note 29.6 & 29.7  
Correction of Error Removal of incorrect X-type asset capitalisations - Note 29.6 & 29.7  
Correction of Error Maintenance Items Incorrectly Capitalised as X-type assets - Note 29.6 & 29.7  
Correction of Error Intangibles incorrectly capitalised - Note 29.6 & 29.7

###### Restated Balance

##### Property Plant and Equipment

###### Balance previously reported - 30 June

Correction of incorrect depreciation calculations - Note 29.6 & 29.7  
Correction of assets with values previously disposed now found - Note 29.6 & 29.7  
Correction of assets without values previously disposed now found - Note 29.6 & 29.7  
Correction of Assets with zero carrying values - 29.6 & 29.7  
Correction of assets previously impaired now found - Note 29.6 & 29.7  
Correction of opening balances with differences to asset register - Note 29.6  
Correction of assets previously held for sale not transferred - Note 29.6 & 29.7  
Correction of assets identified for the first time - Note 29.6 & 29.7  
Correction of assets with zero cost prices - Note 29.6 & 29.7  
Correction of Error Assets not Controlled - Note 29.6 & 29.7  
Correction of Error Land & Buildings Identified for the First Time - Note 29.6 & 29.7  
Correction of Error Removal of Duplications - Note 29.6 & 29.7  
Correction of Error RDP Houses - Note 29.6 & 29.7  
Correction of Error Held for Sale Land and Buildings - Note 29.6 & 29.7  
Correction of Error Removal of incorrect capitalisations - Note 29.6 & 29.7  
Correction of Error Maintenance Items Incorrectly Capitalised - Note 29.6 & 29.7  
Correction of Error Pre 2007 items already included in valuation - Note 29.6 & 29.7  
Correction of Error Removal of incorrect X-type asset capitalisations - Note 29.6 & 29.7  
Correction of Error Maintenance Items Incorrectly Capitalised as X-type assets - Note 29.6 & 29.7  
Correction of Error Intangibles incorrectly capitalised - Note 29.6 & 29.7

###### Restated Balance

##### 29.2 Investment Property

###### Balance previously reported - 30 June

Correction of opening balances with differences to asset register - 29.7  
Correction of Error RDP Houses - Note 29.6 & 29.7  
Correction of Error Land & Buildings Identified for the First Time - Note 29.6 & 29.7  
Correction of Error Removal of Duplications - Note 29.6 & 29.7  
Correction of Error Held for Sale Land and Buildings - Note 29.6 & 29.7

###### Restated Balance

#### 29 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

##### Investment Property

###### Balance previously reported - 30 June

Correction of incorrect depreciation calculations - Note 29.6 & 29.7  
Correction of Error RDP Houses - Note 29.6 & 29.7  
Correction of Error Held for Sale Land and Buildings - Note 29.6 & 29.7  
Correction of Error Removal of Duplications - Note 29.6 & 29.7

###### Restated Balance

2012	2011
Cost R	Cost R
191 368 586	203 459 564
226 597	-
70 394	70 394
235 770	-
716	716
5 832	-
1 749 445	1 749 445
924 888	924 888
(434 000)	(434 000)
5 525 600	5 525 600
(6 562 000)	(6 562 000)
(3 144 003)	(3 144 003)
(540 500)	-
(1 978 656)	(1 978 656)
(801 278)	(801 278)
(4 581 677)	(4 581 677)
(600 416)	(600 416)
(1 492 020)	(1 321 871)
(75 011)	(75 011)

179 898 268	192 231 695
-------------	-------------

2012 Accumulated Depreciation R	2011 Accumulated Depreciation R
26 474 770	24 351 742
85	(104 710)
138 377	(68 675)
43 801	35 031
(751 127)	(935 413)
133 704	(35 347)
(6 481)	(6 481)
3 644	(418)
804 659	643 577
505 733	377 245
(40 909)	(30 668)
62 800	50 232
(520 175)	(429 259)
(410 968)	(342 882)
(8 097)	-
(594 962)	(418 418)
(85 287)	(57 716)
(777 219)	(619 758)
(328 816)	(265 273)
(166 586)	(107 846)
(49 171)	(32 035)
24 427 777	22 002 929

2012 Cost R	2011 Cost R
351 501 900	358 132 600
-	-
(17 500)	(17 500)
3 222 500	3 222 500
(6 702 000)	(6 702 000)
(65 000)	-
347 939 900	354 635 600

2012 Accumulated Depreciation R	2011 Accumulated Depreciation R
4 373 170	4 105 694
(102)	1 002
(2 800)	(2 309)
(12 997)	-
(1 339 810)	(1 115 926)
3 017 462	2 988 461

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 29.3 Intangible Assets

##### **Balance previously reported - 30 June**

Correction of opening balances with differences to asset register - 29.7  
 Correction of Error Removal of incorrect capitalisations - Note 29.6 & 29.7  
 Correction of Error Intangibles incorrectly capitalised - Note 29.6 & 29.7  
 Correction of Error Intangibles identified for the First Time - Note 29.6 & 29.7

##### **Restated Balance**

2012 R Cost	2011 R Cost
5 735 543	5 702 946
-	-
(396 505)	(396 505)
(2 909 262)	(2 909 262)
1 126 758	1 110 374
<b>3 556 535</b>	<b>3 507 554</b>

#### Intangible Assets

##### **Balance previously reported - 30 June**

Correction of Assets with zero carrying values - 29.6 & 29.7  
 Correction of incorrect amortisation calculations - Note 29.6 & 29.7  
 Correction of opening balances with differences to asset register - 29.6  
 Correction of Error Removal of incorrect capitalisations - Note 29.6 & 29.7  
 Correction of Error Intangibles incorrectly capitalised - Note 29.6 & 29.7  
 Correction of Error Intangibles identified for the First Time - Note 29.6 & 29.7

##### **Restated Balance**

2012 Accumulated Amortisation R	2011 Accumulated Amortisation R
3 070 557	1 903 619
(12 149)	(15 187)
(1 323)	(1 185)
11 565	11 565
(283 384)	(236 067)
(1 153 430)	(659 840)
545 923	410 235
<b>2 177 759</b>	<b>1 413 140</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2012 R	2011 R
<b>29.4 Payables from exchange transactions</b>	<b>25 765 139</b>	<b>29 759 180</b>
<i>Balance previously reported - 30 June</i>		
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period 1 July 2011 to 30 June 2012 - Note 29.7	2 980 595	-
Correction of Department of Transport Loan Account in the period prior year - Note 29.5	(43 373)	4 622
Correction of Department of Transport Loan Account in the period prior year	528 578	-
Correction of Roads medical aid contributions in the period prior year 2011/2012	(528 578)	-
Correction of large medical claims in the period prior 1 July 2011 - Note 29.6	(2 560)	(2 560)
Correction of large medical claims in the period prior year 2011/2012 - Note 29.7	(2 950)	-
Correction of medical aid contributions in the period prior 1 July 2011 - Note 29.6	(3 734)	(3 734)
Correction of medical aid contributions in the period prior year 2011/2012 - Note 29.7	(328 521)	-
Correction of municipal creditors in the period prior 1 July 2011 - Note 29.6	239 632	239 632
Correction of municipal creditors in the period prior year 2011/2012 - Note 29.7	281 656	-
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period prior 1 July 2011 - Note 29.6	2 234 535	2 234 535
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.6 & 29.7	3 786 508	2 931 354
Correction of error regarding payments made to SARS for outstanding PAYE amounts for the period prior 1 July 2011 - Note 29.6	7 265	7 265
Correction of error regarding previous Councillors remunerated incorrectly for the period prior 1 July 2011 - Note 29.6	15 367	15 367
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.5	(9 516)	(9 516)
Correction of Insurance paid for the period 1 April 2012 - 30 June 2012 - Note 29.7	146 579	-
<b>Restated Balance</b>	<b>35 066 622</b>	<b>35 176 144</b>
<b>29.5 Other Receivables from Non-Exchange Transactions</b>	<b>R</b>	<b>R</b>
	<b>2012</b>	<b>2011</b>
<i>Balance previously reported - 30 June</i>	<b>1 916 135</b>	<b>7 460 855</b>
Correction of the Recoverable Debtor: DMA incorrectly transferred to the Loss from Discontinued Operations in the financial year ending 30 June 2012 - Note 29.6 & 29.7	303 638	-
Correction of large medical claims in the period prior year - Note 29.4	(43 373)	4 622
Correction of ex-gratia medical aid amounts in the period prior 1 July 2011 - Note 29.6	(7 752)	(7 752)
Correction of ex-gratia medical aid amounts in the period prior year 2011/2012 - Note 29.7	(430 598)	-
Correction of medical aid scheme amounts in the period prior 1 July 2011 - Note 29.6	(3 869)	(3 869)
Correction of medical aid scheme amounts in the period prior year 2011/2012 - Note 29.7	(690)	-
Correction of Mossel Bay Call Centre Income for amounts in the prior year 2011/2012 - Note 29.7	39 096	-
Correction of a journal incorrectly allocated to the Insurance Suspense Account in the period prior 1 July 2011 - Note 29.6	(51 860)	(51 860)
Correction of Recoverable Debtor: World Golf Challenge not reflected on the annual financial statements for the period ending June 2012 - Note 29.7	300 000	-
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.4	(9 516)	(9 516)
<b>Restated Balance</b>	<b>2 011 212</b>	<b>7 392 481</b>
<b>29.6 Accumulated Surplus/(Deficit)</b>	<b>R</b>	<b>R</b>
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period prior 1 July 2011 - Note 29.4		(2 234 535)
Correction of error regarding payments made to SARS for outstanding PAYE amounts for the period prior 1 July 2011 - Note 29.4		(7 265)
Correction of error regarding previous Councillors remunerated incorrectly for the period prior 1 July 2011 - Note 29.4		(15 367)
Correction of large medical claims in the period prior 1 July 2011 - Note 29.4		2 560
Correction of medical aid contributions in the period prior 1 July 2011 - Note 29.4		3 734
Correction of ex-gratia medical aid amounts in the period prior 1 July 2011 - Note 29.5		(7 752)
Correction of medical aid scheme amounts in the period prior 1 July 2011 - Note 29.5		(3 869)
Correction of municipal creditors in the period prior 1 July 2011 - Note 29.4		(239 632)
Correction of a journal incorrectly allocated to the Insurance Suspense Account in the period prior 1 July 2011 - Note 29.5		(51 860)
Correction of assets without values previously disposed now found - Note 29.1		35 362
Correction of opening balances with differences to asset register - Note 29.1		7 196
Correction of assets identified for the first time - Note 29.1		1 105 868
Correction of assets with zero cost prices - Note 29.1		547 643
Correction of incorrect depreciation calculation - Note 29.1		104 710
Correction of assets with values previously disposed now found - Note 29.1		68 675
Correction of assets with zero carrying value - Note 29.1		935 413
Correction of assets previously impaired now found - Note 29.1		35 347
Correction of assets previously Held for Sale not transferred - Note 29.1		418
Correction of Error Assets not Controlled - Note 29.1		(403 332)
Correction of Error Land & Buildings Identified for the First Time - Note 29.1		5 475 368
Correction of Error Removal of Duplications - Note 29.1		(6 132 741)
Correction of Error RDP Houses - Note 29.1		(2 801 121)
Correction of Error Removal of incorrect capitalisations - Note 29.1		(1 560 238)
Correction of Error Maintenance Items Incorrectly Capitalised - Note 29.1		(743 563)
Correction of Error Pre 2007 items already included in valuation - Note 29.1		(3 961 919)
Correction of Error Removal of incorrect X-type asset capitalisations - Note 29.1		(335 143)
Correction of Error Maintenance Items Incorrectly Capitalised as X-type assets - Note 29.1		(1 214 024)
Correction of Error Intangibles incorrectly capitalised - Note 29.1		(42 976)
Correction of incorrect depreciation calculation - Note 29.2		(1 002)
Correction of Error RDP Houses - Note 29.2		(15 191)
Correction of Error Land & Buildings Identified for the First Time - Note 29.2		3 222 500
Correction of Error Removal of Duplications - Note 29.2		(5 586 074)
Correction of Error Held for Sale Land and Buildings - Note 29.2		-
Correction of assets with zero carrying value - Note 29.3		15 187
Correction of incorrect amortisation calculation - Note 29.3		1 185
Correction of opening balances with differences to asset register - Note 29.3		(11 565)
Correction of Error Removal of incorrect capitalisations - Note 29.3		(160 438)
Correction of Error Intangibles incorrectly capitalised - Note 29.3		(2 249 421)
Correction of Error Intangibles identified for the First Time - Note 29.3		700 139
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.4		(2 931 354)
<b>Total amount credited/(debited) to accumulated surplus due to implementation of GRAP</b>		<b>(18 449 076)</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 29 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

##### 29.7 Changes to Statement of Financial Performance

	R
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period 1 July 2011 to 30 June 2012 - Note 29.4	(2 980 595)
Correction of the Recoverable Debtor: DMA incorrectly transferred to the Loss from Discontinued Operations in the financial year ending 30 June 2012 - Note 29.5	303 638
Correction of Insurance paid for the period 1 April 2012 - 30 June 2012 - Note 29.4	(146 579)
Correction of Recoverable Debtor: World Golf Challenge not reflected on the annual financial statements for the period ending June 2012 - Note 29.5	300 000
Correction of assets without values previously disposed now found - Note 29.1	(8 770)
Correction of large medical claims in the period prior year 2011/2012 - Note 29.4	2 950
Correction of medical aid contributions in the period prior year 2011/2012 - Note 29.4	328 521
Correction of ex-gratia medical aid amounts in the period prior year 2011/2012 - Note 29.5	(430 598)
Correction of medical aid scheme amounts in the period prior year 2011/2012 - Note 29.7	(690)
Correction of assets identified for the first time - Note 29.1	(161 082)
Correction of assets with zero cost prices - Note 29.1	(128 489)
Correction of incorrect depreciation calculation - Note 29.1	(104 794)
Correction of assets with values previously disposed now found - Note 29.1	19 545
Correction of assets with zero carrying value - Note 29.1	(184 286)
Correction of assets previously impaired now found - Note 29.1	66 719
Correction of assets previously Held for Sale not transferred - Note 29.1	1 770
Correction of Error Assets not Controlled - Note 29.1	10 241
Correction of Error Land & Buildings Identified for the First Time - Note 29.1	(12 568)
Correction of Error Removal of Duplications - Note 29.1	90 916
Correction of Error RDP Houses - Note 29.1	68 086
Correction of Error Held for Sale Land and Buildings - Note 29.1	(532 403)
Correction of Error Removal of incorrect capitalisations - Note 29.1	176 544
Correction of Error Maintenance Items Incorrectly Capitalised - Note 29.1	27 571
Correction of Error Pre 2007 items already included in valuation - Note 29.1	157 461
Correction of Error Removal of incorrect X-type asset capitalisations - Note 29.1	63 543
Correction of Error Maintenance Items Incorrectly Capitalised as X-type assets - Note 29.1	58 740
Correction of Error Intangibles incorrectly capitalised - Note 29.1	17 136
Correction of Error Maintenance Items Incorrectly Capitalised as X-type assets - Note 29.1	(170 149)
Correction of incorrect depreciation calculation - Note 29.2	1 104
Correction of Error RDP Houses - Note 29.2	491
Correction of Error Land & Buildings Identified for the First Time - Note 29.2	
Correction of Error Removal of Duplications - Note 29.2	223 883
Correction of Error Held for Sale Land and Buildings - Note 29.2	(52 003)
Correction of assets with zero carrying value - Note 29.3	(3 037)
Correction of incorrect amortisation calculation - Note 29.3	138
Correction of Error Intangibles identified for the First Time - Note 29.3	16 384
Correction of Error Removal of incorrect capitalisations - Note 29.3	47 317
Correction of Error Intangibles incorrectly capitalised - Note 29.3	493 589
Correction of Error Intangibles identified for the First Time - Note 29.3	(135 687)
Correction of municipal creditors in the period prior 2011/2012 - Note 29.4	(281 656)
Correction of Mossel Bay Call Centre Income for amounts in the prior year 2011/2012 - Note 29.5	39 096
Correction of Error - Government Grants and Subsidies: Roads income reclassified as Exchange Revenue	120 761 442
Correction of Error - Department of Transport - Roads Service Charges: Roads income reclassified as Exchange Revenue	(120 748 861)
Correction of Error - Employee Related Cost Roads - Employee Related Cost transferred from Roads - Grants and Subsidies Utilised	50 861 967
Correction of Error - Roads - Grants and Subsidies Utilised; Employee related costs transferred to Employee Related Costs: Roads	(50 874 548)
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.4	(855 154)
<b>Total amount credited/(debited) to Statement of Financial Performance due to implementation of GRAP</b>	<b>(3 673 157)</b>

#### 30 CASH GENERATED FROM OPERATIONS

	2013 R	2012 R
(Deficit) for the year from Continued Operations	15 113 957	(101 880 469)
Surplus (Deficit) for the year from Discontinued Operations	-	-
Adjustments for:-		
Loss on transfer of District Management Area	-	99 985 678
Unamortised Discount - Expense	98 040	112 654
Unamortised Discount - Income	(5 894)	(17 911)
Depreciation	4 572 603	6 215 400
Amortisation	468 231	646 318
Grants received	136 200 860	129 237 714
Grants Repaid to National Revenue Fund	-	(1 761 000)
Grants recognised as revenue	(138 092 955)	(128 544 439)
Insurance Proceeds	-	-
Gain on disposal of property, plant and equipment	(133 542)	-
Contributed PPE	(294 102)	-
Loss on disposal of property, plant and equipment	391 063	156 413
Impairments	120 395	2 166 809
Contribution to Non-Current Provisions	236 458	550 467
Actuarial (Gain)/Loss	2 780 986	5 274 458
Employee benefits paid	(4 863 925)	(5 056 743)
Contribution to employee benefits	11 056 603	11 013 908
Bad debts written-off	(14 335 975)	(12 792 599)
Contribution to bad debt provision	2 042 882	380 212
Current employee benefits paid	(7 282 681)	(5 575 542)
Contribution to Current Employee Benefits	7 915 571	6 394 081
Investment income	-	-
Interest paid	-	-
<b>Operating deficit before working capital changes</b>	<b>15 988 576</b>	<b>6 505 408</b>
(Increase)/Decrease in inventory	(466 768)	94 033
(Increase)/Decrease in Trade Receivables from exchange transactions	(4 121 505)	11 103 933
(Increase)/Decrease in Other Receivables from non-exchange transactions	13 181 243	7 049 692
Increase/(decrease) in creditors	5 598 406	(109 522)
(Increase)/Decrease in VAT	(340 776)	3 309 987
<b>Cash generated / (utilized in) operations</b>	<b>29 839 175</b>	<b>27 953 531</b>



# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following amounts in the statement of financial position:

	2013 R	2012 R
Bank balances and cash	72 983 370	42 771 497
Call deposits	1 104	1 121
Bank overdraft	-	-
<b>Total cash and cash equivalents</b>	<b>72 984 474</b>	<b>42 772 618</b>

#### 32 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 3)

Used to finance property, plant and equipment - at cost

Sub-total

Cash set aside for the repayment of long-term liabilities (see note 3)

**Cash invested for repayment of long-term liabilities**

Long-term liabilities have been utilized accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

	2013 R	2012 R
	4 266 930	3 287 198
	4 266 930	3 287 198
	-	-
	-	-
	-	-

#### 33 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 20

Investments - Note 15

Less:

Unspent Committed Conditional Grants - Note 9

Cash Portion of Housing Development Fund - Note 2

**Net cash resources available for internal distribution**

**Allocated to:**

Capital Replacement Reserve

**Resources available for working capital requirements**

	2013 R	2012 R
	72 984 474	42 772 618
	40 774	40 774
	73 025 248	42 813 392
	8 104 963	7 939 604
	8 048 537	7 883 178
	56 426	56 426
	64 920 285	34 873 788
	(7 390 546)	(7 390 546)
	57 529 739	27 483 242

#### 34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

##### 34.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance

Unauthorised expenditure current year

Approved by Council or condoned

Transfer to receivables for recovery

Unauthorised expenditure awaiting authorisation

	2013 R	2012 R
	1 012 034	-
	13 003 276	1 012 034
	-	-
	-	-
	-	-
	14 015 310	1 012 034

#### Expenditure by Vote

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Executive and Council	48 968 748	36 434 391	12 534 357	34%
Finance and Administration	39 254 627	47 111 888	(7 857 261)	-17%
Planning and Development	6 727 966	7 852 605	(1 124 639)	-14%
Public Safety	23 507 929	27 955 813	(4 447 884)	-16%
Health	22 854 531	23 164 249	(309 718)	-1%
Community and Social Services	3 378 233	3 546 273	(168 040)	-5%
Sport and Recreation	7 414 052	7 088 728	325 324	5%
Housing	-	-	-	0%
Waste Management	-	-	-	0%
Road Transport	-	591 621	(591 621)	-100%
Waste Water Management	2 152 126	3 023 061	(870 935)	-29%
Water	66 464	2 600 000	(2 533 536)	-97%
Electricity	-	-	-	0%
Environmental Protection	3 644 433	16 518 343	(12 873 910)	-78%
Other	-	-	-	0%
Roads	-	-	-	0%
	157 969 109	175 886 972	(17 917 863)	

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### Capital expenditure by vote

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Executive & Council	315 408	300 000	15 408	5%
Finance & Admin	26 186	-	26 186	100%
Planning & Development	800	-	800	100%
Public Safety	14 207	-	14 207	100%
Health	77 986	-	77 986	100%
Community & Social Services	-	-	-	0%
Corporate Services	213 609	340 000	(126 391)	-37%
Sport & Recreation	72 979	295 000	(222 021)	-75%
Housing	-	-	-	0%
Waste Management	9 007	-	9 007	100%
Road Transport	-	-	-	0%
Waste Water Management	-	-	-	0%
Electricity	-	-	-	0%
Water	-	-	-	0%
Environmental Protection	-	-	-	0%
	730 183	935 000	(204 817)	

#### 34.2 Fruitless and wasteful expenditure

	2013 R	2012 R
Reconciliation of fruitless and wasteful expenditure		
Opening balance	726 043	726 043
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Recovered during 2010-2011	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-
	726 043	726 043

The total balance of fruitless and wasteful expenditure relates to Councillors' travel expenses prior to 2011. This matter is currently in dispute. The matter has been referred to SALGA to give guidance on the way forward

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)

##### 34.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance

Irregular expenditure current year

Condoned or written off by Council

Recovered during year

Irregular expenditure awaiting condonement

2013  
R

2012  
R

7 566 986

1 305 435

132 731 738

15 018 544

(140 183 297)

-

-

8 872 421

7 566 986

Irregular expenditure recognised in the current year mainly related to non-compliance with sections 36 (unreasonably deviating from procurement processes) and 38 (not obtaining winning bidders municipal accounts) of the SCM regulations.

#### 35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

##### 35.1 Contributions to organized local government

Opening balance

Council subscriptions

Amount paid- current year

Amount paid - previous year

Balance unpaid (included in creditors)

2013  
R

2012  
R

-

52 852

(52 852)

-

-

-

38 038

(38 038)

-

-

##### 35.2 Audit fees

Opening balance

Current year audit fee

Amount paid - prior year

Amount paid - previous year

Balance unpaid (included in creditors)

1 857 450

(1 857 450)

-

-

-

2 054 565

(2 054 565)

-

-

##### 35.3 VAT

VAT input receivables and VAT outputs payable are shown in note 10 & 8.

All VAT returns have been submitted by the due date throughout the year.

##### 35.4 PAYE AND UIF

Opening balance

Current year payroll deductions

Amount paid - current year

Amount paid - previous years

Balance unpaid (included in debtors)

-

18 635 122

(18 635 122)

-

-

(1 872 635)

20 813 152

(18 940 518)

-

-

##### 35.5 Pension and Medical Aid Deductions

Opening balance

Current year payroll deductions and Council Contributions

Amount paid - current year

Amount paid - previous years

Balance unpaid (included in debtors)

-

20 089 882

(20 089 882)

-

-

-

22 155 052

(22 155 052)

-

-

The balance represents medical aid contributions payable to the District Municipality by pensioners whose contributions were already paid to the medical aid. Invoices were issued to collect the outstanding amounts.

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

##### 35.6 Councillor's arrear accounts

###### 30 June 2013

The following amounts are outstanding regarding travel allowances:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
AM Wildeman	642 390	-	642 390
JL Hartnick	436 266	-	436 266
J Bouwer	301 071	-	301 071
JMG Bekker	251 864	-	251 864
PJ Roodtman	222 042	-	222 042
SCP Biljohn	88 876	-	88 876
HJ Loff	82 729	-	82 729
HJ Mc Combi	79 846	-	79 846
A Hartnick	66 272	-	66 272
JJA Koegelenberg	52 114	-	52 114
JE Davids	39 357	-	39 357
A Ewerts	38 311	-	38 311
J Harmse	30 420	-	30 420
CN Ngalo	24 385	-	24 385
FH Stemmet	22 633	-	22 633
B Le Roux	22 008	-	22 008
P van der Hoven	19 903	-	19 903
E Nel	13 551	-	13 551
PJW Murray	11 762	-	11 762
JST Alberts	10 761	-	10 761
AR Olivier	9 071	-	-
M Fielies	8 640	-	8 640
EKV van Eden	7 053	-	7 053
PJL Grobler	6 571	-	6 571
A Baartman	5 729	-	5 729
N Bityi	3 527	-	3 527
D Kampher	754	-	754
EN Mtabati	562	-	562
F Joseph	268	-	268
	<b>2 498 736</b>	<b>-</b>	<b>2 489 664</b>

The following amounts are outstanding regarding cellphone accounts:

Biljohn	18 050	-	18 050
D Kamfer	15 336	-	15 336
S Loliwe	14 718	-	14 718
Kroma	7 362	-	7 362
M Fielies	6 523	-	6 523
HJ McCombi	5 368	-	5 368
Saaiers	4 525	-	4 525
S de Vries	2 530	-	2 530
Ewerts	2 332	-	2 332
J Kemoetie	1 408	-	1 408
JH Loff	1 011	-	1 011
J Maxim	875	-	875
Dorfling	750	-	750
CN Ngalo	700	-	700
E Mtabati	622	-	622
F Stemmet	592	-	592
J Bekker	281	-	281
Simmers	1 677	1 677	-
	<b>84 660</b>	<b>1 677</b>	<b>82 982</b>

###### 30 June 2012

The following amounts are outstanding regarding travel allowances:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
JL Hartnick	226 757	-	226 757
P Roodtman	190 393	-	190 393
J Bouwer	181 957	-	181 957
JMG Bekker	149 187	-	149 187
A Ewerts	49 577	-	49 577
HJ Loff	44 091	-	44 091
SCP Biljohn	43 272	-	43 272
A Hartnick	34 660	-	34 660
HJ Mc Combi	31 200	-	31 200
B Le Roux	14 445	-	14 445
J Harmse	14 439	-	14 439
D Xego	10 434	-	10 434
J Maxim	9 205	-	9 205
J du Toit	7 700	-	7 700
T Nayler	7 653	-	7 653
R Skombingo	7 393	-	7 393
R Johannes	6 031	-	6 031
E Nel	5 775	-	5 775
VI van der Westhuizen	5 368	-	5 368
LBC Esau	5 204	-	5 204
M Fielies	3 075	-	3 075
PJW Murray	2 002	-	2 002
N Valentyn	1 651	-	1 651
J Harmse	803	-	803
WP Meshoa	464	-	464
F Joseph	72	-	72
	<b>1 052 807</b>	<b>-</b>	<b>1 052 807</b>

# ANNUAL FINANCIAL STATEMENTS

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

The following amounts are outstanding regarding cellphone accounts:

Biljohn	18 050	-	18 050
D Kamfer	15 336	-	15 336
S Loliwe	14 718	-	14 718
Kroma	7 362	-	7 362
M Fielies	4 789	-	4 789
Saaiers	4 525	-	4 525
HJ McCombi	3 643	-	3 643
S de Vries	2 530	-	2 530
Ewerts	2 332	-	2 332
J Kemoetie	1 408	-	1 408
JH Loff	1 011	-	1 011
J Maxim	875	-	875
Dorfling	750	-	750
CN Ngalo	700	-	700
E Mtabati	622	-	622
F Stemmet	592	-	592
J Bekker	281	-	281
	<b>79 523</b>	<b>-</b>	<b>79 523</b>

#### 35.7 Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Financial Services	70 449	341 157	302 293	-
Management Services	653 276	672 848	203 150	-
Office of the MM	43 244	36 573	490 674	-
Support Services	603 955	448 970	-	-
Technical Services	706 432	2 077 402	908 692	-
	<b>2 077 356</b>	<b>3 576 950</b>	<b>1 904 809</b>	<b>-</b>

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
ENS Forensics (Pty) Ltd	Impractical procurement process - reasons as per deviation report	490 674
ELB Equipment Limited	Sole supplier	359 885
Barloworld Equipment George	Impractical procurement process. Official agents.	311 637
PricewaterhouseCoopers	Impractical procurement process - reasons as per deviation report.	302 293
Department Of Transport & Public Works	As per agreement between Provincial Government Western Cape and Eden District Municipality (intergovernmental relationship) optimize available resources.	237 170
Golden Dividend 536 (Pty) Ltd t/a Tata Garden Route	Impractical procurement process. Official agents for Tata.	203 150
Total		<b>1 904 809</b>

#### 36 CAPITAL COMMITMENTS

The Municipality had no capital commitments.

## EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## 37 CONTINGENT LIABILITY

30 June 2013

## 37.1 GHJ Kruger

R

Gert Hendrik Jacobus Kruger vs. the MEC for Transport and Public Works (First defendant) and Eden District Municipality (Second defendant). This matter relates to a veld fire that allegedly originated on the road reserve that belongs to the Province and spread to the property of the plaintiff. The plaintiff alleges that the suffered damages of R906 550 as a result of the fire that spread to this property. Eden is acting as an agent of the Province. This matter is in its initial stages and the State Attorney is acting on behalf of both the Province and Eden District Municipality.

906 550

## 37.2 Theunis Barnard / Eden DM / September January

A summons was received from Calmanz Incorporated, with regards to an accident that happened on 5 February 2010. The driver of the vehicle was September January and at the time of the accident employed at Eden DM. The vehicle had the registration number PA 175 129. This matter was referred to their Insurance company. Notice of intention to defend was issued.

38 231

## 37.3 F du Toit / DL du Plooy / Eden DM

Dr du Toit and his fiancé went on vacation at Victoria Bay Camp Site. They were robbed of valuable items. Therefore they are suing Eden DM for damages. This case was referred to Millers Attorneys. A notice of intention to defend was issued. Millers recommend that Adv Schmidt be appointed in this matter.

376 750

## 37.4 Lefatshe - Computer Systems

Eden District Municipality entered into an agreement with Lefatshe Technologies (Pty) Ltd whereby they will provide the municipality with an integrated information technology system on or about 31 August 2011. Lefatshe submitted an account in the amount of R 1 643 174.61 for certain services rendered. The Municipal Manager informed Lefatshe in writing of Council's decision to investigate the Lefatshe tender and that the contract is on hold pending the outcome of the forensic investigation. There was a summons served on Eden District Municipality on 8 November 2011. The amount claimed is being disputed. This forms part of a R 23 449 235.67 contract. Pleadings are exchanged between the parties and a possible Court date to be determined by plaintiff.

23 449 236

## 37.5 Hoogbaard / Delo vs. Eden DM / GW Louw

A joint summons against Eden DM and Mr GW Louw for alleged defamation. They claim an amount of R 300 000.00 each. The Council appointed Attorneys to defend the case.

600 000

## 37.6 I Gerber N.O and others / Eden DM and P McKenzie

The Cape Town High Court issued a court order against Eden DM. In terms of the said order each party is liable for its own costs in respect of the said Application. In addition the court ordered the Applicant to bring a court application on or before the 31st of July 2013, in order to review Eden DM's decision to lease Part 4 of the farm Woodville 172, Division George to Peter McKenzie (the second Respondent), which will have further cost implications for Eden DM. Lastly instructions were issued that a lease be drafted in the interim between the relevant parties.

49 630

## 37.7 Possible Dispute with B-Municipalities Regarding Properties Registered in Eden District Municipality's Name

The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim. At year-end the book value of the properties disputed are the following:

Mossel Bay Municipality  
Knysna Municipality  
George Municipality

75 764 475

8 743 144

75 137 000

## 37.8 Uniondale Correction Facility on behalf of Department of Public works

Electricity consumption for 2006 - 2011. A claim of R8.3 m has been received but an in-house investigation must first be undertaken to assess the authenticity.

8 300 000

## 37.9 A Lamont

On-going labour dispute between A Lamont and Eden DM relating to a possible unlawful dismissal.

1 200 000

## 38 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations and assistance.

## 39 EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after reporting date.

## 40 RELATED PARTY TRANSACTIONS

## 40.1 Related Party Transactions

Rates

Service Charges

Outstanding  
balances

Year ended 30 June 2013

None

-

-

-

Year ended 30 June 2012

None

## 40.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are no longer permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 16 to the Annual Financial Statements.

## 40.3 Related Parties

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Eden District Municipality:

- \* Executive Mayor
  - \* Speaker
  - \* Mayoral Committee members
  - \* Councillors
  - \* Municipal Manager
  - \* Senior Manager: Finance
  - \* Executive Manager: Support Services
  - \* Senior Manager: Technical Services
  - \* Executive Manager: Management Services
- Their short term employee benefits are disclosed in notes 23 & 24

## EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## 41 RISK EXPOSURES

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**Price risk**

The municipality is not exposed to price risk.

**Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyse its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2013 R	2012 R
0.5% (2009 - 0.5%) Increase in interest rates	(20 254)	114 911
0.5% (2009 - 0.5%) Decrease in interest rates	20 254	(114 911)

**Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
Electricity	0.00%	-	0.10%	20 495
Water	0.00%	-	0.01%	2 083
Refuse	0.00%	-	0.00%	708
Sewerage	0.00%	-	0.01%	2 847
Ambulance and Fire Fighting Fees	25.82%	2 071 495	8.29%	1 684 950
Councillors' Arrears	18.15%	1 455 506	4.18%	849 248
Rental Agreements	30.62%	2 456 335	6.77%	1 375 011
Taxes - Rates	0.00%	-	0.09%	19 261
Advances to Agencies	0.00%	-	0.00%	0
Sundry debtors	25.41%	2 038 136	80.53%	16 359 964
	100.00%	8 021 472	100.00%	20 314 567

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

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

	2013 R	2012 R
Long-term Receivable	44 796 124	47 400 346
Consumer Debtors	3 388 492	1 314 981
Other Debtors	2 364 927	1 024 849
Short term Investment Deposits	1 104	1 121
Bank Balances and Cash	72 983 370	42 771 497
<b>Maximum Credit Risk Exposure</b>	<b>123 534 017</b>	<b>92 512 794</b>





[illegible]

## PROPERTY PLANT &amp; EQUIPMENT (CONTINUED)

	Cost										Accumulated Depreciation and Impairment Losses													
	Opening Balance (excl Capital under Construction)					Capital under construction (Additions)					Opening Balance (incl Capital under Construction)					Closing Balance								
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Sewerage Mains and Purification	34 317	-	34 317	-	-	34 317	-	-	34 317	-	3 672 700	3 672 700	-	18 584	-	1 719	-	20 303	-	550 528	550 528	-	(0)	-
Balance previously reported	328 613	-	328 613	-	-	328 613	-	-	328 613	-	3 672 700	3 672 700	-	178 808	-	16 482	-	20 303	-	550 528	550 528	-	174 987	119 229
Correction of error Incomplete X Asset Capitalisations	(239 494)	-	(239 494)	-	-	(239 494)	-	-	(239 494)	-	(239 494)	(239 494)	-	(180 863)	-	(14 707)	-	-	-	-	-	-	(174 871)	(118 624)
Correction of error Maintenance Incomplete Capitalised	(702)	-	(702)	-	-	(702)	-	-	(702)	-	(702)	(702)	-	(82)	-	(35)	-	-	-	-	-	-	(97)	(605)
Electricity mains	16 478	-	16 478	-	-	16 478	-	-	16 478	-	2 423 628	2 423 628	-	3 293	-	1 069	-	3 733	-	301 927	301 927	-	619	1 869
Balance previously reported	88 607	-	88 607	-	-	88 607	-	-	88 607	-	2 423 628	2 423 628	-	43 951	-	4 314	-	3 733	-	301 927	301 927	-	44 532	30 075
Correction of error Depreciation Calculation	(72 129)	-	(72 129)	-	-	(72 129)	-	-	(72 129)	-	(72 129)	(72 129)	-	(0)	-	(3 255)	-	-	-	-	-	-	(1)	(28 217)
Correction of error Incomplete X Asset Capitalisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(43 912)	
Electricity Peak Load equipment	(530 631)	-	(530 631)	-	-	(530 631)	-	-	(530 631)	-	13 754 653	12 715 543	-	45 387	-	25 295	-	1 173	-	2 010 382	1 906 026	-	83 081	421 433
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	13 754 653	12 715 543	-	45 387	-	68 321	-	1 173	-	2 010 382	1 906 026	-	214 676	1 108 683
Balance previously reported	288 214	-	288 214	-	-	288 214	-	-	288 214	-	13 754 653	12 715 543	-	133 360	-	(3 191)	-	-	-	-	-	-	(17 778)	(45 904)
Correction of error Incomplete X Asset Capitalisations	(63 682)	-	(63 682)	-	-	(63 682)	-	-	(63 682)	-	(63 682)	(63 682)	-	(14 987)	-	(37 836)	-	-	-	-	-	-	(113 817)	(641 346)
Correction of error Maintenance Incomplete Capitalised	(755 165)	-	(755 165)	-	-	(755 165)	-	-	(755 165)	-	(755 165)	(755 165)	-	(75 881)	-	-	-	-	-	-	-	-	-	-
Water Reservoirs	20 000	-	20 000	-	-	20 000	-	-	20 000	-	9 314 612	9 334 612	-	0	-	3 331	-	-	-	1 396 236	1 399 566	-	-	-
Balance previously reported	20 000	-	20 000	-	-	20 000	-	-	20 000	-	9 314 612	9 334 612	-	0	-	3 331	-	-	-	1 396 236	1 399 566	-	-	-
Correction of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water Meters	4 960	-	4 960	-	-	4 960	-	-	4 960	-	4 960	-	-	1 847	-	-	1 888	-	-	-	-	-	(51)	51
Balance previously reported	4 960	-	4 960	-	-	4 960	-	-	4 960	-	4 960	-	-	1 847	-	-	1 888	-	-	-	-	-	(51)	51
Correction of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water Mains	146 514	-	146 514	-	-	146 514	-	-	146 514	-	5 445	4 366	-	136 703	-	7 757	1 360	1 122	-	-	-	-	36 160	100 543
Balance previously reported	155 049	-	155 049	-	-	155 049	-	-	155 049	-	10 890	4 366	-	139 793	-	7 560	2 720	1 122	-	-	-	-	33 622	106 171
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	172	-	625	1 122	-	-	-	-	172	(172)	
Correction of error Items with values disposed	-	-	-	-	-	-	-	-	-	-	(6 445)	-	-	5 445	-	625	(1 360)	-	-	-	-	3 402	2 043	
Correction of error zero cost prices	10 680	-	10 680	-	-	10 680	-	-	10 680	-	-	-	-	700	-	534	-	-	-	-	-	-	9 446	9 446
Correction of error Maintenance Incomplete Capitalised	(19 215)	-	(19 215)	-	-	(19 215)	-	-	(19 215)	-	-	-	-	(19 215)	-	(863)	-	-	-	-	-	-	(2 270)	(16 946)
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	3 274 242	-	3 274 242	-	-	1 887 821	-9 050	-	27 409	443 285	64 085	-	297 149	-900	-	205 267	-	-	-	4 053	23 354	-	-	-
Parks and Gardens	1 639	-	1 639	-	-	1 639	-	-	-	-	167	-	935	-	-	-	-	-	-	-	-	-	-	-
Balance previously reported	66 117	-	66 117	-	-	66 117	-	-	63 478	6 627	2 554	-	935	-	-	-	-	-	-	9 246	55 231	-	-	-
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Correction of error Incomplete X Asset Capitalisations	(201)	-	(201)	-	-	(201)	-	-	(201)	-	(82)	-	-	(96)	-	(15)	-	-	-	-	-	-	(96)	(195)
Correction of error Maintenance Incomplete Capitalised	(15 727)	-	(15 727)	-	-	(15 727)	-	-	(15 727)	-	(1 010)	-	-	(798)	-	(798)	-	-	-	-	-	-	(1 798)	(13 929)
Correction of error incorrect capitalisation	(47 480)	-	(47 480)	-	-	(47 480)	-	-	(47 480)	-	(1 585)	-	-	(6 353)	-	(4 788)	-	-	-	-	-	-	(6 353)	(41 107)
Libraries	542 282	-	542 282	-	-	526 210	-9 050	-	7 021	48 670	17 811	-	64 730	-900	-	17 811	-	-	-	851	6 170	-	-	-
Balance previously reported	540 989	-	540 989	-	-	526 210	-9 050	-	5 728	48 606	17 768	-	64 730	-900	-	17 768	-	-	-	744	4 984	-	-	-
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Correction of error opening balance differences	-	-	-	-	-	-	-	-	9	-	(0)	-	-	-	-	-	-	-	-	-	-	-	-	
Correction of error zero cost prices	1 293	-	1 293	-	-	1 293	-	-	1 293	56	43	-	-	-	-	-	-	-	-	99	1 194	-	-	
Recreation Grounds	12 968	-	12 968	-	-	12 968	-	-	12 968	1 727	432	-	-	-	-	-	-	-	-	2 159	10 609	-	-	
Balance previously reported	491 609	-	491 609	-	-	491 609	-	-	491 609	41 210	16 414	-	-	-	-	-	-	-	-	57 824	433 986	-	-	
Correction of error Incomplete Capitalisation	(272 391)	-	(272 391)	-	-	(272 391)	-	-	(272 391)	(9 795)	(12 438)	-	-	-	-	-	-	-	-	(42 125)	(339 286)	-	-	
Correction of error Maintenance Incomplete Capitalised	(106 250)	-	(106 250)	-	-	(106 250)	-	-	(106 250)	(3 543)	(3 543)	-	-	-	-	-	-	-	-	(13 337)	(92 913)	-	-	
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Civic Buildings</b>	2 717 352	-	2 717 352	-	-	1 359 971	-	-	7 420	392 120	46 675	-	231 484	-	-	205 267	-	-	-	1 044	6 375	-	-	-
Balance previously reported	2 771 141	-	2 771 141	-	-	1 359 971	-	-	61 208	392 320	58 073	-	231 484	-	-	205 267	-	-	-	41 651	19 567	-	-	-
Correction of error Depreciation Calculation	(39 558)	-	(39 558)	-	-	(39 558)	-	-	(39 558)	(108)	(39 460)	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error Incomplete X Asset Capitalisations	(14 230)	-	(14 230)	-	-	(14 230)	-	-	(14 230)	(3)	(851)	-	-	-	-	-	-	-	-	(953)	(13 277)	-	-	
Correction of error Maintenance Incomplete Capitalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Land and Buildings</b>	151 204 693	-	151 204 693	-	-	17 422	-177	-	7 019 489	7 019 489	1 448 971	-	2 323	-13	-	602 118	-	-	-	7 864 006	135 598 022	-	-	-
Land	104 085 563	-	104 085 563	-	-	104 085 563	-	-	100 075 866	100 075 866	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance previously reported	104 164 927	-	104 164 927	-	-	104 164 927	-	-	100 054 399	100 054 399	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error Assets not Controlled	(79 360)	-	(79 360)	-	-	(79 360)	-	-	(79 360)	(79 360)	-	-	-	-	-	-	-							

## PROPERTY PLANT &amp; EQUIPMENT (CONTINUED)

Other Assets	Opening Balance (incl Capital under Construction)			Cost			Accumulated Depreciation and Impairment Losses			Closing Balance			Carrying Value		
	Balance previously reported	Correction of Error Depreciation Calculation	Correction of Error Removal of incorrect X-type asset	Balance previously reported	Correction of Error Depreciation Calculation	Correction of Error Removal of incorrect X-type asset	Balance previously reported	Correction of Error Depreciation Calculation	Correction of Error Removal of incorrect X-type asset	Balance previously reported	Correction of Error Depreciation Calculation	Correction of Error Removal of incorrect X-type asset	Balance previously reported	Correction of Error Depreciation Calculation	Correction of Error Removal of incorrect X-type asset
Office Equipment	33,267,669	-	5,360,618	232,762	344,129	1,594,391	438,037	-271,462	104,910	3,816	4,043,979	2,897,640	14,370,797	2,897,640	14,370,797
Balance previously reported	5,128,446	-	5,128,446	232,762	344,129	1,594,391	438,037	-271,462	104,910	3,816	4,043,979	2,897,640	14,370,797	2,897,640	14,370,797
Correction of Error Depreciation Calculation	(43,849)	-	(43,849)	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error Removal of incorrect X-type asset	(19,459)	-	(19,459)	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error Inappropriate disposal	(9,174)	-	(9,174)	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items previously disposed	2,610	-	2,610	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items without values disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items previously impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error opening balance differences	212,737	-	212,737	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error identified for the first time	108,307	-	108,307	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero cost prices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	4,293,968	-	4,293,968	98,339	71,803	398,538	10,183	33,372	33,372	3,611	4,621,742	2,289,530	638,080	31,287	209,443
Balance previously reported	(13,911)	-	(13,911)	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error Depreciation Calculation	30,669	-	30,669	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error Removal of incorrect capitalisations	716	-	716	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items without values disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items previously impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error opening balance differences	468,441	-	468,441	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error held for sale transfers	198,398	-	198,398	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error identified for the first time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero cost prices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	408,471	-	408,471	-	38,420	-	-	-	-	-	-	-	-	-	-
Balance previously reported	210,971	-	210,971	-	38,420	-	-	-	-	-	-	-	-	-	-
Correction of Error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error opening balance differences	48,560	-	48,560	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error identified for the first time	146,940	-	146,940	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero cost prices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency equipment	3,182,143	-	3,182,143	-	55,313	233,599	152,547	-	-	-	3,045,777	1,214,536	405,280	49,088	159,688
Balance previously reported	(603,529)	-	(603,529)	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error Depreciation Calculation	263	-	263	-	-	-	-	-	-	-	-	-	-	-	-
Correction of Error Removal of incorrect capitalisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items without values disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items previously impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error opening balance differences	982,540	-	982,540	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error identified for the first time	42,139	-	42,139	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero cost prices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicles	7,222,702	-	7,222,702	33,991	16,314	22,747	35,000	58,817	58,817	57,021	7,254,427	2,646,607	693,432	15,541	10,557
Balance previously reported	7,014,366	-	7,014,366	33,991	16,314	64,208	35,000	58,817	58,817	57,021	7,044,631	2,664,510	694,932	15,541	23,363
Correction of Error Depreciation Calculation	11,836	-	11,836	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items without values disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error items previously impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error opening balance differences	196,500	-	196,500	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error identified for the first time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error zero cost prices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PROPERTY PLANT EQUIPMENT (CONTINUED)	Cost										Accumulated Depreciation and Impairment Losses									
	Opening Balance (excl Capital under Construction)					Capital under construction (Additions)					Opening Balance (incl Capital under Construction)					Closing Balance				
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Fire Engines	965 978	-	965 978	-	11 990	-	11 990	-	-	963 988	266 465	-	-	97 032	8 015	-	-	-	355 462	598 507
Balance previously reported	906 417	-	906 417	-	11 990	-	11 990	-	-	769 281	320 128	-	-	63 021	8 015	-	-	-	270 815	498 466
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(42 281)	-	-	-	-	-	-	-	(22 645)	-
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	(8 201)	-	-	1 240	-	-	-	-	(4 961)	25 945
Correction of error items previously reported	-	-	-	-	-	-	-	-	-	-	(34 175)	-	-	-	-	-	-	-	64 455	-
Correction of error balance differences	-	-	-	-	-	-	-	-	-	-	214	-	-	-	-	-	-	-	214	-
Correction of error zero cost prices	59 562	-	59 562	-	-	-	-	-	-	59 562	30 785	-	-	11 779	-	-	-	-	42 564	16 968
Refuse Tankers	6 976 388	-	6 976 388	-	-	-	345 107	223 769	-364 304	48 925	34 169	6 160 316	3 137 007	-	-	-	-	-	3 052 757	3 077 557
Balance previously reported	6 559 319	-	6 559 319	-	102 373	-	102 373	506 491	-364 304	48 925	34 169	5 579 863	3 524 091	-	-	-	-	-	41 862	31 301
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	-	-	3 524 091	-	-	-	-	-	3 189 772	2 389 082
Correction of error items with values disposed	-	-	-	-	-	-	-	-	-	-	-	161 364	(16 884)	-	-	-	-	-	(17 441)	17 441
Correction of error items previously reported	-	-	-	-	-	-	-	-	-	-	-	6 533	(6 533)	-	-	-	-	-	16 470	-
Correction of error zero carrying values	24 997	-	24 997	-	-	-	(161 364)	-	-	24 997	12 466	-	-	3 123	-	-	-	-	16 597	-
Correction of error zero cost prices	452 093	-	452 093	-	-	-	-	-	-	-	(499 673)	-	-	97 360	-	-	-	-	(402 313)	402 313
Correction of error zero cost prices	79 740	-	79 740	-	-	-	-	-	-	-	170 185	-	-	42 594	-	-	-	-	219 779	239 314
Correction of error opening balance differences	(71 924)	-	(71 924)	-	-	-	-	-	-	-	79 740	61 432	-	10 835	-	-	-	-	72 267	7 472
Correction of Error Removal of Inccret capitalisations	(65 837)	-	(65 837)	-	-	-	-	-	-	-	(193)	-	-	(13 754)	-	-	-	-	(193)	193
Correction of error Imbalances Inconsecly Capitalised	47 074	-	47 074	-	-	-	-	-	-	-	(65 837)	-	-	(16 632)	-	-	-	-	(47 160)	(24 764)
Plant and Equipment	-	-	-	-	-	-	-	-	-	47 074	20 225	-	-	5 062	-	-	-	-	25 287	21 787
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error identified for the first time	47 074	-	47 074	-	-	-	-	-	-	-	-	47 074	20 225	-	-	-	-	-	25 287	21 787
Correction of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disaster Management Equipment	4 168 425	-	4 168 425	-	-	-	11 320	-	-	4 157 105	2 077 370	-	-	835 395	-	-	-	-	2 904 849	1 252 255
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error Depreciation Calculation	4 168 425	-	4 168 425	-	-	-	11 320	-	-	4 157 105	2 079 647	-	-	835 511	-	-	-	-	2 907 242	1 249 863
Correction of error	-	-	-	-	-	-	-	-	-	-	(2 277)	-	-	(116)	-	-	-	-	(2 392)	-

The leased property, plant and equipment is secured as set out in Note 3.

EDEN DISTRICT MUNICIPALITY  
ANNEXURE A  
SCHEDULE OF EXTERNAL LOANS  
FOR THE YEAR ENDED 30 JUNE 2013

EXTERNAL LOANS	Loan No.	Redeemable	Balance 30/06/2012 R	Received during the period R	Redeemed or written off R	Balance 30/06/2013 R	Carrying Value of Property, Plant and Equipment R	Other Costs in accordance with the MFMA
<b>LONG-TERM LOANS</b>								
Prosperity Ins. Company @ 18.75%	9	31.12.2006	-	-	-	-	-	-
Standard Bank Nominees @ 16.75%	27	31.12.2008	-	-	-	-	-	-
Standard Bank Nominees @ 16.75%	27	31.12.2008	-	-	-	-	-	-
Total long-term loans			-	-	-	-	-	-
<b>Annuity Loan</b>								
<b>ABSA</b>			-		-	-	-	-
<b>Dysselddorp Loan:</b>								
(14.5% interest rate, six monthly installments of R 153 143.36 with the final payment on 28/02/2010)			-	-	-	-	-	-
<b>DBSA LOANS</b>								
<b>Loan: 10130/102</b>			3 287 198	-	782 118	2 505 080	-	-
(10% interest rate, six monthly installments of R 25 669.04 with the final payment on 30/09/2015)								
<b>Loan: 10132/102</b>								
(10% interest rate, six monthly installments of R 184 150.24 with the final payment on 31/03/2016)								
<b>Loan: 10129/202</b>								
(10% interest rate, six monthly installments of R 130 001.34 with the final payment on 30/09/2015)								
<b>Loan: 10131/102</b>								
(10% interest rate, six monthly installments of R 193 023.80 with the final payment on 30/09/2015)								
<b>LEASE LIABILITY</b>								
Office Equipment @ average of 12%			-	1 761 850	-	1 761 850	-	-
<b>TOTAL EXTERNAL LOANS</b>			3 287 198	1 761 850	782 118	4 266 930	-	-

**ANNEXURE B**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Description	Provider	1 July 2012 Opening balance	Correction of Error	Restated Opening balance	Receipts Grants received	Expenditure Operating	Capital	Repaid to National Revenue Fund	Vat Income	Closing Balance 30-Jun-13	Unspent	Unpaid
Municipal Systems Improvement Grant (MSG)	National Government Grants	328 747	-	328 747	1 000 000	-	1 348 849	10 518	76 124	(106 743)	-	106 743
Dpt Land Affairs: District Assessment Committee	Provincial Government Grants	49 343	-	49 343	-	-	-	-	-	49 343	-	-
Donation Funds National Water	Provincial Government Grants	41 700	-	41 700	-	-	-	-	-	41 700	-	-
Socio Economic Survey Sanitation Practices	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-
Housing Consumer Education Fund	Provincial Government Grants	32 167	-	32 167	-	-	-	-	-	32 167	-	-
Local Government Bulk Infrastructure	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-
Integrated Human Settlement Grant	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant (FMG)	National Government Grants	330 174	-	330 174	1 250 000	-	1 429 446	-	138 455	12 274	12 274	-
LGESFA: Re-imbursements	Other Grant Providers	688 150	-	688 150	485 654	-	40 311	-	5 392	1 128 101	1 128 101	-
MSG	National Government Grants	-	-	-	-	-	-	-	-	-	-	-
LGSEFA: LED Leadership	Other Grant Providers	9 164	-	9 164	-	-	-	-	-	9 164	-	-
GLOBAL FUND	Provincial Government Grants	(0)	-	(0)	-	-	-	-	-	(0)	-	0
Human Rights Programme	Provincial Government Grants	53 797	-	53 797	-	-	-	-	-	53 797	53 797	-
Sports Grounds: Haarlém	Provincial Government Grants	18 178	-	18 178	-	-	9 500	-	-	8 678	-	-
Libraries Grant - Facilities	Provincial Government Grants	77 506	-	77 506	-	-	-	-	-	77 506	77 506	-
Non-Motorised Transport	Provincial Government Grants	18 107	-	18 107	-	-	15 666	-	-	2 442	-	-
Bucket system Elimination Schools/Clinic	Provincial Government Grants	132 794	-	132 794	-	-	3 793	-	584	128 417	128 417	-
WC079: Regional Landfill Site	Provincial Government Grants	17 865	-	17 865	-	-	15 671	-	2 194	0	-	-
LG: Bulk Water and Waste Water infrastructure.	Provincial Government Grants	62 850	-	62 850	-	-	-	-	-	62 850	62 850	-
Expanded Public Works Incentives	National Government Grants	65 294	-	65 294	1 000 000	-	1 136 965	-	11 908	(83 579)	-	83 579
Umsobomvu Youth Fund	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-
Financial Assistance Aerial Fire fighting	Provincial Government Grants	(0)	-	(0)	-	-	-	-	-	(0)	-	0
Task Contributions - Municipalities	Other Grant Providers	100 830	-	100 830	127 678	-	272 568	-	6 188	(50 247)	-	50 247
Emergency Housing DMA	Provincial Government Grants	282 478	-	282 478	-	-	-	-	-	282 478	282 478	-
Emergency Housing Zoar	Provincial Government Grants	174 048	-	174 048	-	-	-	-	-	174 048	174 048	-
WC FMG: Longterm Financial plan	National Government Grants	-	-	-	250 000	-	-	-	-	250 000	250 000	-
WC FMG: Risk Assessment	National Government Grants	-	-	-	300 000	-	-	-	-	300 000	300 000	-
DWA: Abstraction Validation on Blou	Provincial Government Grants	-	-	-	35 589	-	-	-	-	35 589	35 589	-
DWAFA: Chemical Water Sampling	Provincial Government Grants	-	-	-	306 286	-	272 850	-	40 684	(7 248)	-	7 248
RBIG & DBSA: Bulk Water Studies	Other Grant Providers	-	-	-	545 065	-	580 727	-	66 938	(102 600)	-	102 600
STUDY: Implementation alternative Solid Waste (NT)	National Government Grants	-	-	-	-	-	316 511	-	51 525	(368 036)	-	368 036
STUDY: Implementation alternative Solid Waste (DBSA)	Other Grant Providers	-	-	-	-	-	1 151 540	-	187 460	(1 339 000)	-	1 339 000
ROADS - DEPARTMENT OF TRANSPORT	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-
<b>CONSOLIDATED MIG PROJECTS - OPERATIONAL</b>												
<b>TOTALS</b>		<b>2 483 194</b>		<b>2 483 194</b>	<b>5 300 272</b>		<b>6 594 398</b>	<b>10 518</b>	<b>587 451</b>	<b>591 100</b>	<b>2 648 554</b>	<b>2 057 454</b>
WFW: Brandwacht 2010/11	Provincial Government Grants	(0)	-	(0)	1 488 160	-	1 404 627	-	83 534	0	-	-
WFW: Grant - Brak 2010/11	Provincial Government Grants	(0)	-	(0)	1 352 485	-	1 238 367	-	114 098	-	-	-
WFW: Unondate 2010/11	Provincial Government Grants	0	-	0	-	-	-	-	-	0	-	-
WFW: Karatara 2010/11	Provincial Government Grants	0	-	0	765 217	-	765 186	-	31	0	-	-
WFW: Kynsra 2010/11	Provincial Government Grants	0	-	0	376 669	-	368 261	-	8 408	0	-	-
WFW: Moordkyl 2010/11	Provincial Government Grants	-	-	-	1 219 057	-	1 167 219	-	51 837	0	-	-
WFW - (Unspent & PM fees)	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-
<b>WORK FOR WATER TOTALS</b>		<b>0</b>		<b>0</b>	<b>5 201 588</b>		<b>4 943 679</b>		<b>257 909</b>	<b>0</b>	<b>0</b>	
<b>TOTALS</b>		<b>2 483 194</b>		<b>2 483 194</b>	<b>10 501 860</b>		<b>11 538 077</b>	<b>10 518</b>	<b>845 359</b>	<b>591 100</b>	<b>2 648 554</b>	<b>2 057 454</b>
<b>CAPITAL PROJECTS</b>												
<b>OTHER GRANTS</b>												
Financial Management Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-
Municipal System Improvement Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-
<b>TOTALS</b>												
Development of Sport & Recreation	Provincial Government Grants	(1)	-	(1)	-	-	-	-	-	(1)	-	1
<b>DMIE GRANTS</b>												
Electricity Demand Side Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-
Electricity Demand Side Management	National Government Grants	5 399 984	-	5 399 984	-	-	-	-	-	5 399 984	5 399 984	-
<b>TOTALS</b>		<b>5 399 984</b>		<b>5 399 984</b>						<b>5 399 984</b>	<b>5 399 984</b>	
<b>TOTAL CAPITAL BALANCES</b>		<b>5 399 984</b>		<b>5 399 984</b>						<b>5 399 984</b>	<b>5 399 984</b>	<b>1</b>
<b>UNSPENT BALANCES END OF REPORTING PERIOD</b>		<b>7 883 177</b>		<b>7 883 177</b>	<b>10 501 860</b>		<b>11 538 077</b>	<b>10 518</b>	<b>845 359</b>	<b>5 991 084</b>	<b>8 048 539</b>	<b>2 057 455</b>
Consolidated MIG Projects		-	-	-	-	-	-	-	-	-	-	-
Consolidated FMG Projects		721 863	-	-	1 250 000	-	247 719	-	34 681	1 689 464	1 689 464	-
Consolidated MSG Projects		128 417	-	-	1 000 000	-	1 429 446	-	-	(301 029)	-	301 029

# ASSESSMENT OF ARREARS

## Municipal Taxes and Service charges

### MEMORANDUM

#### DEPARTEMENT DEPARTMENT

NAVRAE: ENQUIRIES:	Tebello M Mpuru
VERW: REF:	10/1/1
KANTOOR: OFFICES:	Eden District Municipality
DATUM: DATE:	08 January 2014
AAN: TO:	Eden District Municipality Personnel
VAN: FROM:	Acting CHIEF FINANCIAL OFFICER – Mr TM Mpuru
AFSKRIFTE COPIES	<b>RECORDS</b> Municipal Manager: Mr G Louw Finance Senior Official: Johan Stander Executive Manager in Support Services: Ms Trix Holtzhausen Communications Officer: Mrs M Nqumse Acting IDP & Communications Manager: Mr Ricardo Davids
INSAKE: REGARDING:	Annual Report: Section 121(3) of the MFAMA subsection (e) An Assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;

Dear colleagues

In terms of the section 121(3) of the Municipal Finance Management Act (No. 56 of 2003), with respect to the finalisation and submission of the Annual Report and Oversight Reports of a municipality must include:

(e) An assessment of by the municipality's Accounting Officer of any arrears on Municipal Taxes and service charges;

In terms of Eden District Municipality's operations we do not render any exchange services in any part of the District. The District Managed Area (DMA), Uniondale & Harlem, was transferred to George Municipality in the 2011/12 financial year. The transfer encompassed a transfer of assets and liabilities related to the DMA and all related exchange and non-exchange services.

As a result of the above mentioned transfer in 2011/12, Eden District Municipality does not have any arrears on Municipal Taxes and services charges to be reported or accounted for in the Annual Report for 2012/13 financial year.

Kind regards



L Hoek  
CHIEF FINANCIAL OFFICER



GW Louw  
MUNICIPAL MANAGER

# CORRECTIVE MEASURES - AG REPORT

## FOLLOW-UP ON THE FINDINGS OF THE AUDITOR GENERAL

Section 131 (1) of the MFMA refers- A municipality must address any issues raised by the Auditor- General in an audit report. The mayor of a municipality must ensure compliance by the municipality with this subsection.

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
I	<p><b>SCM: Deviations not sufficiently justified (Comaf 30)</b></p> <p>As per the requirements of the Supply Chain Management Policy section 36 and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 36:</p> <p>The accounting officer may –</p> <p>(1) (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only</p> <p>(i) in an emergency;</p> <p>(ii) if such goods or services are produced or available from a single provider only;</p> <p>(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.</p> <p>(2) <b>The accounting officer must record the reasons for any deviations in terms of subparagraphs 36(1) (a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.</b></p> <p>Whilst performing audit work on the approved deviations in note 35.7 of the Annual Financial Statements, deviations were found to have insufficient reasons to explain the nature of the deviation as per the Supply Chain Management Policy, paragraph 36 (1) (a) and (b).</p> <p>We could only assess whether the deviations appears reasonable/ justified on the basis that it was impossible/ impractical to obtain three written quotations based on the information provided.</p>	<p><b>Financial and Performance</b></p> <p>Management - Insufficient review and monitoring by management regarding the compliance to the applicable laws and regulations.</p> <p><b>Management did not implement effective and efficient controls to ensure that sufficient reasons were provided for deviations in the deviations register and collaborator and/or management deviated unjustifiably.</b></p>	<p>Management should record detailed explanations for all deviations on collaborator to justify deviations, this reasons should then also be recorded in the deviations register.</p> <p>Management should take all reasonable steps not to deviate from the procurement processes in place, unless it is really impossible/ impractical to obtain three written quotations, sole provider or emergency.</p> <p>The population should be investigated to determine if these deviations were valid and justifiable.</p>	<p><b>Your findings dated 28 October 2013 refer:</b></p> <p>We do not agree with the office of the Auditor General regarding their finding; please refer to response below per deviation and the Annexure.</p>	<p>Management's response has been evaluated. However, we still disagree. We accept management's explanation for case six (Toilet Friend), but the remainder will remain irregular. The projected irregular expenditure is R704 171.</p>	<p><b>Mr T Mpuru: Deputy Manager: SCM, Stores, Assets</b></p>			



No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
2	<p><b>Debtors: No interest charged on overdue accounts (Comaf 43)</b></p> <p>In terms of section 64 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA) Revenue management:—</p> <p>(1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality.</p> <p>(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—</p> <p><b>(g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework;</b></p>	<p><b>Financial and performance management -</b></p> <p>Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>There are no effective and efficient controls to ensure that interest are charged as per the requirements of the MFMA.</p>	<p>The accounting officer should implement controls to ensure that interest is charged on outstanding debtors as revenue is lost.</p>	<p><b>Your findings dated 31 October 2013 refer:</b></p> <p>The municipality agrees with the audit finding.</p> <p><b>REASONS FOR LACK OF CONTROLS:</b></p> <p>The current practice of council is not to charge interest on Debtors accounts.</p> <p><b>This is mainly due to the following:</b></p> <ul style="list-style-type: none"> <li>· Financial System not set up to charge interest on overdue accounts</li> <li>· Capacity in the income section in terms of personnel.</li> <li>· Capacity in the collection procedures and activities of council needs to be improved; this will be addressed with the additional capacity on the proposed reviewed micro structure.</li> </ul> <p><b>MANAGEMENT PROPOSES TO IMPLEMENT THE FOLLOWING TO ADDRESS THE ISSUE:</b></p> <ul style="list-style-type: none"> <li>· Review credit control and debt collection policy.</li> <li>· Policy will be work shopped with Mayco and council during the policy review process.</li> <li>· Policy will be tabled before council during March 2014.</li> <li>· Debtor age analysis will be reviewed and final demand letters will be sent to outstanding debtors.</li> <li>· Service provider will be consulted to engage as to how the system can allocate interest on outstanding accounts. ( Abakus service provider)</li> <li>· The capacity problems in the income section are being addressed with the review of the micro structure; addition of debtor clerk post has been requested.</li> <li>· Officials will be moved from over capacitated sections to the income section to address the</li> </ul>	<p>Management's response is noted and the intended policy and implementation thereof will be followed up during our next intended key control visit.</p>	<p><b>Deputy Manager: Income</b> <b>Mr J Adams/</b> <b>Mr S Stanley</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on Implementation
				shortcomings. This will be done in line with the applicable labour laws and regulations.					
3	<b>APOO: Limitation of Scope (Comaf 17)</b> Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that: "When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to – (b) direct a person to produce, or to deliver at a specified place and time and in a specified format – (i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or (ii) any such asset;"	<b>Financial and performance management</b> Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. All documentation is not kept on file and in certain cases the documentation does not appear to exist. This is as a result of poor record keeping processes.	The accounting officer should implement controls to ensure that the supporting documents of predetermined objectives are submitted for audit purposes.  The requested information should be submitted by the accounting officer for audit purposes.	<b>Your findings dated 23 October 2013 refer:</b> Herewith find attached outstanding documentation.	The information was evaluated and the following is still outstanding resulting in a limitation of scope.  <i>(Refer to the table of outstanding information in the management letter)</i>	<b>Accounting Officer: Mr G Louw</b> <b>Performance Management: Mrs. I G Saaiman</b>			
4	<b>SCM: Non-compliance with s14 (1) (b) of SCM regulations (Comaf 3)</b> The Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 14(1) (b) specifies the following: "A supply chain management policy must specify the listing criteria for accredited prospective providers." <b>During the audit of Supply Chain Management, we identified that the Supply Chain Management Policy that is in effect for the 2012-13 financial year under review does not contain the "Listing criteria for prospective suppliers" as per the requirements of the SCM regulation, GNR. 868 of 30 May 2005.</b> This results in non-compliance with the requirements of the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005. This finding was	Adequate due care was not exercised by management in the SCM unit to ensure that the SCM policy in place specifically complies with the SCM regulation, GNR. 868 of 30 May 2005. Sufficient care in the drafting of the Supply Chain Management Policy was not in place by Management to ensure that the specific requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), section 112 and Municipal SCM regulation GNR. 868 of 2005 are met.	Eden District Municipality's current SCM policy should be amended to comply with the requirement of the above mentioned regulation.	<b>We agree with your audit finding number 3:</b> The Municipality is in process of performing an Annual review of its policies and therefore the SCM Policy with other Budget and Treasury Policies will be going through an annual review process to effect the following: <ul style="list-style-type: none"> <li>· Ensure that Treasury &amp; Budget office policies are current and relevant to the business of the municipality</li> <li>· Policy takes account of the National/Provincial Treasury guidelines with regards to latest circulars</li> <li>· Policy complies with legislative requirements as per discussion with the Auditor General, the SCM Database form provides criteria for listing and per information required however the SCM Unit has begun the SCM Policy review process</li> </ul>	Management's comments are noted and the intended controls and corrective action will be followed up during our next intended key control visit.	<b>Deputy Manager: SCM Mr T Mpuru</b>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	also raised in the 2011-12 audits; refer to paragraph 18 on page 81 of the Final Management report dated 30 November 2012.			<p>where these criteria will be amended and included in the policy as follows:</p> <ul style="list-style-type: none"><li>· The Municipal Manager shall ensure that the Eden District's supplier database is updated continuously and at least once per year shall, through regional newspaper commonly circulating locally in the region, the website of the Eden District Municipality, and any other appropriate ways, invite prospective suppliers of goods and services, construction works and consultant services to apply for listing as an accredited prospective supplier.</li><li>· Prospective suppliers shall however be allowed to submit applications and amendments for listing on the database at any time.</li><li>· The listing criteria for accredited prospective providers are:</li></ul> <ol style="list-style-type: none"><li>1. <b>Name of supplier / service provider;</b></li><li>2. <b>Street address;</b></li><li>3. <b>Postal address;</b></li><li>4. <b>Contact person in Sales Department;</b></li><li>5. <b>Sales Department's telephone number;</b></li><li>6. <b>Sales Department's fax number;</b></li><li>7. <b>Sales Department's email address;</b></li><li>8. <b>Contact person in Accounts Department;</b></li><li>9. <b>Accounts Department's telephone number;</b></li><li>10. <b>Accounts Department's fax number;</b></li><li>11. <b>Accounts Department's email address;</b></li><li>12. <b>Vat registration yes/no;</b></li><li>13. <b>Vat registration number;</b></li><li>14. <b>Bank details;</b></li><li>15. <b>Type of industry;</b></li><li>16. <b>Valid certification for specialized services;</b></li><li>17. <b>Valid tax clearance certificate;</b></li><li>18. <b>CIDB registration if applicable;</b></li><li>19. <b>Valid certification of HDI</b></li></ol>					

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				<p><b>Status.</b></p> <p>20. Eden Council shall disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.</p> <p>21. Where bids exceed R200 000 (VAT Inclusive), bidders who are not registered on the Municipality Supplier Database are not precluded from submitting bids however successful bidders must however be registered after the award is made by the BAC and prior to an orders being issued.</p>					
5	<p><b>SCM: Non-compliance with s23(c) (iii) of SCM regulations (Comaf 16)</b></p> <p>The Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 23(c) (iii) requires the following:</p> <p><b>"the accounting officer to publish the entries in the register and the bid results on the website of the municipality"</b></p> <p>During the audit of Supply Chain Management, we identified that the register of bids received on time <b>was not published on the website</b> of Eden District Municipality as per the requirements of the SCM regulation, GNR. 868 of 30 May 2005.</p> <p><b>Only bid results are published on the website of the municipality.</b></p> <p>This results in non-compliance with section 23(c) (iii) of the requirements of the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005.</p>	<p><b>Financial and Performance Management -</b></p> <p>The municipality did not review and monitor compliance with applicable laws and regulations.</p> <p>Due care was not exercised by management in the SCM unit to ensure compliance with the SCM regulation.</p>	<p>The SCM communication for publication memorandum should include the entries in the register of bids received on time and bid results as both are required to be published on the municipality's website.</p>	<p><b>Your findings dated 23 October 2013 refer:</b></p> <p>We agree that we are currently only publishing the bid results and not the bid register of the tenders, however the Bid register remain available to the public for inspection on request.</p> <p>We will immediately implement the recommendations and publish the contents of the register in addition to the bid outcomes.</p> <p>The municipality has had an open policy with regards to providing relevant information on tenders especially with interested bidders or the public. Transparency and information dissemination on tenders has always been at forefront of our operations however we acknowledge there is always room for improvement. We will implement the recommendation immediately going forth.</p>	<p>Management's comments are noted and the intended controls and corrective action will be followed up during our next intended key control visit.</p>	<b>Deputy Manager: SCM</b> <b>Mr T Mpuru</b>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
6	<p><b>SCM: Major deviations disclosure incomplete (Comaf 31)</b></p> <p>As per the requirements of the Supply Chain Management Policy section 36(2) and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 36(2): <b>The accounting officer must record the reasons for any deviations in terms of subparagraph (1) (a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.</b></p> <p>Whilst performing audit work on the approved deviations in note 35.7 of the Annual Financial Statements for the period ended 30 June 2013, we identified;</p> <p><b>The total deviations amount of R7 720 685 in note 35.7 does not agree with the deviation register amount of R7 851 225, a difference of R130 540 was found.</b></p> <p><b>A major deviation from procurement above R200 000 identified in the deviations register was not disclosed in Note 35.7</b></p>	<p><b>Financial and Performance Management</b></p> <p>Insufficient review and monitoring by management regarding the compliance to the applicable laws and regulations.</p> <p>Management has not implemented effective and efficient controls to ensure the review of the disclosure note for deviations.</p>	<p>A senior SCM official should review the disclosure note for deviations and compare and reconcile it to the deviations register for the period to ensure that all major deviations are disclosed in the notes to the financial statements before it is submitted for audit purposes.</p>	<p><b>Your findings dated 28 October 2013 refer:</b></p> <p>We acknowledge the Audit Finding and we will make the necessary amendment to Note 35.7 in the Annual Financial Statements; however we wish to draw attention to the fact that deviations have been taken to council and this is simply an erratum in the compilation of the notes to the Annual Financial Statements.</p> <p>On revisiting the deviations taken to Council, we noted one deviation with an amount listed as R295, 061 that should have been R2, 950.61. We have updated the deviation register accordingly and thus disclosed total deviations to the value of R7, 559, 115. Note 35.7 will be amended as follow: (Refer to attached deviation report)</p>	<p>Management's response has been evaluated and accepted.</p> <p>Confirmed through inspection of note 35.7 that the note was corrected accordingly.</p>	<p><b>Deputy Manager: SCM</b> <b>Mr T Mpuru</b></p>	<p>N/A</p>	<p>N/A</p>	<p>Resolved</p>
7	<p><b>SCM: Awards given to persons in the service of the state (Comaf 32)</b></p> <p>As per the Supply Chain Management Regulation GNR.868 of May 2005, Section 44 and the Supply Chain Management Policy of the municipality: Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy,</p> <p>(a) who is in service of the state; (b) if the person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or (c) a person who is an advisor or consultant contracted with the municipality.</p>	<p><b>Financial and Performance Management</b></p> <p>- Insufficient review and monitoring by management regarding the compliance to the applicable laws and regulations.</p> <p>This is a transversal issue amongst all municipalities as they don't have access to a State database that provides them with a platform to do this kind of verification.</p>	<p>Greater care should be exercised when prospective supplier documentation is completed to identify persons in service of the supplier that could potentially also be in service of other state institutions.</p>	<p><b>Your findings dated 28 October 2013 refer:</b></p> <p>We acknowledge the Audit finding and the three service providers will be removed from the Supply Chain Management Database and informed accordingly.</p> <p>However we wish to draw emphasis that procurement from the three entities was all below R30 000 and therefore sourced on a quotation basis and not through Formal or Informal tendering process hence the normal tender vetting process not undertaken.</p> <p>We have inspected the application</p>	<p>Management's comments are noted. This will again be re-visited during our intended key control visit.</p>	<p><b>Deputy Manager: SCM</b> <b>Mr T Mpuru</b></p>			

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	<p>As part of the audit process on SCM, the application of computer assisted audit techniques (CAATs) was used in order to identify persons associated with the entity, who might have a vested interest in private companies.</p> <p>Supplier to whom an award was made did not declare that he was in the service of the state or, if not a natural person, if any of his directors/ members/ principal shareholders/ stakeholders were in the service of the state.</p> <p><i>(Refer to the detailed table in the management report to see the awards that were made to the three service providers in the service of the state)</i></p>			<p>forms for <b>Sikhoma Driving School</b> and <b>L&amp;L Projects</b>; they both did not disclose that they had members or directors who were in the employ of the state. Therefore their inclusion in the SCM Database was not an Internal Control matter on insufficient review but a matter of wrongful disclosure by the service provider. For the third to find their application form which was submitted a number of years back. Please refer to Annexure A and B.</p> <p>We are in the process of cleansing the supply chain management database and with the assistance of Provincial Treasury (Western Cape Government) we should be able to rid the system of these service providers if anymore exist.</p>					
8	<p><b>SCM: Winning bidder's municipal account not obtained (Comaf 34)</b></p> <p>As per the requirements of the Supply Chain Management Policy and Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005, section 28(1) (c):</p> <p>A bid evaluation committee must check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.</p> <p>As per section 38 (1) (d) (i) of the same regulation as mentioned above, the accounting officer must be enabled to reject a bid from a bidder, if any municipal rates and taxes or municipal service charges owed by the bidder or any of its directors to the municipality or municipal entity, or to any other municipality or municipal entity, are in arrears for more than three months.</p>	<p><b>Financial and Performance Management</b></p> <ul style="list-style-type: none"> <li>- Insufficient review and monitoring by management regarding the compliance to the applicable laws and regulations.</li> <li>No internal controls are in place to ensure that winning bidders provide their municipal accounts.</li> </ul>	<p>SCM officials must contact and request winning bidders that did not submit a municipal account to submit a copy of their latest municipal account before the bid is awarded to them where such bidder has a municipal account.</p> <p>The accounting officer should implement effective and efficient controls to ensure compliance with the requirements as per the SCM regulations. The irregular expenditure should be investigated and disclosed in the financial statements.</p>	<p><b>Your findings dated 28 October 2013 refer:</b></p> <p>We disagree with the Auditor's findings on non-compliance to the requirements of the Supply Chain Management Policy and Municipal Supply Chain Management Regulation, GNR. 868 of 30 May 2005, section 28(1) (c).</p> <p>Please refer to the list of winning bidders and their relevant Municipal Rates and Taxes Certificates or Lease agreement where service provider leased their premises. The list also indicates the few exceptions to which the Auditor's finding is applicable to. Find attached Annexure for each tender.</p> <p><b>(Refer to the management letter for more detail)</b></p>	<p>Management's response has been evaluated. Inspected the supporting documents submitted (Annexures A-P)</p> <p><b>However: we still disagree with the following suppliers as a valid municipal account was not submitted.</b></p>	<b>Deputy Manager: SCM Mr T Mpuru</b>			

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9	<p><b>SCM: Tax clearance certificate not submitted (Cornaf 35)</b></p> <p>As per the requirements of the Supply Chain Management Policy and the Municipal Supply Chain Management Regulations, GNR. 868 of 30 May 2005: Section 13(b) - A written quotation or bid may not be considered unless the provider who submitted the quotation or bid has furnished the municipality with a valid tax clearance certificate. Section 43 - A valid Tax clearance certificate must accompany the bid documents before making an award to a person, a municipality must first check with SARS whether that person's tax matters are in order. Confirmed through inspection of tender documentation that the following tenders were awarded to providers without obtaining a valid tax clearance certificate</p>	<p><b>Financial and Performance Management</b></p> <p>- Insufficient review and monitoring by management regarding the compliance to the applicable laws and regulations. No internal controls are in place to ensure that winning bidders provide an original Tax clearance certificate from SARS before the bid is awarded.</p>	<p>SCM officials must contact and request bidders that did not submit a tax clearance certificate, before the bid is awarded, to submit such outstanding certificates. The accounting officer should implement effective and efficient controls to ensure compliance with the requirements as per the SCM regulations. The irregular expenditure should be investigated and disclosed in the notes to the annual financial statements.</p>	<p><b>Your findings dated 28 October 2013 refer:</b></p> <p>We disagree with the Auditor General on awards to tenders whose Tax Matters are not in order.</p> <p>Please find the relevant Tax Clearance Certificates for Handa Sales (Tender E/11/11-12) and Millers Incorporated (Tender E/11/11-12). The awards were made after inspection of a valid Tax Clearance Certificate, Annexure A &amp; B.</p> <p>SNECOFF (Tender E/11/11-12) had provided an invalid Tax Clearance Certificate (Expired) on failure to provide a relevant certificate as requested, the service provider subsequently revoked their tender to Eden on the basis that the tender is not a cost effective venture for them to pursue.</p> <p>Please refer to Annexure C for letter of withdrawal by SNECOFF. The award was not made nor was there any trading between EDEN Council and SNECOFF post the withdrawal letter.</p> <p><b>Therefore we disagree with the Office Auditor General that there was any irregular expenditure incurred by the municipality as a result of non-compliance with the SCM Policy and the SCM Regulations.</b></p>	<p>Management's response has been evaluated. <b>However, we still disagree.</b> Inspected the letter from SNECOFF, we accept the fact that SNECOFF did not submit a valid tax clearance certificate.</p> <p><b>Confirmed through inspection of the two tax clearance certificates submitted by management that they are still deemed to be invalid for the following reasons:</b></p> <ul style="list-style-type: none"> <li>· Management did not provide the auditors with the original documents (copies are not acceptable).</li> <li>· The HANDA tax clearance certificate expired (24/02/2011) years prior to the date the tender was awarded.</li> <li>· Management could not have inspected the tax clearance certificate submitted for Millers Incorporated</li> </ul>	<b>Deputy Manager: SCM Mr T Mpuru</b>			



No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
10	<p><b>Expenditure: Suppliers not paid within 30 Days (Comaf 2)</b></p> <p>As per the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), section 65(2)(e) - The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure:</p> <p>(e) that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure;</p> <p>During the audit of expenditure it was found that the supplier invoices were not paid within 30 days of the receipt of the invoice.</p> <p><b>(Refer to the management report for more detail)</b></p>	<p><b>Financial and Performance Management</b></p> <p>-The municipality did not review and monitor compliance with applicable laws and regulations, MFMA, section 65(2) (e). Management does not exercise a thorough monitoring function to ensure that all supplier invoices are settled within 30 days of receipt of the invoice.</p>	<p>It is recommended that management monitor all supplier invoices according to receipt date on a weekly basis to ensure that all outstanding invoices are settled within 30 days.</p>	<p><b>We agree with your audit finding number 2:</b></p> <p>Comment on Internal deficiency: The municipality acknowledges the internal control deficiency in terms of the Audit Finding Remedial Action:</p> <p>The creditors were in the case of the following creditors provided for as a PROVISION FOR CREDITORS outstanding at 30 June 2013.</p> <ul style="list-style-type: none"> <li>· George Mechanical and glass (Certosa)</li> <li>· Simply IT and Accounting Solutions cc</li> <li>· George Mechanical and Glass (Supply and fit safety glass)</li> </ul> <p>The creditor for Roads was not provided for as a Provision but was accounted for as a Commitment of Roads for the month of June. Actions that needs to be implemented:</p> <p>Payment Date - July</p> <ul style="list-style-type: none"> <li>· The municipality needs to ensure that a creditor payment cycle for the month of June (Provisions of Creditors) is scheduled earlier in July (new financial year)</li> </ul>	<p>prior to the award being made to them as the tender was awarded <b>30 August 2012</b> and the tax clearance certificate is dated <b>8 November 2012</b>. Irregular expenditure amounting to <b>R14 363, 43</b> will remain and should be disclosed in note <b>34.3</b> to the financial statements.</p>	<b>Deputy Manager: Expenditure Mr J Adams / Mr N October</b>			



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				<p>· Currently the practice is to make two payments in July. 1 on the 25th of July and another one at the end of July to ensure payment of creditors provided for during June financial year end.</p> <p>· This practice results in some payments being late based on the 30 day pay creditors principles based on the invoice date.</p> <p>· Payment cycle should be process by the 10th of the month for creditors provided for in June (Provision of creditors).</p> <p>· This was the case with these COMAF 2 creditors.</p> <p><u>Difference: Invoice and GRV</u></p> <p>· Late payments also occurred as a result of the differences in the services requested (ordered) and delivered by the services provider (GRV)</p> <p>· The current practice of the creditors is to engage with the responsible person that</p> <p>3) Management wants to give the auditors their unconditional assurance, that were any of the assets from the Eden DM originating from the Middle Ages, as per your audit finding above, we would most definitely classify it as heritage assets. Requested the services to engage with the services provider and request the delivery of the correct goods/service.</p> <p>· This results in a lengthy time lapse where payment of the supplier is not done until the matter is sorted out.</p> <p>· Proof of this communication can be provided.</p> <p><u>Actions to be implemented:</u></p> <p>The creditors needs to engage with the supplier directly and request the suppliers to provide an amended invoice that is correctly dated for the services that was delivered and received by the municipality.</p> <p>This will ensure that the long process with engagement with the responsible person will be prevented.</p>					

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
				<p>Payment of the revised invoice based on the GRV and actual goods received can then be processed.</p> <p>The municipality is also in engagements with the service provider (ABACUS) to ensure that control mechanism can be implemented that will prevent this from occurring too much.</p> <p>This is an on-going process that will hopefully results in reliable controls. This will be communicated with the different departments to ensure that everyone understands the process and ensure payments of creditors as per the MFMA requirements.</p>					
11	<p><b>Expenditure: Cut off – invoices not accrued (Comaf 21)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP):</p> <p><b>Accrual basis of accounting</b></p> <p>"An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting."</p> <p>"When the accrual basis of accounting is used, items are recognized as assets, liabilities, net assets, revenue and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework for the Preparation and Presentation of Financial Statements."</p> <p>During the audit of expenditure and in particular cut-off testing, it was found that the following expenditure were not accounted for in the 2012-13 financial year, it is also not on the general ledger even though the service rendered date, goods received date is all for the 2012-13 financial year.</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> </ul> <p>Management did not ensure that effective and efficient controls are in place to accrue accurately for invoices as at year-end.</p>	<p>The accounting officer should implement and monitor the effectiveness of controls to ensure that invoices and payments are accrued for in the correct accounting period.</p> <p>You are requested to examine the entire populations and to make the necessary correcting entries.</p>	<p><b>Management partially agree with the audit finding</b></p> <ul style="list-style-type: none"> <li>· Buildings – R12 375.00</li> <li>· Hygienic service R10 671.36</li> <li>· Lefashe Arbitrasie R 8 461.68</li> <li>· Courier service R 6 726.27</li> <li>· I Gerber NO &amp; Ander R 6 258.32</li> <li>· Shutterfly face R10 657.50</li> <li>· Sandobel R34 385.04</li> <li>· Removal and installation R 4 267.31</li> </ul> <p><b>The payment of these transactions were processed after the cut-off date of 30 June 2013 for the financial year.</b></p> <p><b>Majority of these documents were submitted to the creditors section late, and could therefore not be provided at YEAR END.</b></p> <p><b>PROVISION FOR CREDITORS. MANAGEMENT COMMENT ON RECOMMENDATION</b></p> <ul style="list-style-type: none"> <li>· Finance is in the process of including the above transaction into the PROVISION FOR CREDITORS 2012/2013.</li> <li>· Journal will be processed to correct the misstatements. Refer to attached journal. (refer to the ag report for more detail)</li> <li>Management Disagree with the Audit Finding</li> <li>· Agency fees R171 431.09</li> </ul>	<p>Management's comments are noted. The controls will be followed up during our next scheduled key control visit.</p>	<b>Deputy Manager: Expenditure Mr J Adams / Mr N October</b>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
				<p>· Agency fees R265 089.87  · Agency fees R860 000.00  · Agency fees R200 842.88  · Engine Oil R16 404.09  Agency fees - The limit of the cheque payments was changed to a maximum of R500 000.  The municipality was unaware and issued cheques higher than R500 000, that was rejected by the bank.  Non-payment was discovered and  <b>PROVISION FOR CREDITORS WAS MADE IN RESPECT OF THE PAYMENTS</b>  These transactions was provided on the <b>PROVISION FOR CREDITORS</b> at year end.  Expenditure therefore reflected in the 30 June 2013 Income &amp; Expenditure and was paid in July 2013 from the provision vote.  Refer to attached supporting documentation.</p> <p><b>MANAGEMENT COMMENT ON RECOMMENDATION</b>  · Creditors is in the process of ensuring that they receive the documents timeously.  · Creditors is in the process of implementing a date stamp with a signature to ensure that they can record the dates that invoices were received by the creditor's section.  · Creditors in the process of implementing a <b>TEMPLATE</b> where all the required source documents can be tick off for completeness.  · Creditors will ensure that paying of suppliers in terms of <b>PROVISIONS OF CREDITORS</b> will be paid with an early payment cycle before the 10th of July to ensure payments are processed within 30 days.</p>					

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12	<p><b>Property, Plant and equipment: Existence of other assets and community assets (Comaf 9)</b></p> <p>During the audit the existence of the community assets the certain assets not be verified as it could not be located. (Refer to the AG report for more detail)</p> <p>Further to this a physical verification could not be done due to the fact that the asset (a desk) was moved to a much smaller room. In order for the desk to fit into the new smaller room, a part thereof had to be cut off for the desk to fit in properly.</p> <p>However, the part that was cut off from the original asset seems to have contained the asset identification. <b>This is a control weakness which result in a projected overstatement of R1 009 732 for community assets and R41 437 for other assets.</b></p>	<p><b>Financial and performance management</b></p> <p>-Management did not implement efficient and effective controls to ensure that assets as per the municipality's records, actually does exist and that it is identifiable.</p>	<p>The accounting officer should implement controls to ensure that assets are accurate, complete and identifiable to enable confirmation of existence.</p> <p>You are requested to examine the population of the account balance to understand the cause of the misstatement and to make appropriate adjustments to the amounts reflected in the financial statements.</p>	<p><b>Your findings dated 10 October 2013 refer:</b></p> <p>1: We agree with your audit finding and the asset will be written off.</p> <p>2 – 7: We agree with your audit finding, these assets should have been transferred to the George Municipality as per Notice 12 with the DMA transfer. This was not previously identified as these assets were incorrectly classified as being part of the Calitzdorp Spa. We will revisit the whole population to ensure similar instances are corrected.</p> <p>We agree with your audit finding and the barcode will be replaced on the remaining dispatch console.</p>	<p>We have evaluated management response. We have inspected the updated Fixed Asset Register and confirmed that the assets were taken out of the register.</p> <p><b>The finding will remain though as the control weakness resulted in and adjustment in the annual financial statements.</b></p>	<p><b>Deputy Manager: Assets</b> <b>Mr T Mpuru /</b> <b>Mr J Samery</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
13	<p><b>Property, Plant and equipment: Limitation of Scope - Intangible Assets (Comaf 10)</b></p> <p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p> <p>“When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to –</p> <p>(b) direct a person to produce, or to deliver at a specified place and time and in a specified format -</p> <p>(i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or</p> <p>(ii) any such asset;”</p> <p>During our audit of intangible assets for 2013, request for information number 50 was issued on 7 October 2013 however, as at 14 October 2013, the following supporting documents was still outstanding and we could therefore not determine the existence, rights and valuation of the intangible assets purchased.</p> <p>The projected misstatement is R82 094.</p> <p>The non-submission of the above-mentioned information for audit purposes will result in the non-compliance of the Public Audit Act, 2004 (Act No. 25 of 2004) furthermore, this will place a limitation on our audit scope that could result in a negative audit outcome.</p>	<p><b>Financial and performance management</b></p> <p>- Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.</p> <p>All documentation is not kept on file and in certain cases the documentation does not appear to exist. This is as a result of poor record keeping processes.</p>	<p>The accounting officer should implement controls to ensure that the supporting documents of intangible assets are accurate and complete and that the intangible assets actually exist. You are requested to examine the population of the account balance to understand the cause of the misstatement and to make appropriate adjustments to the amounts reflected in the financial statements.</p> <p>The requested information should be submitted by the accounting officer for audit purposes.</p>	<p><b>Your findings dated 14 October 2013 refer:</b></p> <p>1. I agree with your audit finding. The repayment was done on 25 November 2005. We will revisit the whole population to ensure similar instances are corrected.</p> <p>2-9 The supporting documents are attached</p>	<p>We take note of management's response. As management updated the entire fixed asset register, this finding will remain as it resulted in and material adjustment to the annual financial statements.</p>	<p><b>Deputy Manager: Assets</b> <b>Mr T Mporu / J Samery</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
14	<p><b>Property, Plant and equipment: Intangible assets incorrectly classified (Comaf 11)</b></p> <p>Standards of Generally Recognized Accounting Practice – Presentation of Financial Statements (GRAP 1) state that:</p> <p>Information to be presented either on the face of the statement of financial position or in the notes. An entity shall disclose, either on the face of the statement of financial position or in the notes to the statement of financial position, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.</p> <p>Further to this, in terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>During the audit of intangible assets, it was found that assets should not have been classified as intangible assets.</p> <p><b>(Refer to the AG report for more detail)</b></p> <p>This has resulted in an overstatement of intangible assets of R8 968 and projected misstatement of R15 029, even though it's trivial, classification is material in nature and is a direct disregard for the accounting standards.</p>	<p><b>Financial and performance management</b></p> <p>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>Management did not implement efficient and effective controls to ensure that intangible assets, as per the municipality's records, are correctly classified. The records were also not reviewed on a regular base</p>	<p>It is recommended that management implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available.</p>	<p><b>Creditor FGU001</b></p> <p>We agree with your audit finding. The creditors section could not locate documentation in creditors safe because different auditors worked in the safe and there was no control of documents that were removed from the safe.</p> <p><b>Creditor's numbers 2 - 8</b></p> <p>We do not agree with your audit finding. All the documentation was in the safe</p>	<p>We take note of management's response. As management updating the entire fixed asset register, this finding will remain as it resulted in and material adjustment to the annual financial statements.</p>	<p><b>Deputy Manager: Assets</b>  <b>Mr T Mpuru /</b>  <b>Mr J Samery /</b>  <b>Mr H Hill</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
15	<p><b>Property, Plant and equipment: Intangible Assets- Completeness (Comaf 15)</b></p> <p>Standards of Generally Recognized Accounting Practice – Presentation of Financial Statements (GRAP 1) state that:</p> <p>"Information to be presented either on the face of the statement of financial position or in the notes. An entity shall disclose, either on the face of the statement of financial position or in the notes to the statement of financial position, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations."</p> <p>Further to this, in terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).</p> <p>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:</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. During the audit of intangible assets, it was found that the following assets should not have been classified as intangible assets. <b>(Refer to the AG report for more detail)</b></p> <p>This has resulted in an overstatement of intangible assets of R8 968 and a projected misstatement of R15 029, even though it's trivial, classification is material in nature and is a direct disregard for the accounting standards.</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> </ul> <p>Management did not implement efficient and effective controls to ensure that fixed asset register is accurate and complete. The records were also not reviewed on a regular base.</p>	<p>The accounting officer should implement controls to ensure that the fixed asset register is accurate and complete.</p> <p>You are requested to examine the population of the account balance to understand the cause of the misstatement and to make appropriate adjustments to the amounts reflected in the financial statements.</p>	<p><b>Your findings dated 15 October 2013 refer:</b></p> <p>We are in agreement with the audit finding. Subsequent to the issue of the Comaf 15, we have revisited the entire intangible assets population. Please see individual comments per entry selected in the sample. <b>(Refer to the AG report for more detail)</b></p> <p>The Fixed Asset register and the Financial Statements will be amended accordingly. Detail listing to support all changes made to the Fixed Asset register and corresponding journals will be made available to the Auditor General.</p> <p>(#) According GRAP 102 paragraph 5; "Some intangible assets may be contained in or on a physical substance such as a compact disc (in the case of computer software), legal documentation (in the case of a license or patent) or film. In determining whether an asset that incorporates both intangible and tangible elements should be treated under the Standard of GRAP on Property, Plant and Equipment or as an intangible asset under this Standard, an entity uses judgment to assess which element is more significant.</p> <p>For example, computer software for a computer-controlled machine tool that cannot operate without that specific software is an integral part of the related hardware and it is treated as property, plant and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset."</p> <p>Therefore: number(s): 1, 6, 10, 27 and 30 in the sample selected it is</p>	<p>We take note of management's response. As management updating the entire fixed asset register, this finding will remain as it resulted in and material adjustment to the annual financial statements.</p>	<p>Deputy Manager: Assets Mr T Mpuru / Mr J Samery / Mr H Hill</p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
				considered that Microsoft Windows forms part of the operating system and therefore not an intangible asset. The Microsoft Windows is included in the cost price of the computer and classified as computer hardware.					
16	<p><b>Property, Plant and equipment: Reconciliation between the asset register and property register (Comaf 18)</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>During the audit of Property Plant and Equipment, reconciliation was performed between the property register and the fixed asset register. It was found that the asset register and the property register does not reconcile and a difference of R12 million was noted.</p> <p>After discussion with the consultants and management it was established that the difference relate to RDP houses that were transferred to the recipients in prior years.</p> <p>This resulted in a projected overstatement of R12 million of the asset register as well as the financial statements.</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> </ul> <p>Management did not implement efficient and effective controls to ensure that investment property as per the municipality's records actually does exist. The records were also not reviewed on a regular base.</p>	<p>The accounting officer should implement controls to ensure that the fixed asset register is accurate. You are requested to examine the population of the account balance to understand the cause of the misstatement and to make appropriate adjustments to the amounts reflected in the financial statements.</p>	<p>Management has performed a detailed reconciliation between the asset register and the property register. The population was revisited 100%. Outcome and corrective measures i.e. Fixed Asset register will be adjusted. See revised property register supplied to the office of the Auditor General.</p>	<p>We take note of management's response. As management updating the entire fixed asset register, this finding will remain as it resulted in and material adjustment to the annual financial statements.</p>	<p><b>Deputy Manager: Assets</b>  <b>Mr T Mpuru /</b>  <b>Mr J Samery /</b>  <b>Mr H Hill</b></p>			



No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
17	<p><b>Revenue: Accounting treatment of Roads function (Comaf I)</b></p> <p>An amount of R117 060 607 (R120 761 441: 2011-12) is incorrectly classified in the statement of financial performance as revenue from non-exchange transactions.</p> <p>Our basis for this conclusion is set out below:</p> <p>A service delivery agreement between the district municipality (Eden District Municipality in this consultation and the Provincial Government: Western Cape Transport and Public Works.</p> <p>In terms of this agreement "The District Municipality undertakes to maintain, repair, protect and manage proclaimed Provincial Roads in their area as identified by the District Roads Engineer in a safe and reliable condition within the legal framework of the various ordinances, Acts and Regulations.</p> <p>The Provincial Government: Western Cape via the District Roads Engineer will supply the necessary funds, specification, plant and Professional Engineering support and also measure, monitor, manage the works, delegate and instruct if and when necessary.</p> <p>After submission of a budget to the provincial department the municipality receives money in the form of a transfer to fulfill this function.</p> <p>GRAP 9 and GRAP 23 define exchange revenue and non-exchange revenue as:</p> <p><b>"Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange."</b></p> <p><b>"Non-exchange transactions are transactions that are not exchange transactions. In a nonexchange transaction, an entity either receives value from another entity</b></p>	<p><b>Financial and Performance Management</b></p> <p>- Management did not interpret the financial reporting requirements correctly.</p>	<p>Management should ensure that the amendments are made to the financial statements.</p>	<p><b>We disagree with your audit finding number 1:</b></p> <p>During 2008 the AG decided that the accounting treatment for the Roads functions should be as set out below in the e-mail received at that stage. The treatment was also agreed with Liezl Klue Knipe at that stage. It was therefore decided that the subsidy should be treated as a transfer. In terms of GRAP 23 transfers are non-exchange transactions:</p> <p><b>"Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes."</b></p> <p>The Eden District, Central Karoo District, Overberg District and Cape Winelands District ALL treated these transfers the same and showed them as non-exchange transactions. West Coast made no distinction between exchange and non-exchange transactions which is clearly not in line with GRAP 23. Furthermore the Province themselves classified these items as transfers and not contracted services.</p>	<p>Management's response is noted. The matter has been referred for technical opinion and a final assessment has been made. Management indicated that the adjustment has been made. The adjustment has been inspected and found to be in order.</p> <p><b>The finding will remain as it resulted in a material adjustment to the annual financial statements.</b></p>	<b>Chief Financial Officer: Ms L Hoek</b>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	<p>without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.”</p> <p>Based on the definitions above we would first need to determine if the transaction is an exchange transaction. The Eden District Municipality provides the maintenance, repair and management of roads for the provincial department in exchange for cash. The question then arises is the exchange of direct and equal value i.e. does Eden District Municipality give approximate equal value to the province in exchange (see. GRAP 9 par .06)?</p> <p>In terms of the agreement the provincial department covers the personnel costs, overhead expenses and the provisioning of plant and equipment and materials.</p> <p>Further the agreement provides for agency fees, which need to be approved upfront. The agency fee also approximates 10% of the funds transferred and costs incurred received. Which appear reasonable in relation to the functions performed. Therefore based on the discussion in the previous paragraphs the revenue in terms of this agreement meets the definition of exchange revenue.</p> <p>The nature of the related expenditure of R117 060 607 recognized as “Roads – Grant and subsidies utilized” is therefore also incorrectly classified and should no longer be recognized as grant expenditure in the statement of performance, but included in their respective classes of transactions.</p>								

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
18	<p><b>Revenue: Non-exchange grants opening balances (Comaf 19)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP):</p> <p>Overall considerations Fair presentation and compliance with Standards of Generally Recognized Accounting Practice. In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>During the audit of revenue from non-exchange transactions, government grants and subsidies, it was noted that the following opening balances differed from the prior year closing balances.</p> <ul style="list-style-type: none"> <li>· Note 21.11 - Global Fund – 2012 closing balance R0 and the 2013 opening balance R84 000</li> <li>· Note 21.32 - Emergency Housing DMA – 2012 closing balance R282 478 and the 2013 opening balance R564 956</li> <li>· Note 21.33 - Emergency Housing Zoar – 2012 closing balance R174 048 and the 2013 opening balance R348 097</li> </ul> <p>The opening balances of the above mentioned notes are therefore misstated.</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> </ul> <p>Management did not properly review the Annual Financial Statements before submitted for audit purposes.</p>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes.</p> <p>You are requested to examine the misstatement and to make appropriate adjustments to the amounts reflected in the financial statements.</p>	<p><b>Your findings dated 23 October 2013 refer:</b></p> <p>We agree with your finding. It appears if for the exceptions listed above, the opening balances for the individual grants were incorrectly linked. The amount of opening balance of the summary of the various grants (refer note 21.44 – "Total Grants") is in fact correct. No corrective journals are therefore required. The said opening balances of the individual grants will be corrected in the specific notes to the final financial statements.</p>	<p>Management's comments are noted and the intended correction was inspected and found to be in order. <b>The finding will remain as this was not identified by management during the review process of the annual financial statements. The controls implemented were not efficient and effective and therefore the error was not identified before submitting the annual financial statements for audit purposes.</b></p>	<b>Chief Financial Officer: Ms L Hoek</b>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
19	<p><b>Revenue: Lease Contracts limitation of Scope (Comaf 25)</b></p> <p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p> <p>When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to –</p> <p>(b) direct a person to produce, or to deliver at a specified place and time and in a specified format</p> <p>(i) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or</p> <p>(ii) any such asset.</p> <p>The non-submission of the above-mentioned information for audit purposes will result in the noncompliance of the Public Audit Act, 2004 (Act No. 25 of 2004)</p> <p>furthermore, this will place a limitation on our audit scope that could result in a negative audit outcome was noted that the following opening balances differed from the prior year closing balances.</p> <ul style="list-style-type: none"> <li>· Note 21.11 - Global Fund – 2012 closing balance R0 and the 2013 opening balance R84 000</li> <li>· Note 21.32 - Emergency Housing DMA – 2012 closing balance R282 478 and the 2013 opening balance R564 956</li> <li>· Note 21.33 - Emergency Housing Zoar – 2012 closing balance R174 048 and the 2013 opening balance R348 097</li> </ul> <p>The opening balances of the above mentioned notes are therefore misstated.</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.</li> </ul> <p>All documentation is not kept on file and in certain cases the documentation does not appear to exist. This is as a result of poor record keeping processes.</p>	<p>The accounting officer should implement controls to ensure that the supporting documents of expenditure are submitted for audit purposes.</p> <p>The requested information should be submitted by the accounting officer for audit purposes.</p>	<p><b>Your findings dated 28 October 2013 refer:</b></p> <p>“All of the exceptions listed above (except for Bitou Municipality, for which a SLA is available for your perusal) refer to expired lease agreements. Council is currently busy, as part of their revenue enhancing project, revisiting all expired rental agreements to ensure the most economic rentals can be negotiated with existing/new tenants.</p> <p>The expired rental agreements are available for your perusal.</p> <p>We also kindly refer you to Section 4(5) of the Rental Housing Act 50 of 1999 which states:</p> <p><b>“If, on the expiration of the lease the tenant remains in the dwelling with the express or tacit consent of the landlord, the parties are deemed, in the absence of a further written lease, to have entered into a periodic lease, on the same terms and conditions as the expired lease, except that at least one month's written notice must be given of the intention by either party to terminate the lease”.</b></p> <p>The above is also confirmed by the Consumers Act of 68 of 2008.</p> <p>section 14 (d). On the expiry of the fixed term of the consumer agreement, it will be automatically continued on a month-to-month basis, subject to any material changes of which the supplier has given notice, as contemplated in paragraph (c), unless the consumer expressly—</p> <p>(i) directs the supplier to terminate the agreement on the expiry date; or</p> <p>(ii) agrees to a renewal of the agreement for a further fixed term</p> <p><b>Conclusion</b></p>	<p>Management's comments are noted; we will again revisit the lease contracts and make a final assessment.</p>	<p><b>Deputy Manager: Support Services</b> <b>Ms T Holtzhausen /</b> <b>Mr K Pretorius</b></p>			

# FOLLOW-UP ON THE FINDINGS OF THE AUDITOR GENERAL

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
				With the exception of Herbertsdale Bakery (ownership under dispute with Mossel Bay Municipality, no more rentals charged since February 2013), rentals are still being charged by the Eden District Municipality on a monthly basis and paid by the tenants. In our opinion, as per Section 4(5) of the Rental Housing Act 50 of 1999, we have entered into periodic leases with these tenants." We therefore disagree with the audit finding, reasons stated above.					
20	<p><b>Revenue: Receipt accrued for in the wrong financial year (Comaf 51)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP):</p> <p><b>Definitions</b></p> <p>Accrual basis means a basis of accounting under which transactions other events and conditions are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets, revenue and expenses.</p> <p>During the audit it was found that the call centre service level agreement between the municipality and Mossel Bay Municipality states that R42 223,50 is payable by Mossel Bay Municipality, which is the prior year's amount (2011-12) of R39 095,84 + 8% escalation. Twelve receipts were raised that amounted to R506 682.</p> <p>However as per inspection of the general ledger a 13th receipt was raised</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> </ul> <p>Management did not properly review the Annual Financial Statements before submitted for audit purposes.</p>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes.</p> <p>You are requested to examine the Annual Financial Statements and to make appropriate adjustments in the financial statements.</p>	<p><i>To date no response has been received.</i></p>	<p><i>No auditor's conclusion.</i></p>	Chief Financial Officer: Ms L Hoek			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	on 16 August 2012 amounting to R39 095,84. This receipt relates to the 2011-12 financial year and should therefore have been accrued for in the 2011-12 financial year and not in the 2012-13 financial year.								
21	<p><b>Employee cost: No Vetting Process (Comaf 22)</b></p> <p>Section 83 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) state that:</p> <p>(1) The accounting officer, senior managers, the chief financial officer and other financial officials of a municipality must meet the prescribed financial management competency levels.</p> <p>(2) A municipality must for the purposes of subsection (1) provide resources or opportunities for the training of officials referred to in that subsection to meet the prescribed competency levels.</p> <p>During the audit it was found there are no internal controls for the vetting process in terms of Municipal Regulations on Minimum Competency Levels GNR 493 issued by National Treasury.</p> <p>Vetting was approved in January by Council and the South African Qualifications Authority (SAQA) was awarded a tender to do vetting. No vetting has been done due to delays in getting SAQA into the database.</p>	<p><b>Financial and Performance Management</b></p> <p>- The municipality did not review and monitor compliance with applicable laws and regulations. Management does not exercise a thorough monitoring function to ensure compliance with laws and regulations.</p>	<p>It is recommended that management implement effective and efficient controls to ensure compliance with the prescribed laws and regulations as the non-compliance could lead to irregular expenditure.</p>	<p><b>Your findings dated 23 October 2013 refer:</b></p> <ul style="list-style-type: none"> <li>· We did check that the successful candidates meet the requirements which were requested in the advertisement.</li> <li>· The qualifications was verified but not with an external company.</li> <li>· During 2013 the Management Committee Meeting took a decision to make use of the South African Qualification Authority (SAQA) to do the vetting of all qualification starting the 1st of July 2013 and backwards if the budget allows it.</li> <li>· There was no provision in the budget before June 2013.</li> <li>· Council did make provision for vetting of qualifications as from 01 July 2013.</li> <li>· We are in the process to put SAQA on our database of suppliers than we can start with the vetting process.</li> </ul>	<p>Management's response is notes and the intended controls will be followed up during our next scheduled key control visit.</p>	<p><b>Accounting Officer: Mr G Louw</b></p> <p><b>Executive Manager: Support Services Ms T Holtzhausen</b></p> <p><b>HR Manager: Mr G Le Roux</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
22	<p><b>Employee cost: High vacancy rate (Comaf 47)</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>During the audit of employee cost it was noted that the overall vacancy rate has increased from 9% during the 2011-12 financial year to 10,6% the 2012-13 financial year.</p> <p>The non-filling of vacant posts could have a negative effect on the municipality's service delivery.</p> <p>Vetting was approved in January by Council and the South African Qualifications Authority (SAQA) was awarded a tender to do vetting. No vetting has been done due to delays in getting SAQA into the database.</p>	<p><b>Leadership</b></p> <ul style="list-style-type: none"> <li>- Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.</li> </ul>	<p>The accounting officer should implement controls to ensure that vacant positions are filled as the non-filling of vacant positions could impact the municipality's ability to deliver effective and efficient services.</p>	<p><i>To date no response has been received.</i></p>	<p><i>No auditor's conclusion.</i></p>	<p><b>Accounting Officer: Mr G Louw</b>  <b>Executive Manager: Support Services Ms T Holtzhausen</b>  <b>HR Manager: Mr G Le Roux</b></p>			
23	<p><b>Inventory: Annual Financial Statements differ from inventory listing (Comaf 52)</b></p> <p>In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(a) That the resources of the municipality are used effectively, efficiently and economically;</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.</li> </ul> <p>Management did not implement efficient and effective controls to ensure that the inventory listing and the</p>	<p>The accounting officer should implement controls to ensure that inventory is accurate and complete.</p> <p>You are requested to examine the population of the account balance to understand the cause of the misstatement and to make appropriate adjustments to the</p>	<p><i>To date no response has been received.</i></p>	<p><i>No auditor's conclusion.</i></p>	<p><b>Chief Financial Officer: Ms L Hoek</b>  <b>Deputy Manager: Assets Mr T Mpuru</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	(b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards During the audit of inventory the following difference were found in comparing the annual financial statements, general ledger and the inventory listing.  Annual financial statements R3 778 281 General ledger R3 778 281 Inventory listing R3 729 763 Difference R48 518 Inventory is therefore over stated by R48 518.	general ledger agrees.	amounts reflected in the financial statements.						
24	<b>Cash and cash equivalents: AFS/ general ledger does not agree with bank confirmation (Comaf 39)</b>  In terms of section 62(1) – General financial management functions of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure: (a) That the resources of the municipality are used effectively, efficiently and economically; (b) That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.  During the audit of cash and cash equivalents it was found that the general ledger and the external bank confirmation do not agree. The details are:  Roads Standard Bank current account number 06 083 2835 Balance in the annual financial statements and general ledger R26 179 997 Balance as per Bank Confirmation R20 108 472 Difference R6 071 525 No reconciliation was done between	<b>Financial and Performance Management</b>  Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. No proper monitoring controls implemented by management for the review of cash and cash equivalents. Bank reconciliations are not done in a timely manner.	The accounting officer should implement effective and sufficient controls to monitor and review of cash and cash equivalents and should ensure that reconciliations prepared and reviewed in a timely manner.	<b>Your findings dated 31 October 2013 refer:</b>  We agree with your finding. Correcting journals will be processed on the financial system and updated on the financial statements – see attached journals.	Management's response has been evaluated and the correcting journal inspected and found to be correct. <b>The finding will remain as the intended internal controls did not identify the error.</b>	<b>Chief Financial Officer: Ms L Hoek</b>			



No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	cash and cash equivalents (bank statements) the general ledger. The cash and cash equivalents is overstated by R6 071 525								
25	<p><b>AFS; Comparison of budget and actual amounts (Comaf 20)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP): Overall considerations Fair presentation and compliance with Standards of Generally Recognized Accounting Practice. In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(a) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information. During the audit of the Statement of Comparison of Budget and Actual Amounts it was noted that the explanations for material variances was lacking or in consistent.</p> <p>As per your accounting principles and policies applied in the financial statements, paragraph 1.6, materiality is determined as 1% of total expenditure.</p>	<p><b>Financial and performance management -</b></p> <p>Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not properly review the Annual Financial Statements before submitted for audit purposes.</p>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes. You are requested to examine the Annual Financial Statements and to make appropriate adjustments in the financial statements.</p>	<p>Your findings and recommendations have been considered when the Annual Financial Statements (amended copy submitted to your Office on 6 November 2013) have been amended.</p> <p>In summary, the following changes have been made to the AFS:</p> <ul style="list-style-type: none"> <li>- Materiality as defined in the Accounting Policy was amended to 10% of a specific line-item with a minimum of R500 000.</li> </ul> <p>Please note: All changes in accounting policy will be approved by Council when the final, audited AFS are approved.</p> <p>- Reasons for material differences have been revisited and amended where necessary."</p>	Management's comments have been noted and the adjustments inspected and found to be in order.	<b>Chief Financial Officer: Ms L Hoek</b>	N/A	N/A	Resolved
26	<p><b>Disclosure: Note 34 Unauthorized, Irregular, Fruitless and wasteful expenditure (Comaf 38)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP): Overall considerations Fair presentation and compliance with Standards of Generally Recognized Accounting Practice. In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not properly review the Annual Financial Statements before submitted for audit</li> </ul>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes. You are requested to examine the misstatement and to make appropriate adjustments to the amounts reflected in</p>	<p><b>Note 34:</b></p> <p>34 i) The final AFS will be amended. We will ensure the correct balances are carried over from the previous year.</p> <p>34 ii) The total balance of fruitless and wasteful expenditure relates to Councilors' travel expenses prior to 2011. This matter is currently in dispute. The matter has been referred to SALGA to give guidance on the way forward</p> <p>34 iii) The final AFS will be amended to exclude deviations reported to Council in terms of SCM Policy and Regulations.</p>	Management's comments have been noted and the adjustments inspected and found to be in order.	<b>Accounting Officer: Mr G Louw</b> <b>Chief Financial Officer: Ms L Hoek</b>	N/A	N/A	Resolved

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	<p>an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>Through inspection of disclosure Note 34 to the annual financial statements, it was found that the 2012 comparative figures for unauthorized, fruitless and wasteful and irregular expenditure were incorrectly carried over from the prior year.</p> <p>It was also noted that management did not disclose details relating to the balance of R726 043 for fruitless &amp; wasteful expenditure (note 34.2); no indication was given whether any amount is recoverable and whether criminal or disciplinary steps were taken as a result of the fruitless &amp; wasteful expenditure.</p> <p>Further to this, it was identified that irregular expenditure amounting to R7 720 685 was incorrectly recognized as irregular expenditure for all deviations from the supply chain management policy and regulations for the period. Management should note that all deviations would not be regarded as being irregular expenditure.</p>	<p>purposes.</p>	<p>the financial statements.</p>						
27	<p><b>Disclosures: MFMA prior figures error (Comaf 42)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP):</p> <p>Overall considerations Fair presentation and compliance with Standards of Generally Recognized Accounting Practice. In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> <li>Management did not properly review the Annual Financial Statements before submitted for audit purposes</li> </ul>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes. You are requested to examine the misstatement and to make appropriate adjustments to the amounts reflected in the financial statements.</p>	<p>We will revisit the comparative figures for the said note. Where applicable, the AFS will be amended to ensure comparative figures are correctly disclosed.</p>	<p>Management's comments have been noted and the adjustments inspected and found to be in order.</p>	<p><b>Chief Financial Officer: Ms L Hoek</b></p>	<p>N/A</p>	<p>N/A</p>	<p>Resolved</p>

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	During the audit of additional disclosure in terms of section 124 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), it was found that the prior year figures are incorrectly stated as these figures used are that of the 2011 financial year instead of the 2012 financial year, note 35 refers.								
28	<p><b>Disclosures: Discrepancy between adjustments to approved budget (Comaf 45)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP1):</p> <p>Over all considerations Fair presentation and compliance with Standards of Generally Recognized Accounting Practice. In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>During the audit of Statement of Comparison of Budget and Actual amounts, it was noted that a discrepancy exists between the budgets made available to the public and the approved adjusted budget as at January 2013.</p> <p>Budgeted amount for operating revenue as per the financial statements are overstated by R1 100 000 and the budgeted amount for operating expenditure as per the financial statement is overstated by R1 100 003.</p>	<p><b>Financial and performance management -</b></p> <p>Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>Management did not properly review the Annual Financial Statements before submitted for audit purposes.</p>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes.</p> <p>You are requested to examine the misstatement and to make appropriate adjustments to the amounts reflected in the financial statements.</p>	<p><i>To date no response has been received.</i></p>	<p><i>No auditor's conclusion.</i></p>	Chief Financial Officer: Ms L Hoek			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
29	<p><b>Disclosures: No aging analysis – other receivables from non exchange transactions (Comaf 46)</b></p> <p>In terms of the Standard of Generally Recognized Accounting Practice: Framework for Preparation and Presentation of Financial Statements (GRAP1):</p> <p>Overall considerations Fair presentation and compliance with Standards of Generally Recognized Accounting Practice. In virtually all circumstances, a fair presentation is achieved by compliance with applicable Standards of GRAP. A fair presentation also requires an entity:</p> <p>(b) to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information.</p> <p>During the audit of other receivables from non exchange transactions (note 19) it was found that there is no age analysis disclosed for the current year as well as the previous year. Further to this it was also found that for note 41, the provision for doubtful debt as per note does not agree to the provision in note 18 and note 19 for receivables:</p> <ul style="list-style-type: none"> <li>· Note 41: Provision for doubtful debts R6 565 966</li> <li>· Note 18 &amp; 19: Provision for doubtful debts R8 021 472</li> </ul> <p>There is a difference of R1 455 506</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> </ul> <p>Management did not properly review the Annual Financial Statements before submitted for audit purposes.</p>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes. You are requested to examine the Annual Financial Statements and to make appropriate adjustments in the financial statements.</p>	<p><i>To date no response has been received.</i></p>	<p><i>No auditor's conclusion.</i></p>	Chief Financial Officer: Ms L Hoek			
30	<p><b>Disclosure: Contingent liabilities incomplete - Note 37 (Comaf 48)</b></p> <p>As per section 125(2) (c) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the notes to the annual financial statements of a municipality must disclose the particulars of any contingent liabilities of the municipality or entity as at the end of the financial year.</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</li> </ul> <p>There are insufficient controls in place to</p>	<p>The accounting officer should implement controls to ensure that the Annual Financial Statements are reviewed and accurate before it is submitted for audit purposes. Controls should be implemented to ensure that all</p>	<p><i>To date no response has been received.</i></p>	<p><i>No auditor's conclusion.</i></p>	Chief Financial Officer: Ms L Hoek			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	During the audit of contingent liabilities, it was confirmed through inspection of the legal confirmation received from Schröter & Associates Attorneys that the case involving Andy Lamont was not disclosed as a contingent liability in note 37 of the annual financial statements, the estimated financial exposure according to the legal confirmation is R1, 2 million. Therefore contingent liabilities in disclosure note 37 are understated by R1, 2 million.	ensure that all contingent liabilities are identified and disclosed.	contingent liabilities are identified and disclosed as required by the MFMA. You are requested to examine the Annual Financial Statements and to make appropriate adjustments in the financial statements.						
31	<b>Compliance: Non-compliance section 32(4) of MFMA (Comaf 50)</b>  In terms of section 32(4) the Municipal Finance Management Act, 2003 (Act No. 56 of 2003): The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of – a) any unauthorized, irregular or fruitless and wasteful expenditure incurred by the municipality; b) whether any person is responsible or under investigation for such unauthorized, irregular or fruitless and wasteful expenditure; and c) the steps that have been taken - (i) to recover or rectify such expenditure; and (ii) to prevent a recurrence of such expenditure.  During the audit the above mentioned reports were requested from management but could not be submitted. Management confirmed that these reports were not sent as per the requirement of the MFMA.	<b>Financial and Performance Management</b>  -The municipality did not review and monitor compliance with applicable laws and regulations. There are insufficient control in place to ensure compliance with all applicable laws and regulations.	It is recommended that the accounting officer should implement monitoring controls to ensure that the municipality is in compliance with applicable laws and regulations.	<i>To date no response has been received.</i>	<i>No auditor's conclusion.</i>	<b>Chief Financial Officer: Ms L Hoek</b>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
32	<p><b>Consultants: Limitation of scope (Comaf 49)</b></p> <p>Section 15(1), General auditing powers, of the Public Audit Act, 2004 (Act No. 25 of 2004) states that:</p> <p>“When performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all times full and unrestricted access to –</p> <p>(b) direct a person to produce, or to deliver at a specified place and time and in a specified format</p> <p>(iii) any such document, book or written or electronic record or information, including any confidential, secret or classified document, book, record or information of whatever nature; or</p> <p>(iv) any such asset;”</p> <p>During our audit of consultants for 2012-13 information regarding the use of the following consultants could not be provided:</p> <ul style="list-style-type: none"> <li>· Meyer Otto and Mubesko</li> <li>· Jan Palm</li> <li>· Ignite</li> <li>· ENS</li> </ul> <p>Information needed:</p> <ul style="list-style-type: none"> <li>· Formal needs assessment</li> <li>· Copy of project plan/ budget</li> <li>· Who is monitoring the work of the consultant and how is it monitored (minutes discussing performance/ progress as well as). The non-submission of the above-mentioned information for audit purposes will result in the noncompliance of the Public Audit Act, 2004 (Act No. 25 of 2004) furthermore, this will place a limitation on our audit scope that could result in a negative audit outcome.</li> </ul>	<p><b>Financial and performance management -</b></p> <p>Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. All documentation is not kept on file and in certain cases the documentation does not appear to exist. This is as a result of poor record keeping processes.</p>	<p>The accounting officer should implement controls to ensure that the supporting documents of expenditure are submitted for audit purposes. The requested information should be submitted by the accounting officer for audit purposes.</p>	<p><i>To date no response has been received.</i></p>	<p><i>No auditor's conclusion.</i></p>	<p><b>Accounting Officer: Mr L Louw</b>  <b>Chief Financial Officer: Ms L Hoek</b></p>			
33	<p><b>IS: User Access Control - Inadequate User Account</b></p> <p>Management has designed controls in the form of a documented user account management procedure to mitigate the risk of unauthorized access to the application systems. However, it was found that this</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Formal control over IT systems</li> <li>Informal processes for password resets and monitoring of user</li> </ul>	<p>Management should ensure that the documented user account management procedure be amended to include procedures for:</p> <ul style="list-style-type: none"> <li>· Resetting of</li> </ul>	<p><i>Still outstanding</i></p>	<p><i>To date we have not received a management response.</i></p>	<p><b>Executive Manager: Support Services: Ms T Holtzhausen</b>  <b>Manager: ICT: Mr K Nieuwoudt</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	<p>procedure was still in draft, and did not include the following key components of user access management:</p> <ul style="list-style-type: none"> <li>· Resetting of passwords;</li> <li>· Regular reviews of user access to confirm whether access is in line with job roles and responsibilities; and</li> <li>· Regular monitoring of system administrator activities on the system.</li> </ul> <p>Without formally approved user account management procedures, user access processes and controls cannot be consistently implemented and enforced. The municipality may also not be able to hold user's accountable for unauthorized activities performed on the system. During our audit of consultants for 2012-13 information regarding the use of the following consultants could not be provided:</p> <ul style="list-style-type: none"> <li>· MeyerOtto and Mubeko</li> <li>· Jan Palm</li> <li>· Ignite</li> <li>· ENS</li> </ul> <p><u>Information needed:</u></p> <ul style="list-style-type: none"> <li>· Formal needs assessment</li> <li>· Copy of project plan/ budget</li> <li>· Who is monitoring the work of the consultant and how is it monitored (minutes discussing performance/ progress as well as).</li> </ul> <p>The non-submission of the above-mentioned information for audit purposes will result in the noncompliance of the Public Audit Act, 2004 (Act No. 25 of 2004) furthermore, this will place a limitation on our audit scope that could result in a negative audit outcome.</p>	<p>access and system administrator activities were in place.</p> <p>Management considered these processes to be adequately embedded at the municipality, and therefore did not in this in the documented user account management procedure.</p>	<p>passwords;</p> <ul style="list-style-type: none"> <li>· Periodic reviews of user access to ensure appropriateness; and</li> <li>· Periodic monitoring of the system administrators' activities.</li> </ul> <p>In addition the user account management procedures should be approved by the relevant delegated authority and be communicated to all users to ensure compliance.</p>						
34	<p><b>IS: User Access Control - Inadequate Management of changes made to Creditor Banking Details for ABAKUS</b></p> <p>Management had designed and implemented manual controls in the form of supporting documentation which is required before any creditors banking details can be added or changed.</p> <p>It was however found that no automated controls are in place within</p>	<p><b>Financial and performance management</b></p> <ul style="list-style-type: none"> <li>- Formal control over IT systems</li> </ul> <p>The ABAKUS application currently lacks the system functionality to approve all creditor banking details that are added or changed on the system. Management therefore</p>	<p>Management should ensure that the audit trails of users who have access to maintain creditor banking details are monitored on a periodic basis. Evidence of this should be maintained for audit purposes.</p>	<p><i>Still outstanding</i></p>	<p><i>To date we have not received a management response.</i></p>	<p><b>Executive Manager: Support Services: Ms T Holtzhausen</b>  <b>Manager: ICT: Mr K Nieuwoudt</b></p>			

No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	the system that requires approval before additions or amendments to any banking details takes effect. In addition, the activities of users who have access to add/change creditor banking details were not monitored on a regular basis. Without automated controls for approval, segregation of duties within the system may be compromised. This could lead to the unauthorized capturing or amendments of bank details, resulting in fraudulent payments being made without being detected in a timely manner.	relies on the manual controls that have been implemented.	In addition management should consider investigating whether the vendor is able to address the inadequate management of changes made to creditor banking details through the development and implementation of a built in automated approval function.						
35	<b>IS: User Access Control - Inadequate password reset process on the ABAKUS system</b>  Management had not designed an adequate process for password resets in order to mitigate the risk of unauthorized access to the ABAKUS system. It was found that when passwords are reset, a standard default password is sent to users via email. In addition, the system does not automatically prompt users to change the default password after the first successful login.  The standard default password may become known to users. This increases the risk of unauthorized users gaining access to the application system by compromising default passwords that are not changed. These users may process fraudulent transactions without being detected, or may affect changes that could compromise the integrity, confidentiality and availability of the data on the system.	<b>Financial and performance management</b>  - Formal control over IT systems There is a system limitation on ABAKUS whereby users are not forced to change their passwords once reset.	Management should investigate whether the vendor is able to address the weak password controls through the development and implementation of additional system functionality.  In the interim, management should implement mechanisms to ensure that when passwords are reset, the default password is communicated to users in a secure manner and that the default password does not become publicly known.  Furthermore, users should be made aware that the default password must be manually changed to a unique password upon first successful login.	<i>Still outstanding</i>	<i>To date we have not received a management response.</i>	<b>Executive Manager: Support Services: Ms T Holtzhausen ICT Manager: Mr. K Nieuwoudt</b>			
36	<b>IS: Security Management - Lack of a Patch Management Procedure for the Windows Operating System</b>	<b>Financial and performance management</b>	Management should ensure that patch management procedures are	<i>Still outstanding</i>	<i>To date we have not received a management response.</i>	<b>Executive Manager: Support Services: Ms T</b>			



No	Finding (What)	Internal Control Deficiency/ Root Cause (Why)	Recommendation	Management Comment	Auditor's Conclusion	Responsible person	Action Plan (How)	Due Date	Progress on implementation
	Although a process is in place for applying security patches to servers and workstations on the network, management had not formally documented a standard operating procedure to consistently manage patches that are applied to all devices on the network. Without a documented and approved patch management procedure, patch management processes and controls may not be consistently implemented and cannot be enforced. Security patches may not be applied in a timely manner, which could result in security vulnerabilities being exploited by unauthorized or malicious users, thereby causing system downtime.	<ul style="list-style-type: none"> <li>- Formal control over IT systems</li> </ul> <p>Management considered the existing processes in place for patch management to be adequately embedded within the municipality, and as a result have not prioritised the documentation of formal patch management procedure to reflect this process.</p>	<p>documented and approved. The procedures should include but not be limited to:</p> <ul style="list-style-type: none"> <li>· Roles and responsibilities.</li> <li>· Critical Servers to be patched</li> <li>· Approval of patches</li> <li>· Patch deployment</li> <li>· Status Reports</li> </ul> <p>In addition the approved patch management procedures should be communicated to the relevant individuals to ensure compliance.</p>			Holtzhausen ICT Manager: Mr K Nieuwoudt			
37	<b>IS: Security Management - Outdated Antivirus Software</b>  The Antivirus server is configured to check for updates every sixty minutes. At the time of the audit (10/09/2013) we found that the anti-virus server was last updated on the 29 August 2013 and subsequent attempts to download updates had failed. Without up to date antivirus software, the municipality may be exposed to various virus and malware attacks. This could result in system downtime and loss of data.	<b>Financial and performance management</b>  <ul style="list-style-type: none"> <li>- Formal control over IT systems</li> </ul> <p>The password of the user account that is used to download the anti-virus updates had changed. Therefore an error occurred during the authentication process which resulted in the failure of antivirus updates.</p> <p>The antivirus software did not automatically alert the system administrator that the antivirus version was out of date.</p>	<p><i>Still outstanding</i></p> <p>Management should consider implementing monitoring controls to ensure that they are alerted/ notified when the antivirus software is not updated as required.</p>	<p><i>To date we have not received a management response.</i></p>		Executive Manager: Support Services: Ms T Holtzhausen ICT Manager: Mr K Nieuwoudt			

## NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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