

BLUE CRANE ROUTE LOCAL MUNICIPALITY (102 EC)



ANNUAL PERFORMANCE REPORT 2020/2021 FINANCIAL YEAR

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1. INTRODUCTION

Guided by section 25 (1) of the Municipal Systems Act 32 of 2000 which requires a municipal council within a prescribed period after the start of its elected term; to adopt a single, inclusive and strategic plan for the development of the municipality. Section 25 (2) of the same Act allows for the municipal council to amend the Integrated Development Plan (in terms of section 34 Municipal Systems Act 32 of 2000) and remain in force until Integrated Development Plan is adopted by the next elected council. Blue Crane Route Municipal Council adopted its 5-year Integrated Development Plan in May 2017, and the plan is reviewed and approved annually.

Blue Crane Route Municipal Council adopted its last reviewed Integrated Development Plan for 2020/21 financial year on the 03 June 2020. Following the approval of the IDP, a Service Delivery and Budget Implementation Plan (SDBIP) for 2020/21 was developed according to Circular 13 and was approved by the Mayor as prescribed in Section 53(1)(c)(ii) of the Municipal Finance Management Act 56 of 2003, which requires the Mayor to approve SDBIP within 28 days after the approval of annual budget. The approved SDBIP for 2020/21 was revised and approved by council in March 2021 according to section 54(1)(c) and section 72 (1)(a)(ii) of the Municipal Finance Management Act 56 of 2003, the Act outlines the processes to be followed for reviewing and approving the SDBIP.

It is against this background that the report is prepared to give an overview of the BCRM performance during the 2020/2021 financial year.

2. LEGISLATIVE REQUIREMENTS

Implementation of the performance management system in the municipality is informed by the following legislation:

Municipal Systems Act 32 of 2000.

- Section 40 requires that; a municipality must establish mechanisms to monitor and review its Performance Management System (PMS)
- Section 41 (1) A municipality in terms of its Performance Management System (PMS) must:
 - (a) set appropriate KPI's as a yardstick for measuring performance as well as measurable performance targets, with regard to the municipality's development priorities and objectives as set out in the IDP.
 - (b) set measurable performance targets with regard to each of those development priorities and objectives.
 - (c) (i)-(ii) monitor, measures and reviews performance at least annually.
 - (d) take steps to improve performance with regards to those development priorities and objectives where performance targets are not met.
- Section 46 requires the municipality to prepare a performance report for each financial year reflecting the performance of the service providers during that financial year, comparison of the

performances with set targets for and the performances of the previous financial year and measures taken to improve performance. The Act further requires that the report must form part of the Municipality's annual report, in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

3. COMPARISON OF BCRM'S CURRENT PERFORMANCE WITH THE PREVIOUS TWO FINANCIAL YEAR'S PERFORMANCE:

The table below outlines the performance of the municipality for the past 3 years and comparison thereof.

MUNICIPAL PERFORMANCE RESULTS OVER 3 YEARS BASED ON SDBIP TARGETS			
FINANCIAL YEAR	2018/2019	2019/2020	2020/2021
OVERALL PERFORMANCE	74%	58%	55%

4. MUNICIPAL OVERALL PERFORMANCE FOR THE YEAR UNDER REVIEW: 2020/2021

4.1 OVERALL MUNICIPAL PERFORMANCE PER QUARTER

The table below details the total number of targets set for each quarter, total number of the achieved targets against the set targets and the total number of targets that were not achieved during the quarter.

Reporting Period	Total targets per quarter	Targets achieved per quarter	Targets Not Achieved per quarter	Overall performance per quarter %
Q1	35	21	14	60%
Q2	38	20	18	53%
Q3	33	20	13	61%
Q4	36	17	19	47%
Annual Performance	142	78	64	55%

4.2 DEPARTMENTAL PERFORMANCE AS PER THE SDBIP 2020/2021

The following table reflects the annual performance of the departments in terms of the total number of targets achieved against the planned targets.

Departments	Total Target	Total number of achieved targets per quarter				Annual Performance	% Achievement
		Q1	Q2	Q3	Q4		
Municipal Transformation and Institutional Development: (Corporate Services)	41	6	6	5	4	21	51%
Service Delivery and Infrastructure Development: (Technical Services)	40	8	4	2	2	16	40%
Service Delivery and Infrastructure Development (Community Services)	25	1	3	6	5	15	60%
Municipal Finance Viability (Financial Services)	12	2	2	2	1	7	58%
Local Economic Development	1	1	n/a	n/a	n/a	1	100%
Good Governance and Public Participation (Office of the Municipal Manager)	23	3	5	5	5	18	78%
Municipal overall performance	142	21	20	20	17	78	55%

4.3 GENERAL COMMENTS

The overall municipal performance as at end of quarter four is 55%. Revisions of Key Performance Indicators and Targets were done for Q3 and Q4. Some indicators were revised, and some were removed. The overall performance of the municipality for the previous financial year and the year under review has declined since the advent of the COVID 19 pandemic during the third quarter of 2019/20 financial year. This has adversely affected specifically the availability of municipal workforce, indicators that required public participation (outreach programmes, campaigns and inspections) including construction projects.

The recorded performance information is according to the performance targets set per quarter for each key performance indicator. Performance targets set for key performance indicators (KPI) varies for each quarter depending on the scope of work or project to be implemented in order to reach the planned annual performance target as set in the Adjusted SDBIP 2020/21. This means that; in some quarters the target for a certain key performance indicator will not be applicable and therefore a target for that KPI will not be set for that quarter hence there are variances in terms of the number of targets set per quarter as reflected on the table above. Another contributing factor to the differences on the quarterly performance targets is due to the revisions that were done in the SDBIP after the assessment of the midterm performance and adjustment budget.

The following documents are attached as annexures:

- **Annexure A: Blue Crane Route Local Municipality Annual Performance Report 2020/2021**
- **Annexure B: Blue Crane Route Local Municipality Annual Performance indicator schedule for 2020/2021**
- **Annexure C: Blue Crane Route Local Municipality Performance of the Service Providers 2020/2021**

Prepared by:

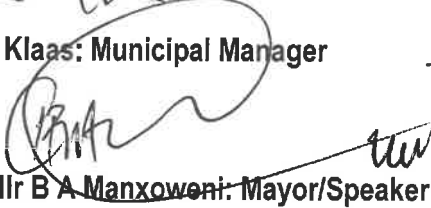


S Hanabe: IDP/PMS Manager

Approved by:



T Klaas: Municipal Manager



Cllr B A Manxoweni: Mayor/Speaker

ANNUAL PERFORMANCE REPORT 2020/21 FINANCIAL YEAR : MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION (CORPORATE SERVICES)

Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2019/20	Actual Performance 2019/20	Annual Target 2020/21	Actual Performance 2020/21	Reasons for Deviation	Corrective Measure	Comments	No of KPI	custodian
Records Management	To establish a fully functional and legally compliant records management system by 2022	By developing Records Management Policy that complies with legislation	% progress in the review of the Draft Records Management	75% progress in the review of Draft Records Management policy	50% progress in the review of Draft Records Management policy	100% progress in the review of the Records Management Policy	Target not met. 100% progress in the review of the Records Management Policy ,however the policy was not tabled to Council . Council meeting to approve policies will be held in July 2021.	Policy not adopted.	Council meeting to approve policies will be held in July 2021.	Records Management Policy ,however the policy was not tabled to Council . Council meeting to approve policies will be held in July 2021.	1	Director Corporate Services
		By implementing records management policy	No of reports submitted on the implementation of the records management policy action plan	New Indicator	N/A	1 reports submitted on the implementation of the of the records management policy action plan	Target not met . 0 report submitted on the implementation of the of the records management policy action plan. File Plan and Registry Procedure Manual submitted and approved by ECSRAC Application letter for Disposal Authority submitted to ECSRAC -Provincial Operation Plan not carried out because of Covid-19 .	Policy not adopted.	Ordinary Council meeting to sit for adoption of policy first then report can be done on the action plan.	In quarter 1 a File Plan and Registry Procedure Manual were submitted and approved by ECSRAC Application letter for Disposal Authority submitted to ECSRAC -Provincial Operation Plan not carried out because of Covid-19 .	2	Director Corporate Services
Human Resource Services	To ensure uninterrupted supply of competent Human Resources by 2022	By reviewing HR policies	No of HR Policies Reviewed	2 HR Policies Reviewed (Retention and attraction Policy, Termination Policy)	2 HR Policies Reviewed (Retention and attraction Policy, Termination Policy)	6 HR Policies Reviewed.	Target not met . 23 HR Policies were reviewed in March, tabled to CS Standing Committee and the LLF but Ordinary Council meeting did not sit to adopt policies that were reviewed.	Policy not adopted.	Council meeting to approve policies will be held in July 2021.	All HR Policies were reviewed in March, tabled to CS Standing Committee and the LLF but Ordinary Council meeting did not sit to adopt policies that were reviewed.	3	Director Corporate Services
Human Resource Development	To promote employment equity and ensure competent workforce by 2022	By establishing Human Resource Development training committee and Employment Equity committee	No of Human Resource Development training committees established	Submit the list of the committee members to internal Stakeholders	Correspondence evidence	1 Human Resource Development training committee established	Target not met- 0 Human Resource Development training committee established	There were no TOR in place to guide the appointment of the Training Committee	Develop TOR and the MM appoints the Committee	none	4	Director Corporate Services

			No of Employment Equity committee established.	1 Employment Equity committee established	The training committee was established but not finalised	1 Employment Equity committee established	Target not met -0 Employment Equity committee established. TOR were developed that served as a guidance on how the EE Committee should be appointment	Appointment of members could not be finalised due to Covid -19.	MM to appoint the EE Committee	TOR were developed that served as a guidance on how the EE Committee should be appointment	5	Director Corporate Services
Employee Relations	To promote sound labour and employer relations by 2022	By promoting collective bargaining	No of Local Labour Forum Meetings facilitated	New Indicator	n/a	4 Local Labour Forum Meetings facilitated	Target met -4 Local Labour Forum Meetings facilitated (3 meetings in Q 1 and 1 in and Q4)	N/A	N/A	none	6	Director Corporate Services
Complaints management	To ensure functional and effective customer care management by 2022	By Managing the Institutional Complaints Management Register	No of reports in the institutional complaints' management register coordinated	1 Institutional complaints management system established	0 Institutional complaints management system established	4 Reports in the institutional complaints' management register coordinated	Target not met -3 Reports in the institutional complaints' management register coordinated	only 3 standing committees sat (February, April and June)	Set achievable targets and align it with the calendar of meetings	none	7	Director Corporate Services
Occupational Health and Safety	To ensure adherence and compliance in OHSA and its regulations by 2022	By implementing OHS policy	No of reports submitted on the implementation of OHS policy	New Indicator	N/A	4 reports submitted on the implementation of OHS policy	Target met -4 reports submitted on the implementation of OHS policy	n/a	n/a	none	8	Director Corporate Services
Information and Communication Technology	To ensure Effective ICT Governance and Controls by 2022	By developing an ICT Strategy	% progress on the development of ICT Strategy	80% progress in development of the ICT Strategy	The Draft ICT strategy was not presented to the steering committee, departmental standing committee and Council due to COVID related restrictions (75%)	100% progress on the development of ICT Strategy	Target not met -100% progress on the development of ICT Strategy. The ICT strategy was not submitted to Council for approval.	Ordinary Council meeting did not sit to approve policies by 30 June 2021	Ordinary Council meeting to sit for adoption of ICT Governance Framework.	none	9	Director Corporate Services
		By developing ICT Governance Framework	% progress on the development ICT Governance Framework	New Indicator	n/a	100 % progress on the development ICT Governance Framework	Target not met . 100% progress on the ICT Governance Framework. The policy was not submitted to Council for approval.	Ordinary Council meeting did not sit to approve policies by 30 June 2021	Ordinary Council meeting to sit for adoption of ICT Governance Framework.	ICT Governance Framework was developed but was only tabled in the Standing Committee not to Council for approval.	10	Director Corporate Services

		By Reviewing ICT Policies	No. of ICT Policies to be Reviewed	New Indicator	N/A	5 ICT Policies Reviewed	Target not met .8 ICT Policies were reviewed, tabled to CS Standing Committee, Council and LLF.	Ordinary Council meeting did not sit to approve policies by 30 June 2021	Ordinary Council meeting to sit for adoption of ICT Governance Framework.	ICT Policies were reviewed but only tabled in the Standing Committee not to Council for approval..	11	Director Corporate Services
Council Oversight	To ensure council exercise its oversight responsibility by 2022	By ensuring functionality of MPAC	No of MPAC meetings Coordinated	New Indicator	N/A	4 MPAC meeting coordinated	Target met -4 MPAC meetings were coordinated (10 December 2020, 11 March 2021, 11 May 2021 and 26 May 2021)	N/A	N/A	none	12	Director Corporate Services

ANNUAL PERFORMANCE REPORT 2020/21 FINANCIAL YEAR : BASIC SERVICE DELIVERY (TECHNICAL SERVICES)

Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2019/20	Actual performance 2019/20	Annual target 2020/21	Actual performance 2020/21	Reasons for deviation	Corrective measure / comments	Comments	No of KPI	custodian
Water Supply	To ensure efficient, economical and quality provision of water 2022 and beyond	By upgrading bulk water supply in Cookhouse Phase 2C	Distance in km of 315mm diameter pipeline to be installed in Cookhouse Phase 2C	2,7km of 315mm diameter pipeline to be installed and finishes done and completed	Target met. 2,85km of 315mm diameter pipeline to be installed and finishes done and completed	2.5km of 315mm diameter pipeline to be installed in Cookhouse Phase 2C	Target met: 2.6km of 315mm diameter pipeline to be installed in Cookhouse Phase 2C	n/a	n/a	none	13	Director Technical Services
		By constructing the Water Treatment Works in Pearston	% progress on the construction of Pearston Water Treatment Works	85% progress on site of Pearston Water Treatment Works	86% progress on site of Pearston Water Treatment Works	100% progress on the construction of Pearston Water Treatment Works	Target not met: 96% progress on the construction of Pearston Water Treatment Works	The first trial period failed due to non-compliance of sludge not settling down the clarifier.	During 21 June 2021, plant operated as per design. The change of lime dose assisted. Construction of the Pearston Water Treatment Woks is at 96%, the trial period is still in progress and will end in 1 August 2021.	none	14	Director Technical Services
		By providing bulk water services in Pearston	% progress on compilation of detailed project designs for bulk water services in Pearston	New indicator	n/a	100% progress on compilation of detailed project designs for bulk water services in Pearston	Target not met: 10% progress on compilation of detailed project designs for bulk water services in Pearston	Currently obtaining existing services information and site investigation Prolonged bid processes, RFQ 7 was sent 16 March 2021 and the appointment was done 24 May 2021.	The project is carried over to next financial year and it budgeted.	none	15	Director Technical Services
Sanitation	To ensure efficient and reliable sanitation system by 2022	By upgrading the Pearston WWTW Phase 2	% progress on upgrading of Pearston Waste Water Treatment Works Phase 2	New indicator	n/a	100% progress on upgrading of Pearston Waste Water Treatment Works Phase 2	Target met: 100% progress on upgrading of Pearston Waste Water Treatment Works Phase 2. this was accomplished in December 2020.	n/a	n/a	none	16	Director Technical Services

Electricity supply	To ensure quality electricity supply and reduction of Electricity losses by 2022	By upgrading Somerset East Electricity Main Substation, phase 3	% progress on upgrading of the Somerset East electricity main substation, Phase 3	New indicator	n/a	100% progress on upgrading of the Somerset East electricity main substation, Phase 3	Target was not met: 0% progress on upgrading of the Somerset East electricity main substation, Phase 3	Appointment of contractor was done on the 14 May 2021. There were several disputes on the project which delayed the project. There were procurement disputes for PSP and another procurement dispute for contractor, which delayed the project for almost 3 months. There were delays in the negotiations and agreement to be done between the municipality and contractor due to scope reduction	The project will be carried over to the next financial year. The roll-over application will be done accordingly.	none	17	Director Technical Services
Social Facilities	To ensure that communities have access to well established social amenities by 2022 and beyond	By upgrading Sportsfield in Aeroville	% progress on upgrading of Aeroville Sportfield	New indicator	n/a	20% progress on upgrading of Aeroville Sportfield	Target not met: 0% progress on upgrading of Aeroville Sportsfield. Contractor is establishing is site	Prolonged commencement on site due to contractor not providing contractual documents on time	Documents were submitted late June 2021, and the project will be carried over to the next FY. It is anticipated that the contractor will complete on site on 2 November 2021	none	18	Director Technical Services
		By constructing the Aeroville Cemetery	% progress in construction of Aeroville Cemetery	New indicator	n/a	50% progress on Construction of Aeroville Cemetery	Target not met: 44% progress on site. Labours employed and Installation of poles in progress	Delays in procurement of service provider to supply and deliver material.	Fast track supply and delivery of material.	Supply and delivery of material was done in July 2021.	19	Director Technical Services

Roads and stormwater	To ensure that communities have access to reliable and efficient roads by 2022	By paving of internal streets in Pearston	Distance in kilometres of internal streets paved in Pearston	New indicator	n/a	0.19km of internal streets paved in Pearston	Target not met: 0km paved on site in Pearston. Only 150m both construction of V-drains and concrete edge beams.	Delays in supply and delivery of paving material by the supplier.	Emails were written to the supplier in order to fast track the delivery of all paving materials, eventually all needed material was supplied before 18 June 2021.	none	20	Director Technical Services
		By paving of internal streets in Cookhouse	Distance in Kilometres of internal streets paved in Cookhouse	New indicator	none	0.200km of internal streets paved in Cookhouse	Target met: 0.210km paved in paving of Internal streets in Cookhouse.	Delays in supply and delivery of paving material by the supplier.	Emails were written to the supplier in order to fast track the delivery of all paving materials, eventually all needed material was supplied before 18 June 2021.	none	21	Director Technical Services
		By paving of internal streets in Somerset East	Distance in kilometres of internal streets paved in Somerset East	New indicator	n/a	0.350km of internal streets paved in Somerset East	Target not met: 0.150km paved in Somerset East	Municipal plant frequent breakdowns. Delays in sourcing of local labourers and delays in supply and delivery of paving material by the supplier.	Liase with suppliers fast track the delivery of all paving materials	Plant hire tender was advertised and required plant will be sourced when required .Emails were written to the supplier in order to fast track the delivery of all paving materials, eventually all needed material was supplied before 18 June 2021.	22	Director Technical Services

		By upgrading Stormwater in ward 5	No of obligatory documents submitted by the contractor to the municipality	New indicator	n/a	4 obligatory documents submitted by the contractor to the municipality	Target not met: 0 Obligatory documents submitted by the contractor to the municipality	Prolonged procurement processes.	Fasttrack the procurement of contractor through bid committees.	Advert was done on the 25 May 2021 to advertise the procurement of contractor and it closed on the 17 June 2021. BEC to sit July 2021 in the next financial year.	23	Director Technical Services
Job creation	To strive for reduction on household poverty by labour intensive construction methods in 2022 and beyond	By strengthening functionality of EPWP steering committee	Number of EPWP steering committee meetings held	4 EPWP steering committee meetings held	Target not met -2 EPWP steering committee meetings held	2 EPWP steering committee meetings held	Target not met: 1 EPWP steering committee meetings held	EPWP steering committee members could not honour the meeting.	Council calendar to be revised in the Mid-Term to include EPWP steering committee meetings.	Annual target was revised from 4 to 2 meetings due to Covid-19 Regulations.	24	Director Technical Services

ANNUAL PERFORMANCE REPORT 2020/21 FINANCIAL YEAR : BASIC SERVICE DELIVERY (COMMUNITY SERVICES)

Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2019/20	Actual Performance 2019/20	Annual Target 2020/21	Actual Performance 2020/21	Reasons for Deviation	Corrective Measure / Comments	Comments	No of KPI	Custodian
Solid waste management	To ensure a well maintained clean and healthy environment by 2022 and beyond	By conducting environmental awareness campaigns in all 3 towns	Number of environmental awareness campaigns conducted	8 Environmental awareness campaigns conducted	7 Environmental awareness campaigns conducted	8 Environmental awareness campaigns conducted	Target not met . 4 Environmental awareness campaigns conducted	Could not do awareness campaigns in Q1 and Q2 due to lockdown restrictions.	The campaigns will be implemented in the next financial year .	none	25	Director Community Services
Water quality	To ensure a healthy water environment to improve human health by 2022	By conducting water quality monitoring and education awareness programmes in the community	No of water quality education awareness programmes conducted	4 school based water quality education awareness programmes conducted	5 school based water quality education awareness programmes conducted	6 school based water quality education awareness programmes conducted	Target not met. Only 3 awareness campaigns conducted due to lockdown restrictions.	The department could not do awareness campaigns in Q1 due to lockdown restrictions.	The campaigns will be implemented in the next financial year .	none	26	Director Community Services
			No of bacteriological water samples and chemical water samples taken	96 water samples submitted for bacteriological and 4 chemical analysis	110 water samples submitted for bacteriological and 4 chemical analysis	96 bacteriological water samples and 4 chemical water samples taken	Target not met- 88 bacteriological water samples and 4 chemical water samples taken	Results were only received for October and November 2020. A notice was received on the 2 December advising that the laboratory will not do tests due to Covid 19 and staff constraints.	To utilise Nelson Mandela Bay Metro laboratory for samples and analysis in the next financial year.	none	27	Director Community Services
Traffic Services	To ensure that all road users comply with the roads and traffic laws by 2022 and beyond to ensure a safe environment by 2022	By conducting law enforcement and education programmes with the schools in BCRM	Number of roadblocks conducted at National roads in BCRM area	4 roadblocks conducted at National roads in BCRM area	4 roadblocks conducted at National roads in BCRM area	4 roadblocks conducted at National roads in BCRM area	Target met. 5 roadblocks were conducted.	n/a	n/a	none	28	Director Community Services

Fire & Disaster Management Services	To ensure prevention and management of fire incidences to promote safety of the environment, properties and humans by 2022 and beyond	By conducting fire safety and prevention inspections at commercial entities and public amenities	Number of fire safety and preventions inspections conducted in commercial entities and public amenities	96 fire safety and preventions inspections conducted in commercial entities and public amenities	78 fire safety and preventions inspections conducted in commercial entities and public amenities	100 fire safety and preventions inspections conducted in commercial entities and public amenities	Target met -160 fire safety and preventions inspections conducted in commercial entities and public amenities	n/a	n/a	none	29	Director Community Services
Library Services	To promote a culture of learning amongst the communities of BCRM by 2022 and beyond	By conducting library awareness campaigns amongst the communities to promote culture of learning	Number of library awareness campaigns conducted	8 library awareness campaigns conducted	6 library awareness campaigns conducted	8 library awareness campaigns conducted	Target not met. 6 library awareness campaigns done	Libraries were closed from the last of March until the first week of October 2020.	The awareness campaigns will be implemented fully in the next financial year .	none	30	Director Community Services
Safety and security	To ensure provision of a safe and secure environment to all BCRM residents by 2022	By developing a Commonage Management policy	% progress on the development of Commonage Management Policy	New Indicator	n/a	100 % progress on the development of Commonage Management Policy	Target not met. 0% progress on the development of Commonage Management Policy	A draft Commonage Management Plan was developed, however, it was not aligned to the Commonage By LAW.	Will align the plan to the By Law. Will keep the KPI in the next financial year SDBIP.	none	31	Director Community Services

ANNUAL PERFORMANCE REPORT 2020/21 FINANCIAL YEAR : LOCAL ECONOMIC DEVELOPMENT

Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2019/20	Actual Performance 2019/20	Annual Target 2020/21	Actual Performance 2020/21	Reasons for Deviation	Corrective Measure / Comments	Comments	No of KPI	Custodian
Job creation	To strive for reduction on household poverty through labour intensive construction methods in 2020 and beyond	By creating jobs through EPWP grant funding	No of jobs created through EPWP grant funding	76 jobs created through EPWP	76 jobs created through EPWP	76 Jobs created through EPWP grant funding	Target met -76 Jobs created through EPWP grant funding	N/A	N/A	none	32	Municipal Manager

ANNUAL PERFORMANCE REPORT 2020/21 FINANCIAL YEAR : MUNICIPAL FINANCIAL VIABILITY (FINANCIAL SERVICES)

Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2019/20	Actual Performance 2019/20	Annual Target 2020/21	Actual Performance 2020/21	Reasons for Deviation	Corrective Measure / comments	Comments	No of KPI	Custodian
Supply Chain Management	To ensure compliance with MFMA and SCM regulations & Policies by 2022	By monitoring compliance with SCM check lists	% Reduction of Irregular Expenditure	10% reduction of irregular expenditure	48% reduction of irregular expenditure	15% reduction of irregular expenditure	Target not met	n/a	The actual performance will be determined after audit process.	Not reported	33	Director Financial Services
GRAP compliant Asset register	To ensure that the municipality has no material errors on the Asset Register by 2022	By developing, adopting, implementing and monitoring of a credible, realistic and implementable asset management plan	Maximum % of error and misstatement allowed on the total value of assets disclosed in AFS	Maximum 1.6% of error and misstatement allowed on the total value of assets disclosed in AFS	No misstatement of assets findings were issued by the Auditor General-(Error rate is at 0%)	Maximum 3% of error and misstatement allowed on the total value of assets disclosed in AFS	Target not met	n/a	n/a	none	34	Director Financial Services
Cashflow Turnaround	To ensure that the municipality is financially viable to sustain short, medium and long-term obligations to be able to provide services to the community in a sustained manner by 2022.	By reviewing, adopting, implementing and monitoring of a revenue enhancement plan	% existing liquidity ratio maintained	100% of existing liquidity ratio maintained	100% of existing liquidity ratio maintained	100% of existing liquidity ratio maintained	Target not met. As per section 52 d Q4 report current assets= 1 current liabilities = 1.15	Still in the process of finalising the AFS. Will be done in Aug 2021 when we recalculate the liquidity ratio.	Final year end journals still to be processed, will influence ratio and will be done by Aug 2021.	none	35	Director Financial Services
Financial Accounting & Reporting	To ensure optimal use of the mSCOA financial system to improve the operations of the municipality by generating accurate, valid, complete and cost-effective financial and performance information by 2022.	By ensuring accurate mSCOA reports through ongoing SAMRAS support and interventions	No of reports received from treasury on the quality of reports submitted.	Green outcome on mSCOA reports submitted to Treasury	Green outcome on mSCOA reports submitted to Treasury	Green outcome on mSCOA reports submitted to Treasury	Target met -Green outcome on mSCOA reports submitted to Treasury	N/A	N/A	none	36	Director Financial Services
Asset Management	To ensure that the municipality's assets are safeguarded against theft and misuse by 2022	By developing, asset management plan	% progress on the development of asset management plan	New indicator	n/a	100 % progress on the development of asset management plan	Target not met. 60% in the development of plan achieved.	Interaction is still needed with internal stakeholders	Plan still need to be completed and finalised and then tabled to Council	none	37	Director Financial Services

ANNUAL PERFORMANCE REPORT 2020/21 FINANCIAL YEAR : GOOD GOVERNANCE AND PUBLIC PARTICIPATION (OFFICE OF THE MUNICIPAL MANAGER)

Priority Area (KPA)	Strategic Plan Objective	Strategy	Indicator	Annual Target 2019/20	Actual Performance 2019/20	Annual Target 2020/21	Actual Performance 2020/21	Reasons for Deviation	Corrective Measure / Comments	Comments	No of KPI	Custodian
Internal Control	To ensure effective Audit, Risk management and Corporate governance function that will result in improved compliance and clean administration by 2022	By reviewing municipal internal controls through execution of the Internal Audit Plan	Number of reports on progress against approved IAP submitted to AC	4 reports on progress against approved IAP submitted to AC	4 reports on progress against approved IAP submitted to AC	4 reports on progress against approved IAP submitted to AC	Target met. 4 reports on progress against approved IAP submitted to AC . AC sittings that took place in September (2), November; February ,May and June.	n/a	n/a	none	38	Municipal Manager
Fraud and Anti-Corruption	To ensure effective implementation of the Fraud and Anti-corruption Policy by 2022	By reviewing and institutionalization of the Fraud and Anti-corruption policy	% progress on reviewal of Fraud prevention policy	New indicator	n/a	100 % progress on the reviewal of Fraud prevention policy	Target not met -100 % progress on the reviewal of Fraud prevention policy.	The policy was not approved in the Council meeting that was scheduled for 30 June 2021	Council meeting to adopt the policy will be held in July 2021	The Public Participation strategy was reviewed but not tabled to Council for approval . It will be tabled in July 2021.	39	Municipal Manager
IDP and Performance Management	To ensure that the municipality is responsive to the needs of community as well as the to strengthen a culture of performance management by 2022	By facilitating the implementation of the performance management system	No of performance assessment of senior management conducted.	4 performance assessment of senior management conducted.	2 performance assessment of senior management conducted. However the Performance report was submitted to council	4 performance assessment of senior management conducted.	Target not met -3 performance assessment of senior management conducted	Performance assessment of senior management could not be conducted for q1 due to Covid 19 Regulations .	Performance assessment will be finalised in the next financial year .	none	40	Municipal Manager
		By conducting IDP Rep Forums per quarter	No of IDP Rep Forum meetings held	New indicator	n/a	2 IDP Rep Forum meetings held	Target met- 2 IDP Rep Forum meetings held	n/a	n/a		41	Municipal Manager
Public Participation	To ensure effective ,efficient and compliant public participation by 2022 and beyond	By reviewing public participation strategy and Public Participation Policy	% progress on the reviewal of public participation strategy	New indicator	n/a	100% progress on the reviewal of public participation strategy	Target not met -100% progress on the reviewal of public participation strategy.	The policy was not approved in the Council meeting that was scheduled for 30 June 2021	Council meeting to adopt the policy will be held in July 2021	The Public Participation strategy was reviewed but not tabled to Council for approval . It will be tabled in July 2021.	42	Municipal Manager
			% progress on the reviewal of public participation policy	New indicator	n/a	100% progress on the reviewal of public participation policy	Target not met :100% progress on the reviewal of public participation policy.	The policy was not approved in the Council meeting that was scheduled for 30 June 2021	Council meeting to adopt the policy will be held in July 2021	The Public Participation policy was reviewed but not tabled to Council for approval . It will be tabled in July 2021.	43	Municipal Manager

		By organizing IGR Forum meetings	No of IGR Forum meetings held	New indicator	n/a	4 IGR Forum Meetings held	3 IGR Forum Meetings held	IGR Forum could not be held in Q1 due to Covid - 19 Regulations	The meetings will be held in the next financial year .	none	44	Municipal Manager
Social cohesion	To ensure mainstreaming of Special Programmes in the institution by 2022	By Strengthening Moral Regeneration	No of social cohesion programmes hosted	5 social cohesion programmes hosted	3 social cohesion programmes hosted	5 social cohesion programmes hosted	Target met.11 programmes have been conducted	n/a	n/a	none	45	Municipal Manager

Annexure B: Blue Crane Route Local Municipality Annual Performance indicator schedule for 2020/2021

Corporate Services			
Indicator	Annual target	Actual performance	List
% Progress in the review of the Draft Records Management Policy	100% progress in the review of the Records Management Policy	Target not met	
No of reports submitted on the implementation of the records management policy action plan	1 report submitted on the implementation of the of the records management policy action plan	Target not met	
No of HR Policies Reviewed	6 HR Policies Reviewed	Target not met. 25 HR Policies reviewed	<ol style="list-style-type: none"> 1. Acting Policy 2. Dress Code, Uniforms & Protective Clothing Policy 3. Night Shift Allowance Policy 4. Overtime Policy 5. Standby Policy 6. Employment Policy 7. Bereavement Policy 8. Renumeration Policy 9. Leave Encashment Policy 10. Employee Relocation Policy 11. Termination of Services Policy 12. Employee Assistance Policy 13. HIV and AIDS Policy 14. Smoking policy 15. Substance Abuse (Alcohol & Drugs) Policy 16. Sexual and Racial Harassment Policy 17. Inclement Weather policy 18. Labour Relations Policy 19. Occupational Health and Safety Policy 20. Employment Equity and Affirmative Action Policy 21. Training and Development Policy 22. Individual Performance

			Management System Policy and Procedure Manual 23. Retention and Attraction Policy 24. Substance And Travel Policy 25. Absenteeism And Reporting Absence from Work Policy
No of Human Resource Development training committees established	1 Human Resource Development training committee established	Target not met.	
No of Employment Equity committee established.	1 Employment Equity committee established	Target not met. Employment Equity was not established.	
No of Local Labour Forum Meetings facilitated	4 Local Labour Forum Meetings facilitated	Target met. 4 Local Labour Forum Meetings Facilitated	18 August 2020 27 August 2020 04 September 2020 19 May 2021
No of Reports in the institutional complaints' management register coordinated	4 Reports in the institutional complaints management register coordinated	Target not met. 3 Reports in the institutional complaints management register coordinated	3 Reports in the institutional complaints management register coordinated
No of reports submitted on the implementation of OHS policy	4 reports submitted on the implementation of OHS policy	Target met. 4 reports submitted on the implementation of OHS policy	4 reports submitted on the implementation of OHS policy
% Progress on the development of ICT Strategy	100% progress on the development of ICT Strategy	Target not met. 100% progress on the development of ICT Strategy	ICT Strategy
% Progress on the development ICT Governance Framework	100 % progress on the development ICT Governance Framework	Target not met. 100% progress on the development ICT Governance Framework	ICT Governance Framework
No. of ICT Policies to be Reviewed	5 ICT Policies Reviewed	Target not met. 9 ICT policies were reviewed	1. ICT Governance Framework 2. ICT Charter 3. ICT Strategy 4. User Access Management Policy 5. IT Network Security Policy 6. Disaster Recovery Plan

			<ul style="list-style-type: none"> 7. IT Data and systems security Policy 8. Social Media Policy 9. Media and Communication Policy
No of MPAC meeting coordinated	4 MPAC meeting coordinated	Target met. 4 MPAC Coordinated	10 December 2020 11 March 2021 11 May 2021 26 May 2021
Technical Services			
Distance in km of 315mm diameter pipeline to be installed in Cookhouse Phase 2C	2.5km of 315mm diameter pipeline to be installed in Cookhouse Phase 2C	Target met. 2.6 km of 315mm diameter pipeline to be installed in Cookhouse Phase 2C	Quarterly reports with photos and % progress of km
% Progress on the construction of Pearston Water Treatment Works	100% progress on the construction of Pearston Water Treatment Works	Target not met. 96% progress on the construction of Pearston Water Treatment Works.	Quarterly reports with photos and % progress on site
% Progress on compilation of detailed project designs for bulk water services in Pearston	100% progress on compilation of detailed project designs for bulk water services in Pearston	Target not met. 10% progress on compilation of detailed project designs for bulk water services in Pearston	Appointment Letter Progress report
% Progress on upgrading of Pearston Waste Water Treatment Works Phase 2	100% progress on upgrading of Pearston Waste Water Treatment Works Phase 2	Target met. 100% progress on upgrading of Pearston Waste Water Treatment Works Phase 2	Quarterly reports with photos and % progress on site
% Progress on upgrading of the Somerset East electricity main substation, Phase 3	100% progress on upgrading of the Somerset East electricity main substation, Phase 3	Target not met. 0% progress on upgrading of the Somerset East electricity main substation, Phase 3	
% Progress on upgrading of Aeroville Sportfield	20% progress on upgrading of Aeroville Sportfield	Target not met 0% progress on upgrading of Aeroville Sportfield	
% Progress in construction of Aeroville Cemetery	50% progress on Construction of Aeroville Cemetery	Target not met. 44% progress on Construction of Aeroville Cemetery	Quarterly reports with photos and % progress on site
Distance in kilometres of internal streets paved in Pearston	0.19km of internal streets paved in Pearston	Target not met. 0km of internal streets paved in Pearston	Quarterly progress report with photos and meters (m) done
Distance in Kilometres of internal	0.200km of internal streets paved in Cookhouse	Target met. 0.210km of internal streets paved in Cookhouse	Quarterly progress report with photos and meters (m) done

streets paved in Cookhouse			
Distance in kilometres of internal streets paved in somerset East	0.350km of internal streets paved in Somerset East	Target not met. 0.150km of internal streets paved in Somerset East	Quarterly progress report with photos and meters (m) done
No of obligatory documents submitted by the contractor to the municipality	4 obligatory documents submitted by the contractor to the municipality	Target not met. 0 obligatory documents submitted by the contractor to the municipality	
Number of EPWP steering committee meetings held	2 EPWP steering committee meetings held	Target not met. 1 EPWP steering committee meeting held	10 June 2021
Community Services			
Number of environmental awareness campaigns conducted	8 Environmental awareness campaigns conducted	Target not Met 4 Environmental awareness campaigns conducted	<ol style="list-style-type: none"> 1. Cookhouse 2. New Brighton & Old Location 3. Somerset East, Ncedo Taxi Rank 4. Bongweni, Cookhouse
No of school-based water quality education awareness programmes conducted	4 school-based water quality education awareness programmes conducted	Target not met 3. school based water quality education awareness programmes conducted	<ol style="list-style-type: none"> 1. Lukhanyisweni Primary School 2. Vis Rivier Primary School 3. WG Olivier Primary School
Number of water samples submitted for bacteriological and chemical analysis	94 water samples submitted for bacteriological and chemical analysis	Target not met. 88 water samples submitted for bacteriological and 4 chemical analysis	<ol style="list-style-type: none"> 1. Bongweni, Cookhouse 2. Cradock Place 3. Primrose street 4. Millennium Park Pearston 5. Khanyiso, Pearston 6. Somerset Budget 7. 5th avenue old location 8. Lottering Street, Mnandi 9. Bongweni, Cookhouse 10. Cradock Place 11. Primrose street 12. Millennium Park Pearston 13. Khanyiso, Pearston 14. Somerset Budget

			15. 5th avenue old location
			16. Lottering Street, Mnandi
			17. Bongweni, Cookhouse
			18. Cradock Place, Cookhouse
			19. Primrose street
			20. Millennium Park, Pearston
			21. Khanyiso, Pearston
			22. Somerset Budget
			23. 5th avenue old location
			24. Lottering Street, Mnandi
			25. Bongweni, Cookhouse
			26. Cradock Place
			27. Primrose Street
			28. Millennium Park, Pearston
			29. Khanyiso, Pearston
			30. Somerset Budget
			31. 5 th Avenue
			32. Lottering Street; Mnandi
			33. Bongweni; Cookhouse
			34. Cradock Place; Cookhouse
			35. Primrose Street, Westview
			36. Millennium Park; Pearston
			37. Khanyiso; Pearston
			38. Somerset Budget
			39. 5 th Avenue; Old Location
			40. Lottering Street; Mnandi
			41. Bongweni; Cookhouse
			42. Cradock Place; Cookhouse
			43. Primrose Street; Westview
			44. Millennium Park, Pearston
			45. Khanyiso, Pearston
			46. Somerset Budget

			47. 5 th Avenue; Old Location
			48. Lottering Street; Mnandi
			49. Bongweni Cookhouse,
			50. Cradock Place; Cookhouse
			51. Primrose Street; Westview
			52. Millennium Park, Pearston
			53. Khanyiso, Pearston
			54. Somerset Budget
			55. 5 th Avenue; Old Location
			56. Lottering Street; Mnandi
			57. Bongweni; Cookhouse
			58. Cradock Place, Cookhouse
			59. Primrose Street
			60. Millennium Park, Pearston
			61. Khanyiso; Pearston
			62. Somerset Budget
			63. 5 th Avenue; Old Location
			64. Lottering Street, Mnandi
			65. Bongweni; Cookhouse
			66. Cradock Place, Cookhouse
			67. Primrose Street
			68. Millennium Park, Pearston
			69. Khanyiso; Pearston
			70. Somerset Budget
			71. 5 th Avenue; Old Location
			72. Lottering Street, Mnandi
			73. Bongweni; Cookhouse
			74. Cradock Place, Cookhouse
			75. Primrose Street
			76. Millennium Park, Pearston
			77. Khanyiso; Pearston

			<p>78. Somerset Budget</p> <p>79. 5th Avenue; Old Location</p> <p>80. Lottering Street, Mnandi</p> <p>81. Bongweni; Cookhouse</p> <p>82. Cookhouse Police Station</p> <p>83. Primrose Street</p> <p>84. Millennium Park, Pearston</p> <p>85. Khanyiso; Pearston</p> <p>86. Somerset Budget</p> <p>87. 5th Avenue; Old Location</p> <p>88. Lottering Street, Mnandi</p>
Number of roadblocks conducted at National roads in BCRM area	4 roadblocks conducted at National roads in BCRM area	Target met. 5 roadblocks conducted at National roads in BCRM area	<ol style="list-style-type: none"> 1. Special operation held on the 21 December 2020 in Charles Street 2. Special operation held on the 24 December 2020 in N10 at East Poort junction. 3. Special operation held on the 31 December 2020 in Somerset East 4. Special operation held on the 21 January 2021 at Sheldon on the N10 5. Special operations were held on the 11 June 2021 at Patryshoogte on the N10
Number of fire safety and preventions inspections conducted in commercial entities and public amenities	100 fire safety and prevention inspections conducted in commercial entities and public amenities	Target met. 160 fire safety and prevention inspections conducted in commercial entities and public amenities	<ol style="list-style-type: none"> 1. Savemore Spaza 2. Family Shop 3. Thanduxolo General Dealer 4. Bafana Bafana Shop 5. Ghetto Shop

			<ol style="list-style-type: none"> 6. All in one 7. Memphis Spaza Shop 8. Kwabhayeni Supermarket 9. Brother Spaza Shop 10. Brothers Shop 2 11. Avonwood Supermarket 12. Pleinkies Spaza Shop 13. Dudu Spaza 14. New town shop 15. Pop Inn Shop 16. Super Price Spaza Shop 17. Aeroville Spaza Shop 18. Rocky Super Spaza 19. Flammigo Spaza Shop 20. Aeroville Spaza Shop 2 21. PMP Spaza Shop 22. Hossana Supermarket 23. Sunshine Spaza Shop 24. Skuur Spaza Shop 25. Pollar Cash Store 26. MTN Shop 27. Lucky Shop 28. Rupa Spaza Shop 29. Shabir Super Store 30. Brother Shop 31. Samir Shop 32. Amina Shop 33. Igshaan & Samit Cash Store 34. Rakeen & Sumiaryar cash store 35. Pearston Cash store 36. Nelsig Supermarket 37. Shahid Cash Store 38. Brother No1 39. SA Discount Shop 40. Family Shop 41. Africa Spaza Shop 42. Part of Life Spaza Shop 43. Flamingo Cash Store 44. Nathi Super Market 45. Aeroville General Dealer 46. Super Price 47. Aeroville Spaza Shop 48. Day break Spaza 49. Aeroville Supermarket
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			<p>50. Pollars cash store</p> <p>51. Hossana Super store</p> <p>52. Skuur Shop</p> <p>53. Prince Imran Supermarket</p> <p>54. Hostel special shop</p> <p>55. Taxi Shop Discount</p> <p>56. Taxi stop spaza shop</p> <p>57. Pop in Spaza Shop</p> <p>58. Flamingo Cash Store</p> <p>59. Rocky Super Spaza</p> <p>60. Thanduxolo General Dealer</p> <p>61. Ghetto Cash Store</p> <p>62. Family Discount Store</p> <p>63. New Brighton General Dealer</p> <p>64. Bafana Bafana</p> <p>65. Teddy's Spaza Shop</p> <p>66. Radis Spaza</p> <p>67. Summer Strand Spaza</p> <p>68. Corner Café</p> <p>69. Family Discount Shop</p> <p>70. SA Discount Shop</p> <p>71. Afrika Shop</p> <p>72. Mnandi Cash Store</p> <p>73. Nkqantosi Spaza Shop</p> <p>74. Lucky Spaza Shop</p> <p>75. Skuur Spaza Shop</p> <p>76. Pollars Store</p> <p>77. Hosana Supermarket</p> <p>78. New Town Discount</p> <p>79. Aeroville Shop</p> <p>80. Ntombi Cash Store</p> <p>81. Dinangwe Shop</p> <p>82. FM Shop</p> <p>83. Jalal Supermarket</p> <p>84. Cheap Shop</p> <p>85. Mehrin Supermarket</p> <p>86. 2021 Corner Shop</p> <p>87. Fish and Chips</p> <p>88. Ali Shop</p> <p>89. Welcome Shop</p> <p>90. All in one mini</p> <p>91. Taxi Rank Supermarket</p> <p>92. Indwe Enterprizes</p> <p>93. Rachel Spaza</p> <p>94. BP Café</p> <p>95. Less price Supermarket</p> <p>96. Avonwood Super Market</p> <p>97. Samira Spaza Shop</p>
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			98. Plankies Spaza Shop
			99. Nelsig Supermarket
			100. Mtn Spaza Shop
			101. Dudus Corner Shop
			102. Lucky Spaza Shop
			103. Brothers Spaza Shop
			104. Rakeen Sumaya Shop
			105. Brother's shop 2
			106. Amina Spaza Shop
			107. Rupa Spaza Shop
			108. Kirshana Cash Store
			109. Shabbier Spaza Shop
			110. Nisha Spaza Shop
			111. Pop Inn Spaza Shop
			112. Bongweni Grocery Store
			113. Nohombile Spaza Shop
			114. Star Spaza Shop
			115. Hamja and Anwar General Dealer
			116. Hostel Special Store
			117. Taxi Stop Spaza
			118. Taxi Stop Discount
			119. Pop In Wholesale
			120. Prince Imran Supermarket
			121. Shahid Cash Store
			122. Sunshine Shop
			123. Pop In 2
			124. Bangladesh Spaza Shop
			125. Mbizana Cash Store
			126. New Brighton General Dealer
			127. Solomon Shop

			128. Kwanoxolo Shop
			129. Somerset Fried Chicken
			130. Mnandi Corner Shop
			131. Taxi Stop
			132. Magnum Motors Shop
			133. Pollars Cash Store
			134. Magnum Subway Station Cookhouse
			135. BP or S.B Motors
			136. Top Up
			137. BKB
			138. Amakhala Wind Farm
			139. Less price super spaza
			140. Family Shop
			141. CH Sub Way Shop
			142. Bangladesh Spaza Shop
			143. S.B Motors / BP
			144. Top Up
			145. Magnum Motors
			146. Optipower Projects
			147. Samira Supermarket
			148. Brothers Shop
			149. Sha Jalal 2 Shop
			150. Lucky Spaza Shop
			151. MTN Shop
			152. Dudu Corner Shop
			153. Nelsig Spaza Shop
			154. Plankies Spaza Shop
			155. Avonwood Supermarket
			156. Brother Spaza Shop
			157. Pearston Cash Store
			158. Igshaan & Samiq Cash Store
			159. Amina Spaza Shop

			160. Mahbub Mollah Shop
Number of library awareness campaigns conducted	8 library awareness campaigns conducted	Target not met. 6 library awareness campaigns conducted.	1. Holiday Programme 2. National Book Week 3. Library week 4. World Read Aloud Day 5. World Play Day 6. World Book Day
% Progress on the development of commonage management policy	% Progress on the development of commonage management policy	Target not met. 0% progress on the development of commonage management policy	
Finance			
% Reduction of Irregular Expenditure	15% reduction of irregular expenditure	Target not met	Annual financial statement
Maximum % of error and misstatement allowed on the total value of assets disclosed in AFS	Maximum 3% of error and misstatement allowed on the total value of assets disclosed in AFS	Target not met.	Annual financial statement
% Of existing liquidity ratio maintained	100% of existing liquidity ratio maintained.	Target not met	Annual financial statement
No of reports received from treasury on the quality of reports submitted	Green outcome on mSCOA reports submitted to Treasury	Target met. Green outcome on mSCOA reports submitted to Treasury	Green outcome on mSCOA reports
% Progress on the development of Asset management plan	100% progress on the development of Asset management plan	Target not met. 60% progress on the development of Asset management plan	Draft Asset Management Plan
LED			
No of jobs created through EPWP grant funding	76 jobs were created in through grant funding	Target met. 76 jobs were created in the 1 st quarter	List in quarter 1 POE
Municipal Manager's Office			
Number of reports on progress against approved IAP submitted to AC	4 reports on progress against approved IAP submitted to AC	Target met. 4 reports on progress against approved IAP were submitted to AC	02 September 2020 16 November 2020 22 February 2021 30 June 2021
% progress on reviewal of fraud prevention policy	100% progress on reviewal of fraud prevention policy	Target not met. 100% progress on reviewal of fraud prevention policy	Fraud Prevention Policy
No of performance assessment of senior management conducted.	4 performance assessment of senior management conducted.	Target not met. 3 performance assessment of senior management conducted.	August 2020 May 2021 May 2021

No of IDP rep forum meetings held	2 IDP rep forum meetings held	Target met. 2 IDP rep forum meetings held	25 March 2021 20 May 2021
% Progress on the reviewal of public participation strategy	100% progress on the reviewal of public participation strategy	Target not met. 100% progress on the reviewal of public participation strategy	Public participation strategy
% Progress on the reviewal of public participation policy	100% progress on the reviewal of public participation policy	Target not met. 100% progress on the reviewal of public participation policy	Public Participation Policy
No of IGR rep forum meetings held	4 IGR rep forum meetings held	Target not met. 3 IGR rep forum meetings held	14 December 2020 25 March 2021 20 May 2021
No of social cohesion programmes hosted	5 social cohesion programmes hosted	Target met. 11 social cohesion programmes hosted	<ol style="list-style-type: none"> 1. Virtual Women's Parliament hosted by Eastern cape Legislature 2. Virtual Women's Parliament hosted by Sarah Bartmaan district Municipality 3. Parliament for older persons 4. Covid19 Resurgence Awareness Roadshow 5. Covid19 Resurgence and vaccination Roadshow 6. Handing over of Sewing Equipment and R100 000 Donation 7. Initiation Forum Meeting 8. Capacity Building Training local SMME's / Suppliers 9. Drama Workshop 10. June 16 Netball Tournament 11. Voter Education Awareness Roadshow

ANNEXURE C - BLUE CRANE ROUTE MUNICIPALITY CONTRACT REGISTER AS AT 30 JUNE 2021

Project Number	Appointment Date	Contract Start Date	SCM Process Followed	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	20/21 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION/ AMMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance
T 17/2014	18/03/2015	01-Jul-15	TENDER	PROVISION OF BANKING SERVICES	FIRST NATIONAL BANK	OWN FUNDS	R 1 050 449,52	R -	-	R 1 050 449,52	N/A	N/A	30-Jun-20	Contract expired at 30 June 2020
T 03/2016	03-Jun-16	01-Jun-16	TENDER	PROVISION OF EXTERNAL LOAN FINANCE	STANDARD BANK OF SOUTH AFRICA	OWN	R 4 436 445,70	R 887 289,04	887 289,04	R 3 549 156,66	N/A	N/A	May-21	Contract expired 30 June 2021
T 05/2017	23-Aug-17	11-Sep-17	TENDER	SUPPLY AND DELIVERY OF MULTI-FUNCTION PHOTOCOPIER MACHINES	KONICA MINOLTA SA A DIV OF BIDVEST OFFICE (PTY) LTD	OWN	R 1 697 420,52	R 778 248,33	778 248,33	R 919 172,19	N/A	N/A	01-Oct-20	Service Provider prompt with service and machines are working well.
T 07/2017	08-Dec-17	08-Dec-17	TENDER	SUPPLY AND DELIVERY OF WATER PURIFICATION CHEMICALS	NDULAMISO AQUA SOLUTIONS	OWN	R 1 716 880,00	R 528 446,09	528 446,09	R 1 188 433,91	N/A	N/A	01-Dec-20	Contract expired. SP performed well
T 13/2017	11-Dec-17	11-Dec-17	TENDER	SUPPLY AND DELIVERY OF REFUSE BAGS	BRODSKY TRADING 194 (PTY) LTD	OWN	R 936 480,00	R 67 556,15	67 556,15	R 868 923,85	N/A	N/A	Dec-20	Contract expired. SP performed well
T 15/2017	27-Oct-17	27-Oct-17	TENDER	PROVISION OF SHORT-TERM INSURANCE	AON SOUTH AFRICA	OWN	R 1 026 632,22	R 1 026 632,22	1 026 632,22	R -		9 MONTHS EXT @ the value of R	30-Sep-20	Supplier is prompt with service
T03/2018	04-Jul-18	04-Jul-18	TENDER	GENERAL VALUATION ROLL	F2 WAARDEERDERS t/a SUID KAAP WAARDEERDERS	OWN	R 594 373,00	R 261 666,33	261 666,33	R 332 706,67	N/A	N/A	Jun-23	Contract & SLA signed. Meetings regularly held and a GV is out for comments. SP performing fairly well.
T 07/2018	03-Oct-18	09-Oct-18	TENDER	PROF ENGINEERING SERVICES FOR CONSTRUCTION OF PEARSTON WTW	ZUTARI (AURECON SA)	WSIG	R 5 143 229,65	R 2 075 801,49	2 075 801,49	R 3 067 428,16	COVID Related	Original A/ment = R2 865 984,68 A/ment 17 APR 2019 Council = R993 822,77 A/ment 16 SEP 2020 Council = R1 283 422,20	At the end of construction	Consultant progressing well.
T 08/2018	25-Sep-18	01-Oct-18	TENDER	PROF ENGINEERING SERVICES FOR CONSTRUCTION OF PEARSTON WWTW	IX ENGINEERS	WSIG	R 5 634 064,16	R 860 147,42	860 147,42	R 4 773 916,74	COVID Related	Original A/ment = R2 858 535,45 A/ment 12 May 2020 May Council = R2 775 528,71	At the end of construction	Consultant performs well.
T 14/2018	25-Sep-18			UPGRADING OF COOKHOUSE WWTW, PHASE III	LRC CIVILS	WSIG	R 7 990 941,75	R 199 770,48	199 770,48	R 7 791 171,27	N/A	N/A	08-May-19	Contractor completed the construction
T 16/2018	16-Nov-18	16-Nov-18	TENDER	PROVISION OF SCM & BID COMMITTEE TRAINING	FACHS BUSINESS CONSULTING	OWN	R 108 291,67	R 10 829,17	10 829,17	R 97 462,50	N/A	N/A	28-Feb-19	SP did the training well
S 32 SRVM	29-Oct-18	20-Nov-18	S36	UPGRADING OF PEARSTON WWTW	RUDCOR CONTRACTORS	WSIG	R 9 846 712,72	R 490 705,01	490 705,01	R 9 356 007,71	N/A	N/A	06-Jun-19	Contractor completed the construction
T 23/2018	07-Nov-18			AUGMENTATION OF COOKHOUSE BULK WATER SUPPLY SCHEME - PHASE II	LRC CIVILS	MIG	R 4 760 545,90	R 132 444,51	132 444,51	R 4 628 101,39	N/A	N/A	30 WEEKS	Contractor completed the construction
T 29/2018	27-Feb-19		TENDER	UPGRADING OF SPORTSFIELD, GLEN AVON STREET, SOMERSET EAST	OWENCO (PTY) LTD		R 1 400 918,50	R -	-	R 1 400 918,50	N/A	N/A		Construction not completed, project still sitting on WIP
T 34/2018	29-Mar-19	30-May-20	TENDER	CONSTRUCTION OF PEARSTON WATER TREATMENT WORKS (1.5 ML/DAY)	WATER PURIFICATION CHEMICAL & PLANT HIRE CC	WSIG	R 31 071 628,17	R 6 502 412,57	6 502 412,57	R 24 569 215,60	COVID Related	Extension of Time.	22-Dec-20	The contract is a design and build contract not just a build contract. There are challenges being experienced due to this. Contractor on penalties. Contractor doing 90 day Trial which end beginning August 21
T 01/2019			TENDER	DISCONNECTION, RECONNECTION AND INSPECTION/AUDIT OF ELECTRICAL SERVICES	AM ENGINEERING	OWN		R 138 719,53	138 719,53	R -138 719,53	N/A	N/A		SP appointed at a rate. The SP requested to be released from the contract.
T 03/2019	24-Jul-19		TENDER	PROVISION OF TRAFFIC MANAGEMENT SYSTEM FOR A PERIOD OF THREE YEARS	TMT SERVICES & SUPPLIES (PTY) LTD	OWN	R 169,05	R -	-	R 169,05	N/A	N/A	01-Jul-22	Appointment amount is the rate per summon paid. Contract never started, no SLA signed.
	27-Nov-19	27-Nov-19	COUNCIL RESOLUTION	PSP: AUGMENTATION OF COOKHOUSE BULK WATER SUPPLY SCHEME - PHASE IIB	WATER AND PUMPING SOLUTIONS	MIG	R 1 532 623,17	R -	-	R 1 532 623,17	N/A	N/A	At the end of construction	Consultant performed well
T 09/2019	21-Aug-19	04-Sep-19	TENDER	AUGMENTATION OF COOKHOUSE BULK WATER SUPPLY SCHEME - PHASE IIB	LRC CIVILS	MIG	R 5 311 298,00	R -	-	R 5 311 298,00	R 218 957,26	N/A	27-Apr-20	Contractor performed very well and their work is of quality.
T 11/2019	01-Oct-19	01-Jan-20	TENDER	PROVISION OF GUARDING SERVICES AND MONITORING OF ALARM SYSTEM FOR A PERIOD OF THREE YEARS	ROYAL SECURITY CC	OWN	R 3 497 135,79	R 1 157 217,80	1 157 217,80	R 2 339 917,99	N/A	N/A	31-Dec-22	SP performing fairly
t 12/2019	01-Oct-19	01-Oct-19	TENDER	SUPPLY AND DELIVERY OF NEW TYRES	SILUMKO TRANSPORT	OWN	AS PER RATES ON OPTION 1 OF TENDER RESPONSE	R 56 780,60	56 780,60		N/A	N/A	30-Sep-20	Contract expired
T 13/2019	10-Mar-20	01-Jul-20	TENDER	PROVISION OF DEBT COLLECTION SERVICES FOR A PERIOD OF 3 YEARS	SMITH TABATA INC	OWN		R 958 970,50	958 970,50	R -958 970,50	N/A	N/A	30-Aug-23	10% of amount successfully collected + fees.

Project Number	Appointment Date	Contract Start Date	SCM Process Followed	Project Name	Contractor / Service Provider	FUNDING	Contract Amount	20/21 EXPENDITURE	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION/ AMMENDMENT	CONTRACT EXPIRY DATE	Comments on Performance
T 14/2019	03-Feb-20	01-Jul-20	TENDER	PROVISION OF BANKING SERVICES	ABSA BANK	OWN			-	R -	N/A	N/A	30-Jun-25	Fixed rate of 4% on +bank bal, c/dep fee R0,20/R1000.00, cheque fee R5.00, d/order fee R3.41ea, EFT R0.67/trans (salaries incl). All fees incl VAT.
T 16/2019	18-Mar-20	18-May-20	TENDER	UPGRADING OF PEARSTON WWTW:PHASE 2	DE JAGERS LOODGIETER KONTRAKTEURS	WSIG	R 11 308 269,40	R 5 667 087,47	5 667 087,47	R 5 641 181,93	COVID Related	N/A	05-Nov-20	Contractor performed exceedingly well.
T 17/2019	24-Mar-20	19-May-20	TENDER	COOKHOUSE BULK WATER SUPPLY - PHASE 2C (Section 1 & 2)	LRC CIVILS cc	MIG	R 12 472 596,68	R 8 754 481,52	8 754 481,52	R 3 718 115,16	COVID Related	N/A	15-Dec-20	Contractor performing very well.
T 18/2019	26-Feb-20	13-Mar-20	TENDER	SUPPLY AND DELIVERY OF INTERLOCK PAVING BRICKS AND CEMENT FOR A PERIOD OF THREE YEARS	OWENCO (PTY) LTD	MIG		R 2 047 426,37	2 047 426,37		N/A	N/A	28-Feb-23	Appointed at a rate of R3 133.13
RFQ 2 OF T32/2018	11-Feb-20	17-Feb-20	TENDER	PES: UPGRADING OF AEROVILLE SPORTSFIELDS	KCS CONSULTANTS	MIG	R 696 890,00	R 150 962,10	150 962,10	R 545 927,90	N/A	N/A	At the end of construction	Consultant performing fairly well.
RFQ 3 OF T32/2018	11-Feb-29	17-Feb-20	TENDER	PES: UPGRADING OF STORMWATER DRAINAGE IN WARD 5 (WESTVIEW, FRANCISVALE, OLD LOCATION)	KCS CONSULTANTS	MIG	R 908 152,50	R 273 364,71	273 364,71	R 634 787,79	N/A	N/A	At the end of construction	Consultant performing fairly well.
RFQ 4 OF T32/2018	11-Feb-20	14-Feb-20	TENDER	PES: PAVING OF INTERNAL STREETS IN COOKHOUSE, PEARSTON AND SOMERSET EAST	NEMORANGO CONSULTING ENGINEERS	MIG	R 1 406 794,99	R 938 542,86	938 542,86	R 468 252,13	N/A	N/A	At the end of construction	Consultant performing fairly well.
	13-May-20	01-May-20	DEVIATION	REFURBISHMENT OF BESTERSHOEK WATER TREATMENT WORKS	LRC CIVLS cc	MIG/WSIG	R 1 563 494,36	R 1 113 456,94	1 113 456,94	R 450 037,42				
	29-May-20		COUNCIL RESOLUTION	PSP: AUGMENTATION OF COOKHOUSE BULK WATER SUPPLY SCHEME - PHASE 2C	WATER & PUMPING SOLUTIONS	MIG	R 2 814 740,00	R 1 246 992,25	1 246 992,25	R 1 567 747,75	COVID Related	N/A	At the end of construction	Consultant performing well
		12-Oct-20	DEVIATION	2019/2020 INFRASTRUCTURE CONDITION ASSESSMENT	BOSCH MUNITECH	OWN	R667 000,00	R -	-	#VALUE!				Contract had to be terminated on agreement with firm as their proposal/pricing was not going to help us achieve the requirements. SP to invoice for work done.
		30-Oct-20	DEVIATION	COMPILATION OF GRAP COMPLIANT 19/20 FIXED ASST REGISTER AND CONDITION ASSESSMENT	ENGNET SOLUTIONS	OWN	RATE	R 1 898 728,75	1 898 728,75	#VALUE!			On submission of FAR for AG Audit - Jan 2021	Consultant performed well
T01/2020			TENDER	PROVISION OF LEGAL SERVICES - PANEL	LEGAL PANE LIST									
T04/2020	13-May-21		TENDER	PROVISION OF EXTERNAL LOAN FINANCE	NEDBANK	OWN		R -	-	R -				8,28% pa
T07/2020			TENDER	SUPPLY AND DELIVERY OF 4000 x 30kg COLDMIX	WORLD EPRO cc	OWN	R 320 000,00	R 320 000,00	320 000,00	R -			On delivery of the 4000 bags	SP performed well
T08/2020	07-May-21		TENDER	SUPPLY AND DELIVERY OF REFUSE BAGS	TCSH INTERNATIONAL HOLDINGS (PTY) LTD	OWN	R 1 398 400,00	R 110 400,00	110 400,00	R 1 288 000,00			29-Jun-24	
T09/2020	08-Apr-21		TENDER	PROVISION OF PRE-PAID ELECTRICITY VENDING SYSTEM	CONTOUR TECHNOLOGIES (PTY) LTD	OWN	R 1 641 600,00	R -	-	R 1 641 600,00			30-Jun-24	
T10/2020	30-Mar-21		TENDER	UPGRADING OF AEROVILLE SPORTSFIELDS, PHASE 1	OWENCO (PTY) LTD	MIG	R 1 323 025,97	R -	-	R 1 323 025,97				
T11/2020	11-Jan-21		TENDER	HIRE OF PLANT TO BCMR	JK STRUCTURES cc	MIG	R 1 036 725,00	R 1 035 630,00	1 035 630,00	R 1 095,00			30-Jun-21	SP performing well
RFQ5 OF T32/2018	11-Jan-21		RFQ (PANEL)	UPGRADING OF SOMERSET EAST MAIN SUBSTATION	BOSCH PROJECTS	INEP	R 600 139,00	R 300 850,35	300 850,35	R 299 288,65			At the end of construction	Consultant performing well
T17/2020	29-Mar-21		TENDER	SUPPLY AND DELIVERY OF FENCING MATERIAL AND TOOLS	EBUSHA GENERAL TRADING (PTY) LTD	MIG	R 267 419,53	R 267 419,53	267 419,53	R -				
	14-May-21		DEVIATION	SUPPLY, DELIVER AND INSTALL OF MATERIAL & EQUIPMENT TO RIVERLANE SEWER PUMPSTATION IN SOMERSET EAST	MFURAA PROJECTS & GENERAL		R 797 062,13	R -	-	R 797 062,13				
T01/2021	24-May-21		TENDER	SUPPLY, DELIVER AND INSTALLATION OF 19 x MULTI-FUNCTIONAL PRINTERS FOR 3 YEARS	KONICA MINOLTA SA	OWN	R 1 816 224,51	R -	-	R 1 816 224,51			30-Jun-24	
T03/2021	24-May-21		TENDER	SUPPLY AND DELIVERY OF PPE FOR FIRE FIGHTERS	SIBALAM GROUP (PTY) LTD	OWN	R 270 981,67	R -	-	R 270 981,67				
RFQ7 OF T32/2018	24-May-21		RFQ (PANEL)	PROVISION OF PEARSTON BULK SERVICES (PLANNING)	MZANSI AFRICA CIVILS	MIG	R 839 503,39	R -	-	R 839 503,39				
T05/2021	14-May-21		TENDER	UPGRADING OF SOMERSET EAST MAIN SUBSTATION, PHASE 3	MOTHEO CONSTRUCTION GROUP (PTY) LTD	INEP		R -	-	R -				
RFQ8 OF T32/2018	29-Jun-21		RFQ (PANEL)	PES: PEARSTON BULK WATER SUPPLY AUGMENTATION	BVI CONSULTING ENGINEERS EC (PTY) LTD	WSIG	R 1 120 376,00	R -	-	R 1 120 376,00				
	29-Jun-21		DEVIATION	PEARSTON BULK WATER SUPPLY AUGMENTATION	DE JAGERS LOODGIETER KONTRAKTEURS	WSIG	R 3 478 624,00	R -	-	R 3 478 624,00				
									-	R -				
									-	R -				
									-	R -				

BLUE CRANE ROUTE MUNICIPALITY(EC102)



**Annual Financial Statements for the
year ended 30 June 2021**

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	Local Municipality
Grade	2
Nature of business and principal activities	Local Government. Principal activities in-line with the Constitution of South Africa, Schedule 4 B and 5 B
The following is included in the scope of operation	Service Delivery - (Basic service delivery such as electricity, sanitation , refuse removal Infrastructure development, economic development, community services)
Council members Mayor/Speaker Councillors	BA Manxoweni A Huffkie MS Kwatsha P Sonkwala JM Martin TC Xakaxa FP Brown C Nel KC Brown NP Nkonyeni TA Grootboom
Accounting Officer	T Klaas (mmanager@bcmr.gov.za)
Chief Finance Officer (CFO)	NB Delo (nigeld@bcmr.gov.za)
Registered office	67 Nojoli Street Somerset East 5850
Postal address	P.O. Box 21 Somerset East 5850
Auditors	Auditor General South Africa
Bankers	ABSA BANK
Attorneys	Smith Tabata Attorneys

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

Index

The reports and statements set out below comprise the annual financial statements presented to the Council.

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
mSCOA	Municipal Standard Chart Of Accounts
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
SBDM	Sarah Baartman District Municipality
MIG	Municipal Infrastructure Grant
WSIG	Water Services Infrastructure Grant
FMG	Financial Management Grant
EPWP	Expanded Public Works Program
INEP	Integrated National Electrification Program

Accounting Officer's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) And the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. Note 47 of this Annual Financial Statements has given more clarity on this matter.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the Chief Financial Officer.

The external auditors are responsible for expressing an audit opinion on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on the following pages have been prepared on the going concern basis, were approved by the accounting officer on 18 November 2021 and were signed by him.

The accounting officer hereby certify as required by Section 124(1)(a) of the Municipal Finance Management Act (Act 56 of 2003) that the salaries, allowances and benefits of political office-bearers and councillors of the Blue Crane Route Municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.



Thabiso Klaas
Accounting Officer
18 November 2021

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

STATEMENT OF FINANCIAL POSITION

	Notes	2021 R	2020 R (Restated)
ASSETS			
Current assets			
Other financial assets	4	-	-
Inventories	6	1,153,368	1,213,851
Other receivables from exchange transactions	7	1,162,856	1,371,209
Other receivables from non-exchange transactions	8	9,681,774	7,761,908
Trade receivables from exchange transactions	9	28,232,527	28,352,545
VAT Receivable	22		643,953
Cash and cash equivalents	10	25,685,131	9,882,437
		<u>65,915,656</u>	<u>49,225,903</u>
Non-current assets			
Investments	10.1	613,992	
Investment property	11	41,910,684	43,952,646
Property, plant and equipment	12	871,968,019	897,522,274
Intangible assets	13	1,860	4,963
Heritage assets	14	458,067	458,067
		<u>914,952,622</u>	<u>941,937,950</u>
Total assets		<u>980,868,278</u>	<u>991,163,853</u>
LIABILITIES			
Current liabilities			
Employee benefit obligation	15	1,497,000	1,782,000
Other financial liabilities	16	443,645	815,759
Finance lease obligation	17	-	228,331
Unspent conditional grants and receipts	18	17,054,502	2,254,113
Payables from exchange transactions	20	43,911,122	47,311,087
Trade and other payables from non-exchange	21	156,366	204,137
VAT payable	22	337,692	
Consumer deposits	23	2,734,065	2,733,983
		<u>66,134,392</u>	<u>55,329,410</u>
Non-current liabilities			
Employee benefit obligation	15	25,414,000	22,779,000
Other financial liabilities	16	-	-
Finance lease obligation	17	-	-
Provisions	19	26,272,111	25,142,849
		<u>51,686,111</u>	<u>47,921,849</u>
Total liabilities		<u>117,820,503</u>	<u>103,251,259</u>
Net assets		<u>863,047,775</u>	<u>887,912,594</u>
Accumulated surplus		<u>863,047,775</u>	<u>887,912,594</u>

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2021 R	2020 R (Restated)
Revenue			
Property rates	26	23,686,353	21,550,618
Service charges	27	142,459,447	131,747,909
Rental of facilities and equipment	25	612,984	712,659
Interest earned - outstanding debtors	25	3,859,870	5,542,512
Interest earned - external investments	28	591,803	1,389,562
Agency Services	25	845,485	753,971
Fines	25	120,784	162,231
Licences and permits	25	280,172	396,517
Transfers and Subsidies	29	105,837,214	113,675,032
Gain on disposal of assets	25	1,979	-
Other income	30	2,239,680	1,757,694
Total revenue		280,535,771	277,688,705
Expenditure			
Employee related costs	31	87,050,728	83,124,880
Remuneration of councillors	32	4,132,643	4,050,729
Debt Impairment/write off	33	25,357,411	23,280,573
Depreciation and asset impairments/amortisation	11-13	56,778,864	61,396,041
Finance costs	34	1,211,151	1,888,409
Bulk purchases	35	99,826,577	92,597,013
Contracted services	36	9,819,884	6,792,416
Inventory consumed	37	4,901,432	5,066,433
Transfers and Subsidies	38	881,400	841,086
Operational Cost	39	13,174,980	12,754,042
Loss on disposal of assets	11/12	395,029	30,614
Total expenditure		303,530,099	291,822,236
Actuarial gain/(loss)	15	(736,647)	3,520,172
Surplus/(deficit) for the year		(23,730,975)	(10,613,359)

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

STATEMENT OF CHANGES IN NET ASSETS

	Notes	R	R
		Accumulated Surplus/(Deficit)	Total: Net Assets
Opening balance as previously reported (2019)		776,918,971	776,918,971
Adjustments:			
Prior period adjustments (2019 and earlier)	45	121,606,982	121,606,982
Balance at 1 July 2019 as restated		898,525,953	898,525,953
Changes in net assets			-
Deficit for the year		(10,613,359)	(10,613,359)
Balance at 30 June 2020 as restated		887,912,594	887,912,594
Opening balance as previously reported (2020)		774,971,982	774,971,982
Prior period adjustments (2020 and earlier)	45	112,940,612	112,940,612
Balance at 1 July 2020 as restated		887,912,594	887,912,594
Assets accepted as settlement of debtors account		(1,133,844)	(1,133,844)
Deficit for the year		(23,730,975)	(23,730,975)
Balance at 30 June 2021		863,047,775	863,047,775

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

CASH FLOW STATEMENT

	2021	2020
	R	R
Notes		(Restated)
Cash flows from operating activities		
Receipts		
Sales of goods and services	140,877,085	123,771,149
Grants	120,637,603	90,295,443
Interest received	591,803	1,353,597
Other receipts	4,307,458	11,212,330
	<u>266,413,949</u>	<u>226,632,519</u>
Payments		
Employee costs	(85,437,375)	(81,336,859)
Remuneration of councillors	(4,132,643)	(4,050,729)
Suppliers	(30,394,675)	(15,945,523)
Bulk purchases	(98,896,322)	(90,309,765)
Interest paid	(77,809)	(367,265)
Other payments	(881,400)	(841,087)
	<u>(219,820,224)</u>	<u>(192,851,228)</u>
Net cash flows from operating activities	41 <u><u>46,593,725</u></u>	<u><u>33,781,291</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	12 (29,574,572)	(46,656,802)
Nett proceeds on disposal of assets and liabilities	1,979	11,441
Increase in Investments activities	(613,992)	
Proceeds from Other financial assets	4	2,982
Net cash flows used in investing activities	<u><u>(30,186,585)</u></u>	<u><u>(46,642,379)</u></u>
Cash flows from financing activities		
Consumer deposits	82	60,391
Repayment of other financial liabilities	(372,114)	(3,857,176)
Finance lease payments	(232,414)	(1,094,387)
Net cash used in financing activities	<u><u>(604,446)</u></u>	<u><u>(4,891,172)</u></u>
Net increase / (decrease) in net cash and cash equivalents	15,802,694	(17,752,260)
Net cash and cash equivalents at beginning of period	9,882,437	27,634,697
Net cash and cash equivalents at end of period	10 <u><u>25,685,131</u></u>	<u><u>9,882,437</u></u>

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Statement of Financial Position						
Total current assets		48,901,000	633,342	49,534,342	65,915,656	(16,381,314)
Total non-current assets		710,661,133	(45,711,147)	664,949,986	914,952,622	(250,002,636)
Total current liabilities		(44,600,000)	(16,121,869)	(60,721,869)	(66,134,392)	5,412,523
Total non-current liabilities		(58,500,000)	5,108,666	(53,391,334)	(51,686,111)	(1,705,223)
Net Assets		656,462,133	(56,091,008)	600,371,125	863,047,775	(262,676,650)
Statement of Financial Performance						
Revenue						
Property rates	52	18,928,000		18,928,000	23,697,404	(4,769,404)
Service charges	52	162,043,520	(2,312,550)	159,730,970	152,003,242	7,727,728
Interest earned - external investments		1,000,000	(500,000)	500,000	591,803	(91,803)
Interest earned - outstanding debtors		5,738,750	(758,000)	4,980,750	3,859,870	1,120,880
Rental of facilities and equipment		307,500	92,500	400,000	612,984	(212,984)
Fines		422,000	(187,000)	235,000	120,784	114,216
Licences and permits		500,300	(270,000)	230,300	280,172	(49,872)
Agency services		997,500	-	997,500	845,485	152,015
Transfers and Subsidies		98,133,400	19,991,791	118,125,191	105,837,214	12,287,977
Other Income	52	6,146,620	625,700	6,772,320	2,241,659	4,530,661
Total Revenue		294,217,590	16,682,441	310,900,031	290,090,617	20,809,414
Expenditure						
Employee related costs	52	89,701,542	(1,213,019)	88,488,523	84,739,728	3,748,795
Remuneration of councillors		4,430,212	(48,162)	4,382,050	4,132,643	249,407
Debt impairment		15,739,570	4,300,000	20,039,570	25,357,411	(5,317,841)
Depreciation & asset impairment		43,040,440	15,674,560	58,715,000	56,778,864	1,936,136
Finance charges	52	5,227,600	(1,418,000)	3,809,600	3,522,151	287,449
Bulk Purchases		104,031,520	-	104,031,520	99,826,577	4,204,943
Inventory consumed	52	4,241,840	30,669	4,272,509	3,011,873	1,260,636
Contracted services		8,548,140	2,851,670	11,399,810	9,819,884	1,579,926
Transfers and Subsidies		891,570	(10,170)	881,400	881,400	-
Other expenditure	52	30,457,771	(3,827,106)	26,630,665	25,751,061	879,604
Total expenditure		306,310,205	16,340,442	322,650,647	313,821,592	8,829,055
Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement		(12,092,615)	341,999	(11,750,616)	(23,730,975)	11,980,359

Refer to note 54 for explanations for material variances between final budget and actual amounts as well as note 55 for differences between the final budget and the original budget

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2021

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Cash Flow Statement						
Cash flows from operating activities						
<u>Receipts</u>						
Ratepayers and other		169,590,976	(17,627,403)	151,963,573	140,877,085	11,086,488
Other Revenue		8,373,920	259,200	8,633,120	4,307,458	4,325,662
Government - operating		64,593,050	8,936,480	73,529,530	75,584,416	(2,054,886)
Government - capital		33,540,350	(930,000)	32,610,350	45,053,187	(12,442,837)
Interest		6,164,875	(6,164,875)	-	591,803	(591,803)
<u>Payments</u>						
Suppliers and employees		(249,011,025)	22,862,265	(226,148,760)	(218,861,015)	(7,287,745)
Finance charges		(724,600)	-	(724,600)	(77,809)	(646,791)
Transfers and Grants		(891,570)	891,570	-	(881,400)	881,400
NET CASH FROM/(USED) OPERATING ACTIVITIES		31,635,976	8,227,237	39,863,213	46,593,725	(6,730,512)
CASH FLOWS FROM INVESTING ACTIVITIES						
<u>Receipts</u>						
Proceeds on disposal of PPE		-	-	-	1,979	(1,979)
Decrease (Increase) in non-current debtors		-	-	-	-	-
Decrease/(Increase) in Investments		-	-	-	(613,992)	613,992
<u>Payments</u>						
Capital assets		(37,580,350)	2,215,274	(35,365,076)	(29,574,572)	(5,790,504)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(37,580,350)	2,215,274	(35,365,076)	(30,186,585)	(5,178,491)
CASH FLOWS FROM FINANCING ACTIVITIES						
<u>Receipts</u>						
Borrowing long term/finance lease		10,750,000	(10,750,000)	-	-	-
Increase (decrease) in consumer deposits		500,000	(500,000)	-	82	(82)
<u>Payments</u>						
Repayment of borrowing		(1,531,000)	1,531,000	-	(604,528)	604,528
NET CASH FROM/(USED) FINANCING ACTIVITIES		9,719,000	(9,719,000)	-	(604,446)	604,446
NET INCREASE/ (DECREASE) IN CASH HELD		3,774,626	723,511	4,498,137	15,802,694	(11,304,557)
Cash/cash equivalents at the year begin:		500,000	9,173,393	9,673,393	9,882,437	-
Cash/cash equivalents at the year end:		4,274,626	9,896,904	14,171,530	25,685,131	(11,304,557)

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REPORTABLE SEGMENTS FOR THE YEAR ENDED AT 30 JUNE 2021

For management purposes, the Municipality is organised and operates in four key functional segments (or business units). Revenue and expenditure relating to these business units are allocated at a transaction level. Cost relating to the governance and administration of the Municipality are not allocated to these business units.

The four key business units comprise of:

Community and Public safety which includes community and social services, sport and recreation, public safety, health and refuse removal services.

Technical Services which includes Water, electricity, Sewerage/Sanitation and roads services.

Corporate services which includes Human resources, Legal services and administration function.

Financial services which includes the Budget and Treasury office, Supply chain management, Assets management, Revenue and Expenditure.

Governance and Administration which includes the Offices of the Accounting Officer, Mayor and Municipal Council.

Management does not have at present reliable separate financial information that monitors geographically the performance. The cost to implement such a system will be excessive but will be considered in future as a full electronic costing system should be implemented.

	Community and Public Safety R	Technical services R	Other services R	Total R
Segment Revenue				
External revenue from Non-exchange transactions	11,578,962	46,297,353	72,048,208	129,924,523
External revenue from Exchange transactions	8,694,306	137,101,122	4,224,017	150,019,445
Interest revenue			591,803	591,803
Total Segment revenue	20,273,268	183,398,475	76,864,028	280,535,771
Segment Expenditure				
Employee related costs	23,587,683	33,933,794	30,265,898	87,787,375
Bulk Purchases		99,826,577		99,826,577
Debt impairment	3,660,568	13,428,413	8,268,430	25,357,411
Depreciation and amortisation	4,946,702	50,859,697	972,465	56,778,864
Interest expense	1,148,558	45,906	16,687	1,211,151
Total other segment expenditure	3,755,600	6,034,873	23,514,895	33,305,368
Total Segment expenditure	37,099,111	204,129,260	63,038,375	304,266,746
Surplus/(deficit) for the period	(16,825,843)	(20,730,785)	13,825,653	(23,730,975)
Other Information				
Segment Assets:				
Current assets	2,146,731	26,408,982	37,359,943	65,915,656
Non-Current assets	43,133,654	753,359,058	118,459,910	914,952,622
Additions to Non-Current assets		28,445,781	1,128,791	29,574,572
Segment Liabilities:				
Current liabilities	4,150,289	32,852,690	29,131,413	66,134,392
Non-Current liabilities	26,272,111		25,414,000	51,686,111

Blue Crane Route Municipality

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ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise. Details on any changes in accounting policies are provided in note Changes in accounting policy.

1.1. Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The figures in the annual financial statement are rounded to the nearest Rand value.

1.2. Going concern

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

1.3. Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts. The approved budget is prepared on an accrual basis. The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

1.4. Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior years.

Blue Crane Route Municipality

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ACCOUNTING POLICIES

The nature and reasons for the reclassifications and restatements are disclosed in note 45 to the financial statements.

1.5. Offsetting

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

1.6. Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

Impairments of non-financial assets

In determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

Pension and other post-employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

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

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Provision for rehabilitation of refuse landfill sites

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and

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ACCOUNTING POLICIES

the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.7. Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the cost of dismantling and removing the asset and restoring the site on which it is operated.

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

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Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Land (PPE)	Indefinite
Buildings	30 - 60 years
Plant	5 – 15 years
Furniture and fixtures	5 – 15 years
Motor vehicles	5 – 20 years
Office equipment	3 – 10 years
Other equipment	3 – 10 years
Infrastructure	5 – 80 years
Landfill site	15 – 30 years
Community Assets	10 – 30 years

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment 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.

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 the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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1.8. Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) 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. Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

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 (property, plant and equipment), 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.

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Cost Model

Investment property is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property – land	indefinite
Property – buildings	30 years.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

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

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Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

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 the impairment is recognised in the Statement of Financial Performance.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.9. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position 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.

An internally generated intangible asset is 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 entity intends to complete the intangible asset, for use or sale
- it is technically feasible to complete the intangible asset
- the entity has the resources to complete the project
- it is probable that it will generate future economic benefits or service potential.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Subsequent measurement

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

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

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Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

For all other intangible assets amortisation is provided on a straight line basis over their useful life. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software 5 years

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

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

1.10. Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives.

Initial Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits

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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. Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairments

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.11. Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

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ACCOUNTING POLICIES

Initial measurement

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

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) Financial instruments at fair value:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost:

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

c) Financial instruments at cost:

Investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

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

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

Blue Crane Route Municipality

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ACCOUNTING POLICIES

Impairments

All financial assets measured at cost or amortised cost are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial

asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed 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.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Financial assets measured at cost:

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

Derecognition Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other

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party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

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

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

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

Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and deposits held on call with banks.

Blue Crane Route Municipality

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Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of

trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost. Trade payables are recognised VAT included.

Other financial assets

These include loans receivable and initially measured at fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at amortised cost.

1.12. Leases

Finance leases - lessee

Initial recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Subsequent measurement

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

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The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is

extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability.

An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13. Inventories

Initial recognition and measurement

Inventories are initially measured at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required 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 for no or nominal consideration (i.e. a non-exchange transaction), the cost

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is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), 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.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

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

Derecognition

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

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

1.14. Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Identification

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

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

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

Value in use

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

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

Discount rate

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

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

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

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

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

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

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

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

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

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

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

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1.15. Employee benefits

Short-term employee benefits

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

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Post-retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the 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 is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of 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 upon valuation.

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Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16. Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.17. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

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- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Specific exchange revenue sources

Service charges relating to electricity and water are based on consumption. 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.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high-tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on on-going leases.

License fees and permits are recognised in accordance with the substance of the agreements entered into.

Measurement

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

1.18. Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving

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approximately equal value in exchange or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

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 and once all the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that 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 in full when the asset is recognised, at an amount equalling the fair value of the asset received.

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.

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1.19. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20. Expenditure – Operation Cost

An operating expense is a day to day expense such as sales and administration, or research & development, accounting expenses, licence fees, advertising, office expenses, utilities, such as telephone, insurance, property management, travel and vehicle expenses.

1.21. Expenditure – Bulk Purchases

Bulk purchases of Electricity and Water from Eskom (Including alternative service providers) and Water sources such as Water Boards and other providers.

1.22. Expenditure – Contracted Services

This expenditure type distinguishes between Outsourced services, Contractors and Professional and Special Services.

1.23. Expenditure – Inventory Consumed

The amount of inventories recognised as an expense during the period. GRAP 12.45(d). The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consist of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. (GRAP 12.47)

1.24. Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003), and includes:

- a) overspending of the total amount appropriated in the municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- f) a grant by the municipality otherwise than in accordance with this Act;

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

1.25. Fruitless and wasteful expenditure

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

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

1.26. Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

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

1.28. 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. The Municipality is registered at SARS for VAT on the payment basis.

1.29. Capital commitments

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.30. Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in-line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

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2. Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

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

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non- disclosure could influence the economic decisions of users taken on the basis of the financial statements.

3. New standards and Interpretations

3.1. Standards of General Recognised Accounting Practice (GRAP) and Interpretations (GRAP) issued and effective

- GRAP 1 Presentation of Financial Statements (as revised in 2010)
- GRAP 2 Cash Flow Statements (as revised in 2010)
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
- GRAP 4 The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
- GRAP 5 Borrowing Costs (as revised in 2013)
- GRAP 9 Revenue from Exchange Transactions (as revised in 2010)
- GRAP 10 Financial Reporting in Hyperinflationary Economies (as revised in 2010)
- GRAP 11 Construction Contracts (as revised in 2010)
- GRAP 12 Inventories (as revised in 2010)
- GRAP 13 Leases (as revised in 2010)
- GRAP 14 Events After the Reporting Date (as revised in 2010)
- GRAP 16 Investment Property (as revised in 2010)
- GRAP 17 Property, Plant and Equipment (as revised in 2010)
- GRAP 18 Segment Reporting (issued in 2011)
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
- GRAP 20 Related party Disclosures
- GRAP 21 Impairment of Non-cash-generating Assets.
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of Cash
- GRAP 27 Agriculture
- GRAP 31 Intangible Assets
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 34 Separate Financial Statements Replaced GRAP 6
- GRAP 35 Consolidated Financial Statements Replaced GRAP 6

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- GRAP 36 Investments in Associates and Joint Ventures Replaced GRAP 7
- GRAP 37 Joint Arrangements Replaced GRAP 8
- GRAP 38 Disclosure of Interest in Other Entities Replaced GRAP8
- GRAP 100 Discontinued Operations (as revised in 2013)
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments
- GRAP 105 Transfer of Functions Between Entities Under Common Control
- GRAP 106 Transfer of Functions Between Entities Not Under Common Control
- GRAP 107 Mergers
- GRAP 108 Statutory Receivables
- GRAP 109 Accounting by Principals and Agents
- GRAP 110 Living and Non-living Resources

Interpretations

- IGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IGRAP 3 Determining whether an Arrangement Contains a Lease
- IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IGRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economics
- IGRAP 6 Loyalty Programmes
- IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions
- IGRAP 9 Distributions of Non
- IGRAP 10 Assets Received from Customers
- IGRAP 13 Operating Leases – Incentives
- IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IGRAP 15 Revenue – Barter Transactions Involving Advertising Services
- IGRAP 16 Intangible Assets – Website Costs
- IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
- IGRAP 18 Recognition and Derecognition of Land
- IGRAP 19 Liabilities to Pay Levies
- IGRAP 20 Accounting for Adjustments to Revenue

3.2. Standards, Amendments to Standards and Interpretations issued but not yet Effective.

All GRAP Standards issued are now effective

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
4 Other financial assets		
Amortised cost		
Long term loans		
This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and was fully redeemed in April 2020. This loan was not secured	-	-
Opening Balance		2,982
Interest accrued		69
Installments		(3,051)
Closing Balance	-	-
Current assets		
Amortised cost	-	-

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2021 and 2020, as all the financial assets were disposed of at their redemption date.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2021 - Rnil (2020 - Rnil) were past due but not impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
5 Financial assets by category		
The accounting policies for financial instruments have been applied to the line items below:		
2021		
VAT Receivable		1,182,856
Other receivables from exchange transactions		9,681,774
Other receivables from non-exchange transactions		25,685,131
Cash and cash equivalents		28,232,527
Trade receivables from exchange transactions		<u>64,762,288</u>
2020		
VAT Receivable		643,953
Other receivables from exchange transactions		1,371,209
Other receivables from non-exchange transactions		7,761,908
Cash and cash equivalents		9,882,437
Trade receivables from exchange transactions		<u>28,352,545</u>
		<u>48,012,052</u>
6 Inventories		
Housing in process	55,080	55,080
Consumable stores	940,158	1,004,707
Water	158,129	154,064
	<u>1,153,368</u>	<u>1,213,851</u>

Stores issues amounted to R 1 235 728 and R 1 331 556 (2020).
No inventory write downs were required for the year.
No inventory were pledged as security.
No amount included in inventory is carried at current replacement cost or NRV.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
7 Other receivables from exchange transactions		
Deposits (Eskom and Fuel)	946,356	940,632
Government Grants and Subsidies: Department of Human Settlement	158,842	158,842
Accumulated interest on Investments	57,658	
Other receivables	29,933	35,448
Provision for bad debts: Other Receivables	(29,933)	(29,933)
Expenditure paid in advance (Insurance & Registration cost)	-	266,220
	1,162,856	1,371,209
The ageing of other receivables from exchange transactions and not impaired is as follows:		
Current (0-30days)	172,161	148,279
91-120 days	32,763	
> 121 days	957,932	1,222,930
	1,162,856	1,371,209

Other receivables pledged as security

Other receivables were not pledged as security.
Other receivables is a financial assets at amortised cost.

Credit quality of other receivables from exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to historical trends and other available information.
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
8 Other receivables from non-exchange transactions		
Property rates	9,371,277	7,560,520
Other receivables	310,497	201,388
	9,681,774	7,761,908
Property rates		
Property rates: Statutory	6,503,261	6,574,705
Property Rates: All Other Categories	23,008,572	13,098,902
Provision for bad debts: Property rates	(20,140,556)	(12,113,087)
	9,371,277	7,560,520
Property rates age analysis: Statutory		
Current (0-30days)	242,837	5,031
31-60 days	35	3,429
61-90 days	2	1,540
91-120 days	2	1,553
> 121 days	6,260,385	6,563,152
	6,503,261	6,574,705
Property rates age analysis: All other Categories		
Current (0-30days)	1,614,651	633,349
31-60 days	108,888	109,273
61-90 days	82,610	84,383
91-120 days	71,239	72,872
> 121 days	21,131,184	12,199,025
	23,008,572	13,098,902
Credit quality of receivables from non-exchange transactions		
The credit quality of other receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		
Allowance for impairment: Property rates		
Impairment balance prior year	(12,113,087)	(3,954,038)
Contributions to provision	(8,027,469)	(8,159,049)
	(20,140,556)	(12,113,087)
Property rates : Statutory		
Rates are charged on Statutory properties according to the Property Rates Act nr 6 of 2004. Reading together with Government Gazette nr 32061 dated 27 March 2009.		
No debt impairment is calculated on Statutory rates receivables.		
Interest is charged at prime plus 1 percent which was 8% at 30 June 2021.		
Other receivables		
Employees overpayment on back pay	231,831	231,831
Provision for bad debts: Employees overpayment	(231,831)	(231,831)
Insurance claims	17,121	17,121
Provision for bad debts: Insurance claims	(17,121)	(17,121)
Employee overpayments	50,714	50,714
SARS UIF and SDL	259,783	150,674
	310,497	201,388
The amount of impairment for Property Rates was R 20 140 556 as at 30 June 2021 (2020: R12 113 087).		
The amount of impairment for other receivables was R248 952 as at 30 June 2021 (2020: R248 952)		
Other receivables from non-exchange transactions is a financial assets at amortised cost.		
Other receivables from non-exchange transactions were not pledged as security.		
Other receivables from non-exchange transactions past due but not impaired		
The ageing of amounts for property rates past due but not impaired is as follows:		
1 month past due	1,863,022	526,708
2 months past due	105,181	101,874
3 months past due	75,988	74,043
Older than 3 months	7,332,583	6,666,846
	9,376,774	7,369,471
Other receivables from non-exchange transactions past due but not impaired		
Older than 3 months	310,497	201,388
	310,497	201,388

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	2021 R	2020 R <u>Restated</u>
9 Trade receivables from exchange transactions		
Gross balances		
Electricity	28,727,299	27,997,855
Water	24,935,342	21,387,262
Sanitation	3,271,567	2,815,821
Sewerage	9,330,220	8,225,725
Refuse	18,044,018	15,444,230
Other	3,198,194	2,487,499
	<u>87,506,660</u>	<u>78,358,392</u>
Trade receivables pledged as security		
Trade receivables were not pledged as security. Trade receivables is a financial assets at amortised cost.		
Less: Allowance for impairment		
Electricity	(9,066,180)	(7,985,542)
Water	(20,716,909)	(17,045,942)
Sanitation	(3,086,372)	(2,722,041)
Sewerage	(8,081,203)	(6,761,263)
Refuse	(15,897,287)	(13,217,777)
Other	(2,416,182)	(2,273,282)
	<u>(59,274,133)</u>	<u>(80,005,847)</u>
Net balance		
Electricity	19,631,119	20,012,313
Water	4,218,433	4,341,320
Sanitation	185,215	93,780
Sewerage	1,289,017	1,464,482
Refuse	2,146,731	2,226,453
Other	782,012	214,217
	<u>28,232,527</u>	<u>28,352,545</u>
Electricity		
Current (0-30 days)	12,828,421	11,705,661
31 - 60 days	1,821,198	1,658,754
61 - 90 days	889,149	1,238,664
91 - 120 days	660,121	1,791,525
>121 days	12,728,410	11,613,251
	<u>28,727,299</u>	<u>27,997,855</u>
Water		
Current (0-30 days)	2,143,727	2,631,159
31 - 60 days	552,329	473,243
61 - 90 days	727,594	520,690
91 - 120 days	441,705	443,327
>121 days	21,089,987	17,418,843
	<u>24,935,342</u>	<u>21,387,262</u>
Sanitation		
Current (0-30 days)	145,601	47,312
31 - 60 days	26,860	26,684
61 - 90 days	26,615	26,590
91 - 120 days	26,523	26,264
>121 days	3,045,988	2,688,871
	<u>3,271,587</u>	<u>2,815,821</u>

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	2021 R	2020 R <i>Restated</i>
9 Trade receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	577,460	772,296
31 - 60 days	230,101	272,112
61 - 90 days	202,140	228,809
91 - 120 days	173,446	196,841
>121 days	8,147,073	6,755,667
	<u>9 330 220</u>	<u>8 225 725</u>
Refuse		
Current (0 -30 days)	1,009,766	1,168,748
31 - 60 days	380,225	407,640
61 - 90 days	336,414	365,503
91 - 120 days	314,935	329,404
>121 days	16,002,678	13,172,935
	<u>18,044,018</u>	<u>15,444,230</u>
Other		
Current (0 -30 days)	106,952	51,276
31 - 60 days	108,305	24,087
61 - 90 days	33,460	31,235
91 - 120 days	563,375	38,166
>121 days	2,386,202	2,342,735
	<u>3,198,194</u>	<u>2,487,499</u>
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	16,611,827	16,276,452
31 - 60 days	3,119,018	2,862,520
61 - 90 days	2,215,372	2,411,491
91 - 120 days	2,180,105	2,815,527
>121 days	63,380,338	53,992,402
	<u>87,506,660</u>	<u>78,358,392</u>
Less: Allowance for impairment	<u>(59,274,133)</u>	<u>(50,005,847)</u>
	<u>28 232 527</u>	<u>28 352 545</u>
Reconciliation of debt impairment provision		
Balance at beginning of the year	(50,005,847)	(38,638,442)
Contributions to provision	9,268,286	11,367,405
	<u>(59 274 133)</u>	<u>(50 005 847)</u>
Fair value of trade receivables from exchange transactions		
Trade receivables from exchange transactions	<u>28,232,527</u>	<u>28,352,545</u>
Trade receivables impaired		
As at 30 June 2021, consumer debtors of R4 291 415 (2020: R 4 585 592) were impaired and provided for. The amount of the provision was R59 274 133 as at 30 June 2021 (2020: R 50 005 847).		
Trade receivables from exchange transactions past due but not impaired		
The ageing of amounts for exchange transactions past due but not impaired is as follows:		
1 month past due	10,527,443	9,036,370
2 months past due	2,824,015	2,344,532
3 months past due	1,801,523	1,883,456
Older than 3 months	11,566,902	5,864,019
	<u>26 719,883</u>	<u>19,128,377</u>
Credit quality of receivables from exchange transactions		
The credit quality of receivables from exchange transactions that are neither past due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		

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10 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,732	2,236
Bank balances	5,452,943	8,192,330
Short-term deposits	20,230,456	1,687,871
	25 685 131	9 882 437

Prior Period adjustment
Balance as previously reported

No restrictions exist with regard to the use of cash.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

The municipality had the following bank accounts
Account number / description

	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
ABSA Bank - Fixed deposit - 2053825035	7,500	7,500	7,500	7,500	7,500	7,500
Nedbank - Money market - 1263036023	2,442	2,844	3,138	2,442	2,844	3,138
Nedbank - Fixed deposit - 18312491	4,600	4,600	4,600	4,600	4,600	4,600
Nedbank - Money market - 1263034756	85,382	84,802	82,175	85,382	84,802	82,175
ABSA - Cheque account - 2200000008	3,164,122	785,991	618,256	3,164,122	785,991	622,978
FNB - Cheque account - 62541421046	2,288,821	8,157,636	2,930,681	2,288,821	8,192,330	2,936,308
ABSA - Call Account - 4099838357	20,130,532			20,130,532		
FNB - Call account - 6259597005		602,134	23,974,236		602,134	23,974,236
Total	25 683 399	9 845 507	27 620 586	25 683 399	9 880 201	27 630 935

The municipality has a guarantee at ABSA bank to the value of R6 000 (2020: R6 000) relating to the personal bonds of one municipal employee.

10.1 Investments

ABSA Bank: Account nr 2079809548 (Bank statement and Cash Book)

613,992

The full investment of R613 992 was pledged as security pending a labour court case (See Contingent liabilities for more detail)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021			2020		
	R			R		
				Restated		
11 Investment property						
	Cost/ Valuation	2021 Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	2020 Accumulated depreciation/ impairment	Carrying Value
	R		R	R		R
Investment property at cost	66,430,888	(24,520,204)	41,910,684	66,430,888	(22,478,242)	43,952,646

Reconciliation of investment property - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Investment properties: Land	13,294,254						13,294,254
Farms	9,026,000						9,026,000
Buildings	21,632,392				(2,041,962)		19,590,430
	<u>43,952,646</u>				<u>(2,041,962)</u>		<u>41,910,684</u>

Reconciliation of investment property - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Investment properties: Land	13,294,254						13,294,254
Farms	9,026,000						9,026,000
Buildings	23,674,354				(2,041,962)		21,632,392
	<u>45,994,608</u>				<u>(2,041,962)</u>		<u>43,952,646</u>

Rental revenue from Investment property: R612 984 (2020: R712 680)
Direct operating expenses arising from investment property that generated rental revenue: Rnil (2019: Rnil)

Pledged as security

No investment property have been pledged as security for loans

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	2021	2020
	R	R (Restated)

12 Property, plant and equipment

	2021			2020		
	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R
Land	34,826,057		34,826,057	34,826,057		34,826,057
Buildings	45,833,910	(12,894,654)	32,939,256	45,833,910	(10,318,305)	35,515,605
Community assets	55,984,475	(18,015,737)	37,968,738	55,984,474	(15,182,134)	40,802,340
Plant and equipment	3,812,370	(1,520,900)	2,291,470	4,204,479	(1,844,762)	2,359,717
Furniture and fixtures	3,548,485	(3,107,084)	441,401	4,546,167	(4,113,769)	432,398
Motor vehicles	16,438,459	(12,238,250)	4,200,209	17,495,179	(11,715,380)	5,779,799
Office equipment	4,882,333	(4,085,419)	776,914	7,262,238	(6,170,669)	1,091,569
Infrastructure	929,866,614	(219,153,760)	710,712,854	902,491,589	(173,162,779)	729,328,810
WIP	42,646,204		42,646,204	42,923,964	(1,348,516)	41,575,448
Landfill sites	17,994,300	(12,829,384)	5,164,916	17,994,300	(12,183,769)	5,810,531
Total	1,155,813,207	(283,845,188)	871,968,019	1,133,562,357	(238,040,083)	897,522,274

Reconciliation of Work in Progress (WIP) - 2021

	Opening balance	Additions	Transfers	Total
	R	R	R	R
Infrastructure assets	38,164,047	27,163,852	(26,358,400)	38,969,499
Community assets	3,112,440	265,304		3,377,744
Other Assets				
PPE - Buildings	298,961			298,961
Total	41,575,448	27,429,156	(26,358,400)	42,646,204

Expenditure incurred to repair and maintain property, plant and equipment included in the Statement of Financial Performance
Maintenance of assets (Note 36)

2021	2020
880,027	1,126,571

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	34,826,057						34,826,057
Buildings	35,515,605				(2,576,349)		32,939,256
Community assets	40,802,340				(2,833,602)		37,968,738
Plant	2,359,717	559,283	(91,198)		(536,332)		2,291,470
Furniture and fixtures	432,398	160,954	(70,137)		(81,395)	(419)	441,401
Motor vehicles	5,779,799	202,365	(158,161)		(1,613,755)	(10,039)	4,200,209
Office equipment	1,091,570	206,189	(75,533)		(445,312)		776,914
Infrastructure	729,328,810	1,016,825		26,358,400	(45,909,981)	(81,000)	710,712,854
WIP	41,575,448	27,429,156		(26,358,400)			42,646,204
Landfill sites	5,810,530				(645,615)		5,164,916
Total	897,522,274	29,574,572	(395,029)	-	(54,642,341)	(91,458)	871,968,019

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	34,826,057						34,826,057
Buildings	38,099,012				(2,583,407)		35,515,605
Community assets	46,826,195				(3,055,281)	(2,968,574)	40,802,340
Plant and equipment	1,747,097	1,051,593	(18,839)		(416,383)	(3,751)	2,359,717
Furniture and fixtures	561,562	8,409			(134,046)	(3,517)	432,398
Motor vehicles	7,695,419	8,259			(1,750,096)	(173,783)	5,779,799
Office equipment	1,756,583	140,989	(23,217)		(776,329)	(6,456)	1,091,570
Infrastructure	750,291,961	596,102		23,927,210	(45,486,463)		729,328,810
WIP	21,999,724	44,851,450		(23,927,210)		(1,348,516)	41,575,448
Landfill sites	6,456,145				(645,615)		5,810,530
Total	910,259,745	46,656,802	(42,056)	-	(54,847,820)	(4,504,597)	897,522,274

Assets subject to finance lease (Net carrying amount)

	2021	2020
Office equipment	-	174,224
	-	174,224

See note 17 on finance leases for assets held under finance lease.

No property, plant and equipment has been pledged as security for liabilities

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13 Intangible assets

	2021			2020		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R	R	R	R
Computer software	7,446	(5,588)	1,860	7,446	(2,483)	4,963

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	4,963	-	-	-	(3,103)	-	1,860
					(1,243)		

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	6,825	-	-	-	(1,962)	-	4,963

Other information

Fully amortised intangible assets still in use

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

14 Heritage assets

	2021			2020		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R	R	R	R
	458,067		458,067	458,067		458,067

Reconciliation of heritage assets - 2021

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
	458,067	-	-	-	-	-	458,067

Reconciliation of heritage assets - 2020

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
	458,067	-	-	-	-	-	458,067

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2021	2020
R	R
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15 Employee benefit obligation

15.1 Post-Employment Medical Aid

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependents receive a subsidy of either 60% or 70%.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same subsidy.

All subsidies are expected to remain to a maximum of R 4 773 for the year ending 30 June 2022. The maximum subsidy amount has been assumed to increase in the future at 75% of salary inflation.

Principal assumptions

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefits payments, current market rates of the appropriate term should be used to discount shorter term payments and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10,08% per annum has been used. The corresponding index-linked yield at this term is 4,13%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the Johannesburg stock after the market close on 30 June 2021.

These rates were calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curve at that component's duration, using an iterative process.

Financial assumptions

Discount rate	10,08%
Health care cost inflation rate	6,73%
Net-of-health-care-cost-inflation discount rate	3,14%
Maximum subsidy inflation rate	4,67%
Net-of-maximum-subsidy-inflation discount rate	5,17%

The next contribution rate increase is assumed to occur at 1 January 2022.

Demographic assumptions

Average retirement age	62 (males)/ 59 (Females)
Continuation of membership at retirement	75%
Proportion with a spouse dependant at retirement	60%

Accrued liability Values

Carrying value

Opening Accrued Liability	20,317,000	21,941,541
Service cost	491,000	628,209
Interest cost	2,050,000	2,028,036
Benefits paid	(851,280)	(778,409)
Actuarial (gain)/loss recognised in the year	792,280	(3,502,377)
Closing Accrued Liability	22,799,000	20,317,000

Non-current liabilities

Current liabilities (Estimate of benefits payments expected in the next annual period)	21,790,000	19,385,000
	1,009,000	932,000
	22,799,000	20,317,000

The total liability has increased by 12,2% (or R2 482 000) since the last valuation

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Actuarial (Gain)/Loss for the period	792,280
Contribution to Actuarial Gain:	
Decrease in net discount rates	1,440,000
Increase in assumed in-service non-member take-up rate	614,000
Subsidy increases lower than assumed	(476,000)
Changes to membership profile different from assumed	(705,000)
Actual benefits vesting lower than expected	80,720

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15.1 Post-Employment Medical Aid (continue)

Net expense recognised in the statement of financial performance

Current service cost	491,000	628,209
Interest	2,050,000	2,028,036
Benefits paid	(851,280)	(778,409)
Total included in employee related costs	1,689,720	1,877,836
Actuarial (Gain)/Loss recognised in statement of financial performance	792,280	(3,602,377)
	2,482,000	(1,624,541)

Estimate of contributions expected to be paid to the plan in the next financial year

(681,000) (932,000)

Sensitivity analysis on the accrued liability (R millions)

Assumption	Change	Eligible employees	Continuation members	Total	% change against Central Assumptions
Central Assumptions		9,849	13,150	22,799	
Health care inflation	1%	10,648	14,045	24,693	8%
	-1%	8,542	12,188	20,710	-9%
Discount Rate	1%	8,325	11,984	20,309	-11%
	-1%	11,308	14,533	25,841	13%
Post-retirement mortality	1 yr	9,414	12,776	22,190	-3%
	-1 yr	9,883	13,520	23,403	3%
Average retirement age	-1 yr	10,400	13,150	23,550	3%
Membership continuation	-10%	8,398	13,150	21,548	-5%

Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2021

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change against Central Assumptions
Central Assumptions		491,000	2,050,000	2,541,000	
Health care inflation	1%	552,000	2,225,000	2,777,000	9%
	-1%	425,000	1,863,000	2,288,000	-10%
Discount Rate	1%	417,000	2,008,000	2,425,000	-5%
	-1%	585,000	2,091,000	2,676,000	5%
Post-employment mortality	-1 yr	502,000	2,102,000	2,604,000	2%
Average retirement age	-1 yr	512,000	2,118,000	2,630,000	4%
Membership continuation	-10%	429,000	1,929,000	2,358,000	-7%

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Accrued liability	21,741	22,656	21,942	20,317	22,799
Fair value of plan asset	0,000	0,000	0,000	0,000	0,000
Surplus/(Deficit)	(21,741)	(22,656)	(22,799)	(22,799)	(22,799)

History of experience adjustments: Gains and Losses (R millions)

Experience adjustments	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Liabilities: Gain/Loss	1,502	0,077	0,053	0,102	1,262
Assets: Gain/Loss	0,000	0,000	0,000	0,000	0,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
15.2 Long Service Awards (LSA)		
Defined benefit plan		
The Municipality offers employees LSA for every five years of service completed, to 45 years of service, inclusive. In the month that each "Completed Service" milestone is reached, the employee is granted a LSA. At 30 June 2021, the Municipality had 269 employees that are entitled to LSA.		
Principal assumptions		
Discount rate		
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.		
Consequently, a discount rate of 8,81% per annum has been used. The corresponding liability-weighted index linked yield is 3,46%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 30 June 2021.		
The duration of the total liability was estimated to be 8,00 years.		
Financial assumptions		
Discount rate	8,81%	
General salary inflation	5,68%	
Net effective discount rate	2,96%	
The salaries used in this valuation include an assumed increase on 1 July 2021 by 4%. The next contribution rate increase is assumed to occur at 1 July 2022.		
Accrued liability Values		
Carrying value		
Opening Accrued Liability	4,244,000	4,351,610
Service cost	466,000	514,692
Interest cost	261,000	311,699
Benefits vesting	(803,367)	(916,206)
Actuarial (gain) / loss recognised in the year	55,633	(17,795)
Closing Accrued Liability	4,112,000	4,244,000
Non-current liabilities	3,624,000	3,394,000
Current liabilities (Estimate of benefits payments expected in the next annual period)	488,000	850,000
	4,112,000	4,244,000
The total liability has decreased by 3% (or R132 000) since the last valuation		
The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:		
Actuarial (Gain)/Loss for the period	(55,633)	
Contribution to Actuarial (Gain)/Loss:		
Basis changes: Decrease in net discount rate	17,000	
Salary increases higher than assumed	87,000	
Changes to employee profile different from assumed	(113,000)	
Actual benefits vesting, lower than expected	46,633	
Net expense recognised in the statement of financial performance		
Current service cost	466,000	514,692
Interest cost	261,000	311,699
Benefits vesting	(803,367)	(916,206)
Total included in employee related costs	(76,367)	(89,815)
Actuarial Gain recognised in statement of financial performance	(55,633)	(17,795)
	(132,000)	(107,610)
Estimate of benefits vesting in the next financial year	(488,000)	(850,000)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2021
R

2020
R
(Restated)

15.2 Long Service Awards (LSA) (Continued)

Sensitivity analysis on the accrued liability (R millions)

Assumption	Change	Liability	% change against Central Assumptions
Central Assumptions		4 112	
General salary inflation	1%	4 330	5%
	-1%	3 913	-5%
Discount Rate	1%	3 903	-5%
	-1%	4 344	6%
Average retirement age	2 yr	4 626	13%
	-2 yr	3 565	-13%
Withdrawal rates	x2.0	3 397	-17%
	x0.5	4 590	12%

Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2021

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change against Central Assumptions
Central Assumptions		466 000	261 000	727 000	
General salary inflation	1%	495 000	275 000	770 000	6%
	-1%	438 000	247 000	685 000	-6%
Discount Rate	1%	441 000	283 000	724 000	0%
	-1%	493 000	236 000	729 000	0%
Average retirement age	2 yr	514 000	267 000	811 000	12%
	-2 yr	424 000	224 000	648 000	-11%
Withdrawal rates	x2.0	358 000	214 000	572 000	-21%
	x0.5	542 000	262 000	834 000	15%

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Accrued liability	3 937	4 284	4 352	4 244	4 112
Fair value of plan asset	0 000	0 000	0 000	0 000	0 000
Surplus/(Deficit)	(3 937)	(4 284)	(4 352)	(4 244)	(4 112)

History of experience adjustments: Gains and Losses (R millions)

Experience adjustments	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Liabilities: Gain/(Loss)	(0 128)	0 028	(0 075)	0 116	0 073
Assets: Gain/(Loss)	0 000	0 000	0 000	0 000	0 000

Total Employee benefit obligation

Post-Employment Medical Aid
Long Service Awards

22 799 000	20 317 000
4 112 000	4 244 000
26 911 000	24 561 000

Non-current liabilities
Current liabilities

25 414 000	22 779 000
1 497 000	1 782 000
26 911 000	24 561 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
16 Other financial liabilities		
Held at amortised cost		
Standard Bank	443,645	815,759
	<u>443,645</u>	<u>815,759</u>
<p>A loan from ABSA was taken up on 5 June 2015 for R13 000 000 at a fixed interest rate of 9.62%. Installments of R1 675 282 will be semi-yearly payable for 5 years. The last installment was payable on 31 May 2020. This loan was funded from the MIG allocations.</p> <p>On 30 June 2016, a loan of R3 300 000 was also taken up from Standard Bank for the financing of vehicles purchased during the year at a fixed interest rate of 11.55%. Installments of R443 645 will be semi-yearly payable over five years. The last installment was payable on 30 June 2021 but the payment was rejected from Standard Bank and was paid again on 1 July 2021.</p> <p>No defaults except for the above Standard Bank installment or breaches or re-negotiations of the terms and conditions occurred during the year.</p> <p>The Standard Bank loan is not secured, but the following covenants are also applicable for the R3 300 000 loan:</p> <ol style="list-style-type: none"> 1. Debt to Revenue ratio: to be maintained at a level that is less than or equal to 50%. 2. Billings to collection rate to be maintained at a level that is greater than or equal to 87.3%. 3. Interest paid to total cost to be maintained at a level that is less than or equal to 7.5%. 		
Non-current liabilities		
At amortised cost		
Current liabilities		
At amortised cost		
	443,645	815,759
	<u>443,645</u>	<u>815,759</u>
Opening Balance	815,759	4,672,935
Loan received		
Interest accrued	71,531	367,266
Payments	<u>(443,645)</u>	<u>(4,224,442)</u>
Closing Balance	<u>443,645</u>	<u>815,759</u>

Blue Crane Route Local Municipality (EC 102)

Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R Restated
17 Finance lease obligation		
Minimum lease payments due		
- within one year	-	232,411
- in second to fifth year inclusive	-	-
	-	232,411
less: future finance charges	-	(4,080)
Present value of minimum lease payments	-	228,331
Present value of minimum lease payments due		
- within one year	-	228,331
- in second to fifth year inclusive	-	-
	-	228,331
Non-current liabilities	-	-
Current liabilities	-	228,331
	-	228,331

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

The average lease term was 3- 5 years and the average effective borrowing rate was between 9.30% and 9.55% for plant and 14.2% for office equipment. Interest rates are linked to prime at the contract date. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12.

Property, plant and equipment for the carrying value of assets subject to finance lease

At 30 June 2021 there was no finance leases outstanding. The final installment was paid on 1 November 2020. The Municipality then still continuing rent the photo copy machines for the remaining months of 2020/21.

There are no subleases

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

18 Unspent conditional grants and receipts

Other grants	17,054,502	2,254,113
--------------	------------	-----------

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totalling R18 208 582.

Where conditions have been met, the amounts were recognised as revenue and is shown under the transfer columns per the following table.

The municipality complied with all the conditions attached to the grants / allocations.

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

Grant description	Unspent balance 2020	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2021
Municipal Infrastructure Grant (MIG)	-	19,078,000		(875,631)	(16,636,983)	1,565,386
Water Service Infrastructure Grant (WSIG)	-	20,499,000			(14,264,867)	6,234,133
District Municipality: Infrastructure Grant	56,772	388,965			(435,965)	9,772
Finance Management Grant (FMG)	-	2,500,000		(2,500,000)	-	-
District Municipality: Youth and other tourism upgrades	262,838				-	262,838
Dr WH Craib Trust	13,015				-	13,015
District Municipality: Fire and Disaster	905,478	86,000		(156,740)	(240,815)	593,923
Depart Sport : Library admin cost	-	2,300,000		(2,300,000)	-	-
Expanded Public Works Programme (EPWP)	-	1,548,000		(1,548,000)	-	-
Expanded Public Works Programme (EPWP - Community Services)	-	3,400,000				3,400,000
ACIP Water conservation	42,520					42,520
Integrated National Electrification Program (INEP)	-	3,500,000			(320,086)	3,179,914
Abafazi Rural Project (LED)	66,208					66,208
Resourcing Youth Centre (LED)	91,571					91,571
Pearston Housing Project		1,429,923				1,429,923
Water Tanks: District Municipality		157,299				157,299
Covid-19 Disaster Grant	807,711			(235,050)	(572,661)	-
Moral Regeneration Movement Programme	8,000					8,000
Environmental Health Subsidy (SBDM)	-	445,000		(445,000)	-	-
Council Covid care contributions	-	8,416		(8,416)	-	-
Equitable Share	-	65,297,000		65,297,000	-	-
	2,254,113	120,637,603	-	(73,365,837)	(32,471,377)	17,054,502

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, WSIG, Covid-19 & FMG) :	Upgrade of Infrastructure (MIG and WSIG) and building financial capacity and learnerships (FMG) as well as fund assist with Covid-19.
Sarah Baardman District municipality:	Fire fighting, LED Projects and Infrastructure grants
Eastern Cape Department of Roads and Public Works:	Labour intensive projects to promote job creation for unemployed people (EPWP)
Department of Sport and Agriculture:	Administration cost for Libraries
INEP	Electricity upgrading

Blue Crane Route Local Municipality (EC 102)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)		
19 Provisions				
Reconciliation of provisions - 2021				
	Opening Balance	Additions	Adjustment for the year	Total
Environmental rehabilitation	25,142,849		1,129,262	26,272,111
	25,142,849		1,129,262	26,272,111
Reconciliation of provisions - 2020				
	Opening Balance	Additions	Adjustment for the year	Total
Environmental rehabilitation	23,707,624		1,435,225	25,142,849
	23,707,624		1,435,225	25,142,849
		2021	2020	
Non-Current liability				
Amortised cost		26,272,111	25,142,849	
		26,272,111	25,142,849	

Environmental rehabilitation provision

The above rehabilitation provision includes the three towns of Somerset East, Cookhouse and Pearston.

All landfill sites financial implications and valuations are determined in terms of Section 28 of the National Environmental Management Act, Act no. 107 of 1998.

There is no planning for closure and rehabilitation of the landfill sites within the next five years and this is likely to only commence around 2030.

The effective date of all valuations was 30 June 2021 and was done and certified by Mr. S Nel, Professional Engineer, from Bosch Munitech.

In Calculating the provision for rehabilitation, the following have been included:

- Direct contract costs
- Indirect Professional Fees
- Indirect disbursements
- Escalation

No rehabilitation has taken place on Cookhouse or Pearston landfill sites during the current year, while covering has partly taken place at Somerset East landfill site.

Fencing at Cookhouse (316m) and Pearston (621m) and Somerset East (121m) has been vandalised and needs regular replacing.

Monetary values for landfill sites at 30 June 2021:

Cookhouse	1,552,083
Pearston	4,452,798
Somerset East	20,267,230
	<u>26,272,111</u>

Blue Crane Route Local Municipality (EC 102)
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
20 Payables from exchange transactions		
Trade payables	31,548,991	34,419,702
Payments received in advanced	983,560	952,305
Accrued leave pay	6,697,827	6,411,999
Accrued 13th cheque	2,028,605	1,928,120
Retention on Capital Projects	1,578,259	2,523,721
Previous employees of Dev Agency	813,694	813,694
Unidentified bank deposits	11,073	14,517
Deposits received (Town Hall & Chalets)	249,213	247,029
	43,911,122	47,311,087

21 Trade and other payables from non-exchange

Trade and other: Principal-Agency arrangement

156,366 **204,137**

Reconciliation: Principal-Agency arrangement

Opening balance
Total licence and transaction fees received from third parties
Total licence and transaction fees paid over to Principal (Department of Transport)
Closing balance

204,137 48,983
2,602,735 2,350,071
2,850,506 **2,192,917**
156,366 **204,137**

These liability relates to transactions between a Principal-Agent relationship of which the Municipality is the Agent for Department of Transport to issue motor vehicle licences to third parties. The Municipality receive agency fees of 19% of the total income. This revenue is included in note 25 and was an amount of R845 485 (2020: R753 972). The fees are paid over to the Principal (Department of Transport) on a weekly basis. The outstanding amount at year end were paid over during the first week in July 2021.

22 VAT (Payable)/Receivable

VAT

(337,692) **643,953**

VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.

23 Consumer deposits

Electricity & water

2,734,065 **2,733,983**

24 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Financial liabilities at amortised cost

2021

Other financial liabilities
Finance lease
Trade and other payables from non-exchange
Payables from exchange transactions

443,645
-
156,366
36,229,735
36,829,746

2020

Other financial liabilities
Finance lease
Trade and other payables from non-exchange
Payables from exchange transactions

815,759
228,331
204,137
39,946,783

Blue Crane Route Local Municipality (EC 102)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
		41,195,010
25 Revenue		
Property rates	23 686,353	21 550,618
Service charges	142,459,447	131,747,909
Rental of facilities and equipment	612,984	712,659
Interest earned - outstanding debtors	3,859,870	5,542,512
Interest earned - external investments	591,803	1,389,562
Agency Services	845,485	753,971
Fines	120,784	162,231
Licences and permits	280,172	396,517
Transfers and Subsidies	105,837,214	113,675,032
Gain on disposal of assets	1,979	
Other income	2,239,680	1,757,694
	280,535,771	277,685,705
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	142,459,447	131,747,909
Rental of facilities & equipment	612,984	712,659
Interest earned - outstanding debtors	3,859,870	5,542,512
Interest earned - external investments	591,803	1,389,562
Agency Services - Transaction handling fees	845,485	753,971
Gain on disposal of assets	1,979	
Miscellaneous other revenue	2,239,680	1,757,694
	150,611,248	141,904,307
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	23 686,353	21 550,618
Fines	120,784	162,231
Licences and permits	280,172	396,517
Transfers and Subsidies	105,837,214	113,675,032
	129,924,523	135,784,398

Collectability of amounts

At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the fact that the municipality has an obligation to collect all revenue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
26 Property rates		
Revenue		
Agricultural	4,206,132	3,194,940
Game Farms	7,469,841	7,114,134
Business & Commercial	2,429,683	2,436,247
Statutory Rates - All Other departments	5,579,135	5,168,083
Residential	4,001,562	3,637,214
	23,686,353	21,550,618
	2021	2020
Valuations		
Agricultural	7,121,449,270	7,043,497,270
Game Farms	855,056,225	855,056,225
Business & Commercial	278,827,725	293,584,365
Residential	656,822,936	610,553,436
Government - Other	635,509,110	619,573,180
	9,547,665,266	9,422,264,476
Statutory property rates		
Rates are charged on Statutory properties according to the Property Rates Act nr 6 of 2004. Reading together with Government Gazette nr 32061 dated 27 March 2009. The tariffs of all property rates as well as the valuation date are disclosed hereunder.		
Valuation and tariffs		
Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The next general valuation will be done on 1 July 2023		
Rates are levied on an annual basis with the final date for payment being 30 June 2021 (30 June 2020). Interest at prime plus 1% per annum (2020: prime plus 1% per annum), is levied on rates outstanding one month after due date.		
A general rate of 0.000525 for agricultural properties, 0.008779 for business properties, 0.007503 for residential properties, 0.000 for government infrastructure properties and 0.008779 for government properties is applied to property valuations to determine assessment rates (2020: 0.0005 - agricultural properties, 0.008361 - business properties, 0.007146 - residential properties, 0.008361 - government properties). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2020: R15 000 - residential properties and 30% government infrastructure).		
27 Service charges		
Sale of electricity	114,723,467	106,536,980
Sale of water	14,908,765	12,728,380
Sewerage and sanitation charges	5,180,054	5,186,038
Refuse removal	7,647,161	7,296,531
	142,459,447	131,747,909
Electricity losses		
Units	19532758 kwh	15976687 kwh
Amount	R16,450,205	R 12,600,143
Percentage	25%	20%
Water losses		
Units	144464 kl	401995 kl
Amount	R910,123	R2,411,430
Percentage	9%	24%
28 Interest earned - external investments		
Interest revenue		
Sporting and Other bodies	-	69
Bank Accounts	591,803	1,389,493
	591,803	1,389,562
The amount of R591 803 (2020: R1 389 562) is included under revenue arising from exchange transactions		
29 Transfers and Subsidies		
Equitable share	56,696,000	53,519,000
Equitable share: Covid-19	8,601,000	
Government grant - MIG	17,512,614	14,320,000
Government grant - FMG	2,500,000	2,235,000
Government grant - WISG	14,264,867	36,459,003
Government grant - EPWP	1,548,000	1,410,000
Government grant - Covid-19	807,711	175,289
Government grant - INEP	320,086	410,000
Government Subsidy - External Audit cost		369,419
Provincial Grants (Library)	2,300,000	2,300,000
Sarah Baardman District Municipality	1,278,520	2,460,489
Non-Profit Institutions	8,416	18,832
	105,837,214	113,675,032
30 Other Income		
Incidental Cash surpluses	12,762	11,146
Commission: Transaction Handling Fees	168,561	177,859
Insurance Refund	435	16,000
Skills Development Levy Refund	138,031	178,118
Bad debts recovered/Legal fees recovered	670,072	6,059
Sub-division and Consolidation	653	6,724
Building plan approvals	168,294	435,558
Burial Fees	109,176	83,744
General/Other	312,534	340,130
Library Fees	4,940	6,326
Camping Fees	33,929	69,741
Connection/Reconnection Fees	422,303	424,189
	2,239,680	1,757,694

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	2021 R	2020 R (Restated)
31 Employee related costs		
Basic Salary and Wages	59,529,081	55,974,581
Bonuses	4,604,129	4,531,700
Social Contributions - Medical	3,341,697	3,194,827
Social Contributions - Group Life Insurance	2,352	1,951
Social Contributions - Unemployment Insurance	478,933	466,028
Social Contributions - Bargaining council	33,867	33,188
Social Contributions - Pension	9,310,582	8,998,940
Overtime	3,773,657	3,321,232
Other allowances: Non-Pensionable	3,974,500	3,827,951
Leave Gratuity	970,839	1,220,012
Post-retirement benefits - Medical : Nett Service Cost	(360,280)	(150,200)
Long Term Service Awards: Nett Service Cost	(337,367)	(401,514)
Post-retirement benefits - Medical : Interest Cost	2,050,000	2,028,036
Long Term Service Awards: Interest Cost	261,000	311,699
Less: Recharges to Capital Works	582,262	223,531
	87,050,728	83,124,880
Section 56 Senior Managers: Total cost per position		
Municipal Manager	1,417,129	1,380,050
Chief Financial Officer	1,163,537	1,105,084
Director: Corporate Services (Vacant from 1 December 2019 to 31 December 2020)	598,221	524,308
Director: Community Services	1,163,536	1,139,195
Director: Technical Services	1,156,850	-
	5,499,273	4,148,637
Remuneration of municipal manager		
Thabiso Klaas		
Annual Remuneration	1,243,345	1,172,285
Car Allowance	120,000	120,000
Remote Allowance	51,767	51,767
Contributions to UIF, Medical and Pension Funds	2,017	1,896
	1,417,129	1,345,948
Acting allowances paid:		34,102
M Planga	1,417,129	1,380,050
Remuneration of chief finance officer		
Nigel Delo		
Annual Remuneration	999,016	940,684
Car Allowance	120,000	120,000
Contributions to UIF, Medical and Pension Funds	2,017	1,896
Remote Allowance	42,504	42,504
	1,163,537	1,105,084
Remuneration of Director - Corporate services (Vacant from 1 December 2019 to 31 December 2021)		
Lineo Khanjeni (Back Pay)		
Annual Remuneration	15,686	267,482
13th Cheque structured from package	766	57,942
Remote Allowance	-	13,493
Contributions to UIF, Medical and Pension Funds	-	48,779
	16,452	387,696
Remuneration of Director - Corporate services (Vacant from 1 December 2019 to 31 December 2021)		
Novuko Kubone (Appointed from 1 January 2021)		
Annual Remuneration	499,452	-
Car Allowance	60,000	-
Remote Allowance	21,252	-
Contributions to UIF, Medical and Pension Funds	1,065	-
	581,769	-
	598,221	387,696
Acting allowances paid:		45,377
M Gush	46,174	91,235
PM Blouw	644,395	524,308
Remuneration of Director - Community services		
Mandisi Planga		
Annual Remuneration	961,199	902,877
Car Allowance	157,817	157,817
Remote Allowance	42,503	42,503
Acting Allowance - Municipal Manager	-	34,102
Contributions to UIF, Medical and Pension Funds	2,017	1,896
	1,163,536	1,139,195
Remuneration of Director - Technical Services		
Ayanda Gaji		
Annual Remuneration	798,322	752,782
Car Allowance	120,000	120,000
Remote Allowance	42,503	42,503
Contributions to UIF, Medical and Pension Funds	196,025	185,685
	1,156,850	1,100,950

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2021	2020
		R	R (Restated)
32 Remuneration of councillors			
Mayor:	BA Manxoweni	850,466	851,924
		850,466	851,924
Chairperson: MPAC	NP Nkonyeni	371,767	371,767
Chairperson: Corporate Services	MS Kwatsna	371,767	371,767
Chairperson: Community Services	A Hufkie	369,930	369,668
Chairperson: Infrastructure	TA Grootboom	371,767	371,767
		1,485,231	1,484,969
Councillor	KC Brown	299,491	299,491
Councillor	P Sonkwala	299,491	299,304
Councillor	JM Martin	299,491	299,491
Councillor	FP Brown	299,491	299,491
Councillor	C Du Plessis	-	50,984
Councillor	C Nel	299,491	165,610
Councillor	TC Xakaxa	299,491	299,465
		1,796,946	1,713,836
Total of all Councillors		4,132,643	4,050,729

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
33 Debt impairment		
Allowance for impairment	16,458,273	15,007,921
Debts written off	8,899,138	8,272,652
	<u>25,357,411</u>	<u>23,280,573</u>
34 Finance costs		
Overdue accounts	6,279	
Annual Loans	71,531	367,265
Finance leases	4,080	85,919
Interest cost - Landfill sites liability	1,129,261	1,435,225
	<u>1,211,151</u>	<u>1,888,409</u>
Interest expense is calculated using the effective interest rate.		
35 Bulk purchases		
Eskom -Electricity	98,023,205	91,516,179
Water	1,803,372	1,080,834
	<u>99,826,577</u>	<u>92,597,013</u>
36 Contracted Services		
Connection/Dis-connection - Electricity		39,057
Consultants and Professional Services - Legal Cost	1,149,808	688,446
Consultants and Professional Services - Legal: Collections	1,046,480	
Consultants and Professional Services - Infrastructure and Planning: Civil	1,651,066	
Consultants and Professional Services - Laboratory Services	14,643	23,772
Consultants and Professional Services - Valuer and Assessors	121,699	70,279
Outsourced Services - Drivers Licence Cards	74,339	90,364
Outsourced Services - Burial Services	1,800	
Outsourced Services - Business and Advisory	3,760,339	3,312,084
Outsourced Services - Medical Services	4,200	
Outsourced Services - Water takers	13,000	
Contractors - Safeguard and Security	1,097,330	1,381,004
Contractors - Transportation	5,151	1,200
Contracted Services - Electrical Services		59,639
Contracted Services - Maintenance of Equipment		140,697
Contracted Services - Maintenance of Transport and unspecified assets	880,027	985,874
	<u>9,819,884</u>	<u>6,792,416</u>
37 Inventory Consumed		
Consumables - Standard Rated	3,011,873	2,674,342
Consumables - Zero Rated (Fuel)	2,237,243	2,392,091
Less: Recharges to Capital Works	(347,684)	
	<u>4,901,432</u>	<u>5,066,433</u>
38 Transfers and Subsidies		
South African Local Government Association	881,400	841,086
	<u>881,400</u>	<u>841,086</u>

Blue Crane Route Local Municipality (EC 102)
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
39 Operational Cost		
Advertising, Publicity and Marketing and Tenders	145,008	178,071
External Audit Fees	4,152,311	3,522,492
Bank charges, Facility and card fees	244,625	122,091
Entertainment	77,005	127,118
Insurance Underwriting: Premiums	1,152,206	1,012,924
Insurance Underwriting: Excess payments	24,054	4,290
Registration Fees - Seminars, Conferences, Workshops	13,502	17,613
Hire Charges	332,039	92,685
Printing, Publications and Books	700,785	791,968
Uniform and Protective clothing	451,637	437,719
Telephone, Fax, Telegraph and Telex	2,371,237	2,325,936
Courier and Delivery Services	1,231	749
Deeds	14,312	20,512
Licences - Motor Vehicle Licence and Registration	281,868	175,584
Postage	144	
Resettlement cost	21,555	
Remuneration to Ward Committee	650,000	685,348
Workmen's Compensation Fund	525,409	475,175
Professional Bodies, Membership and subscriptions	2,450	27,551
Skills Development Levy	726,842	696,924
Travel and Subsistence	529,472	1,379,579
Assets less than capitalization Threshold		1,247
External Computer Services - Software Licences	753,888	641,166
Transport provided as part of events	3,400	14,700
	13,174,980	12,754,042
40 Auditors' remuneration		
Audit Fees	4,152,311	3,522,492
An amount of R6 277 was outstanding at 30 June 2021 and paid in July 2021		
41 Net cash flows from operating activities		
Surplus/(deficit)	(23,730,975)	(10,613,359)
Adjustments for:		
Depreciation and amortisation	56,778,864	61,396,041
(Gain) / Loss on sale of assets and liabilities	393,050	30,614
Finance costs (finance leases)	4,080	85,919
Debt impairment	25,357,411	23,280,573
Movement in retirement benefit assets and liabilities	2,482,000	(1,624,541)
Movement in Long Service Awards Liability	(132,000)	(107,610)
Movements in provisions	1,129,262	1,435,225
Changes in working capital:		
(increase)/decrease in inventories	60,483	91,594
(increase)/decrease in other receivables from exchange transactions	208,353	(139,443)
(increase)/decrease in other receivables from non-exchange transactions	(9,947,727)	(10,350,451)
(increase)/decrease in Trade receivables from exchange transactions	(19,180,858)	(19,013,992)
Increase/(decrease) in payables from exchange transactions	(3,399,965)	10,597,080
Net Increase/(decrease) in VAT payable	1,819,129	1,566,657
Increase/(decrease) in trade and other payables from non-exchange	(47,771)	157,154
Increase/(decrease) in unspent conditional grants and receipts	14,800,389	23,010,170
	46,593,725	33,781,291

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
42 Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Infrastructure related projects	7,523,355	24,958,190
	<u>7,523,355</u>	<u>24,958,190</u>

This committed expenditure relates to Infrastructure projects and will be financed by Government Grants.

Operating leases - as lessee (expense)

No operating leases were paid for in the 2021 financial year.

Operating leases - as lessor (income)

Certain of the municipality's property is held to generate rental income. No lease agreements are in place and tenants rent the respective properties on a month to month basis. There are no contingent rents receivable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2021	2020
R	R
	(Restated)

43 Contingencies

Contingent liabilities

Matter: Blue Crane Route Municipality vs R Brown

2019/20

Mr Brown claim from the Municipality an amount of R46 216 for repairs done on a common boundary. In the Magistrate Court it was found that the Magistrate has no jurisdiction to adjudicate the amount of the debt and that the proper way to settle the debt is by way of declaring a dispute in terms of section 29 of the Fencing Act no 31 of 1963. A letter was received from Mr Brown's attorney's requested to refer the dispute a Board to be appointed. The Municipality still considering this request. The Council decided to approve this liability but a further claim was received from Mr Brown for interest. Council resolved on a Council meeting dated August 2020 that management should settle this matter with R Brown, by way of further negotiations and not incurring further legal costs.

2020/21

No further progress. The Lawyers are waiting for further instructions from the Municipality

Matter: Blue Crane Route Municipality vs Municipal Workers Retirement Fund (MWRF)

2019/20

The affected workers are claiming an amount of R2 686 022 for the Council's contributions that was less than what it should be towards the retirement fund for the period July 2007 to June 2013. The employees also need to contribute an additional amount of R1 111 246 for the same period of time. Since 1 July 2013, the correct contributions were paid over to the fund. This claim of back-pay re-surfaced in May 2016. This claim could have prescribed as at 1 July 2017 (after three years). Council still needs to resolve this matter.

Council took a decision to object against the back-pay claim from SAMWU provident fund of around R16 940 819 (Interest included). This matter went to the High Court in August 2020. Council is currently waiting the decision from the Judge. The Municipality attorneys still feel confident about the prospects of not paying the back pay amounts.

2020/21

The application for rescission was dismissed and an application for leave of appeal was taken to the high court which was granted on 27 July 2021.

Matter: Blue Crane Route Municipality vs S Madlanga (Former employee)

2019/20

Mr Madlanga was found guilty on three charges of misconduct and dismissed on 16 July 2019.

Mr Madlanga opposed the matter and its referred to the labour court.

It is anticipated that further cost proceeding with the review in the labour court will amount to approximately R80 000.

This does not include the cost associated with any cost order and/or compensation to which the former employee may become entitled should he be successful in his claim.

2020/21

This case was settled with an total amount of R47 481 and is included under employee cost. This will no be taken off from Contingent liabilities.

Matter: Blue Crane Route Municipality vs FW Lengosa (Former employee)

2019/20

Mr Lengosa was dismissed during 2006 after being found guilty of misconduct in that he failed to conduct himself with honesty and integrity.

Mr Lengosa has applied to the Labour Court for condonation of the late filing of the application and also an order that the sanction and letter of contract termination be set aside and that he is paid compensation for four years and seven months. The Municipality opposed the application.

It is anticipated that further cost associated with the defending of the claim will amount to approximately R40 000.

This does not include the cost associated with any cost order and/or compensation to which the former employee may become entitled should he be successful in his claim.

2020/21

No further progress. The Municipality is waiting for a Notice of set down of the matter. The total claim amounts to R2 801 084.

Matter: Blue Crane Route Municipality vs M Gantsho (Former employee)

2019/20

Mr Gantsho was found guilty of multiple counts of serious misconduct in 2020, and referred a dispute to the SALGRC claiming that he had been unfairly dismissed.

The matter proceeded to arbitration and a ruling was issued that he was entitled to retrospective reinstatement and back pay in the amount of R127 915.

The Municipality has now referred the matter to the Labour Court requesting that the arbitration award be reviewed and set aside.

a Fixed deposit of R613 992 was needed from the Labour Court to proceed with the case. See Note 10.1

It is anticipated that further cost associated with the Labour Court proceedings will amount to approximately R150 000.

Matter: Blue Crane Route Municipality vs Q Pleatjies

The Plaintiff claims that his vehicle was damaged after colliding with a pothole as a result of the defendant not maintaining the road.

Legal fees estimated at R40 000 plus the claim from the Plaintiff of R18 052.

The matter is ongoing and a Plea had been filed. The Plaintiff has been missing since October 2020 so it is unclear who will be called to testify regarding the alleged collision.

Summary of Contingent liabilities

G Sammy
Y Qola
R Brown
MWRF
S Madlanga
FW Lengosa
M Gantsho
Q Pleatjies

2021	2020
R	R
-	138,428
-	20,238
46,216	46,216
16,940,819	16,940,819
-	80,000
2,801,084	40,000
613,992	
58,052	
20,460,163	17,265,701

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2021	2020
R	R

(Restated)

43 Contingencies (Continued)

Contingent assets

Matter: Blue Crane Route Municipality vs Autumn Star/Claassen

2019/20

The matter is on going. The Municipality's prospects of success remains strong and should be able to obtain an order for repayment of approximately R1 561 737 (Autumn Star) and R3 602 190 (Claassen). New court dates has been made.

2020/21

No further progress. Awaiting new court dates. The Municipality prospects of success is concerning are in question following an opinion of the matter.

Matter: Blue Crane Route Municipality vs A Swanepoel

2019/20

The Municipality appeal was successful, but Bill of costs has not been taxed yet. The total claim amount is R50 000. The file of Mr Swanepoel has been forwarded to the Cost Consultant after which the file will be returned to the Municipality.

No further progress. The file of Mr Swanepoel is still outstanding.

2020/21

No further progress. The file of Mr Swanepoel is still outstanding.

Matter: Blue Crane Route Municipality vs Santam Insurance Limited

2019/20

The Municipality received an amount of R1 500 000 for the recovery of the cost paid to the claimants injured in a truck accident. The Municipality won the case with costs. The attorneys must therefore still recover the cost from Santam.

2020/21

The Municipality's attorneys are still following up with payment of bill of costs.

Summary of Contingent assets

Autumn Star/Claassen
A Swanepoel
Santam Insurance Limited

2021	2020
R	R
5,163,927	5,163,927
50,000	50,000
n/a	n/a
5,213,927	5,213,927

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
44 Related parties		
Contracts awarded to suppliers in the service of the state		
Norotype (PTY)LTD , child of Employee (C Malambila) from Department of Health	4,300	9,994
Ebusha General Trading (Director's daughter employed by the Provincial Department)	585,600	28,224
MG Du Plessis (Spouse was former DA Councillor)	9,765	
TSCH International Holdings (Spouse - E Hlongwane from City of Cape Town Municipality)	110,400	
Contracts awarded to close family members		
Ezithethwini Pty Ltd (Owner is sister of Councillor NP Nkonyeni)		6,000
Culiso Trading (PTY)LTD (Brother of Employee J Vongo)		9,720
Lwandif Catering (PTY) LTD (Sister of Employee N Bignaut)	5,000	12,000
PJA Jordaan Transport (Child of Employee M Jordaan)		9,040
Sibababwe Catering (PTY)LTD (Spouse of Employee FN Hermentus)		2,500
Ungubengcuka Construction (Spouse of Employee A Ntshudu)	4,378	10,000
No awards made to Section 56 and other Councillors, except as per notes 31 and 32		
Councillors:		
BA Manxoveni	Meyor:	
NP Nkonyeni	Chairperson: MPAC	
KC Brown	Councillor	
P Sontkwa	Councillor	
JM Martin	Councillor	
FP Brown	Councillor	
A Hufkia	Chairperson: Community Services	
TA Grootboom	Chairperson: Infrastructure	
MS Kwatsha	Chairperson: Corporate Services	
TC Xakaxa	Councillor	
C Nel	Councillor	
Section 56 managers:		
T Klaas	Municipal Manager	
NB Delo	Chief Financial Officer	
M Planga	Director: Community Services	
A Gaji	Director: Technical Services	
N Kubone	Director: Corporate Services	
Acting Senior Managers:		
PM Blouw	Acting Director: Corporate Services	91,235
M Gush	Acting Director: Corporate Services	46,174 45,377

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
45 Prior period adjustments		
During the preparation of the municipality's annual financial statements, a number of prior period errors affecting various balances were noted. These errors were corrected retrospectively.		
The correction of the error(s) results in adjustments as follows:		
Other receivables from non-exchange transactions (Note 8)		
Balance as previously reported		7,798,039
Prior to 2020: Incorrectly interest and rates charged on property rates from 2014 to 2019		36,131
Adjusted closing balance at 30 June 2020		<u>7,761,908</u>
Trade receivables from exchange transactions (Note 9)		
Balance as previously reported		34,270,679
Correction of VAT not included in Debt Impairment		(4,518,533)
Correction of electricity charges because of incorrect meter readings taken from July 2019 to June 2020		(1,165,410)
Correction of electricity charges because of incorrect meter readings taken from December 2019 to May 2020		234,191
		<u>28,352,545</u>
Investment Property (Note 11)		
Balance as previously reported		24,527,190
Prior to 2020: Adjustment - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		21,400,774
Adjustment to depreciation- Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		(1,978,968)
Adjustment to disposals - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		3,850
		<u>43,952,846</u>
Property, Plant and Equipment (Note 12)		
Balance as previously reported		802,713,559
Prior to 2020: Adjustment - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		100,271,837
Adjustment to depreciation- Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		(2,500,486)
Adjustment to impairment - Victoria Park conditional assessment		(2,968,574)
Adjustment to disposals - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		5,938
		<u>897,522,274</u>
Depreciation and assets impairments (Notes 11 to 13)		
Balance as previously reported		53,948,013
Adjustment to depreciation on Investment properties - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		1,978,968
Adjustment to depreciation on PPE - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		2,500,486
Adjustment to impairment - Victoria Park conditional assessment		2,968,574
		<u>61,396,041</u>
Loss on disposal of assets (Notes 11 to 13)		
Balance as previously reported		40,202
Adjustment on Investment properties - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		(3,650)
Adjustment on PPE - Asset Register Reviewed for Completeness/Existence and Conditional Assessments.		5,938
		<u>30,614</u>
Payables from Exchange transactions (Note 20)		
Balance as previously reported		47,270,704
Travelling claim from employee not paid for previous years 2019/20		10,884
Prior to 2020: Travelling claim from employee for previous years 2018/19		8,377
Prior to 2020: Housing subsidy not paid to employee 1-009 from the year 2018 to 2019		21,122
		<u>47,311,067</u>
VAT (Payable)/Receivable (Note 22)		
Balance as previously reported		(4,057,136)
Debt Impairment on VAT liability for Consumer services levied but not paid		4,518,533
Correction of electricity charges because of incorrect meter readings taken from July 2019 to June 2020		152,010
Correction of electricity charges because of incorrect meter readings taken from December 2019 to May 2020		30,546
		<u>643,953</u>
Revenue (Note 25)		
Balance as previously reported		278,905,750
Correction of electricity charges because of incorrect meter readings taken from July 2019 to June 2020		(1,013,400)
Correction of electricity charges because of incorrect meter readings taken from December 2019 to May 2020		203,645
		<u>277,895,995</u>
Operational Cost (Note 39)		
Balance as previously reported		12,743,158
Travelling claim from employee not paid for previous year 2019/20		10,884
		<u>12,754,042</u>
Summary of accumulated surplus adjustments (Earlier than 2020)		
Investment Properties		(21,400,774)
Property, Plant and Equipment		(100,271,837)
Other receivables from non-exchange transactions		36,131
Payables from exchange transactions		29,499
		<u>(121,606,981)</u>
Summary of prior period adjustments		
Revenue		(1,217,045)
Depreciation and assets impairment		(7,448,028)
Loss on disposal of assets		9,588
Operational cost		(10,884)
Adjustments earlier than 2020		121,606,981
		<u>112,940,612</u>

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46 Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

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

Interest rate risk

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

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Cash flow interest rate risk

Financial Instrument	Current interest rate	Due in less than a year	Due in one to two years
Other financial liabilities	9.62%	-	-
Trade and other payables from non-exchange	10.00%	(156,366)	-
Payables from exchange transactions	7%	(43,911,122)	-
Finance lease obligation	9.55%	-	-
Trade and Other receivables from exchange	8.00%	29,395,383	-
Other receivables from non-exchange	8.00%	9,681,774	-
Cash in current banking institutions	4.50%	25,683,399	-

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

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

Financial Instrument	2021	2020
Trade receivables from exchange transactions	28,232,527	28,352,545
Other receivables from non-exchange transactions	9,681,774	7,761,908
Other receivables from exchange transactions	1,162,856	1,371,209
Short term deposits and cash in banks	25,683,399	9,880,201

The municipality holds deposits of R2 734 065 (2020: R2 733 983) from consumer debtors. No guarantees or collateral was provided to third parties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
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47 Going concern

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business for the 12 month period ending 30 June 2022.

The following material uncertainties may cast doubt on the going concern assumption:

- Covid-19 global impact on the economy
- Debt payment ratio's not in the norm
- Credit payment ratio's not in the norm
- High level of electricity losses that occur
- High level of poverty within the BCM's municipal area
- The potential risk that contingent liabilities as disclosed in this set of financial statements may materialise in actual commitments to pay.

The following revenue enhancement strategies are currently in place to ensure that we address the above listed concerns:

- Debt collection interventions, including services restrictions if bills are not paid and issuing of summonses
- Implementation of an electronic meter reading system to ensure accurate and timely issuing of accounts
- Meter audits, to establish if all service usages are accounted for
- Installation of bulk electricity and water meters to track and monitor losses
- Replacement of old electricity and water infrastructure to curb electricity and water losses
- Developing of cost covering tariffs to ensure that consumers are paying for the services rendered by the municipality
- Cost containing measures to prevent unnecessary expenditure
- Implementation of a general valuation roll and interim rolls to ensure that the new market values of property are accounted for
- VAT audits
- Establishing a LED unit to attract business opportunities for local business

COVID-19 impact and measures to ensure the financial stability

The Covid-19 recession is a major ongoing global economic crisis which has caused both a recession in South Africa, and is currently the worst global economic crisis since the Great Depression. Modelling by the World Bank suggests that in some regions of the world a full recovery will not be achieved until 2025 or beyond. It is therefore important that Blue Crane Route Municipality is well geared to absorb the additional pressure.

Blue Crane Route Municipality has identified the following measures to absorb the global impact of Covid-19:
National treasury, increased the municipality's 2020/21 Equitable share allocation from R56 696 000 to R65 297 000 to absorb the drop in debtor payment rates.

- A special adjustment budget was tabled to take into account current debtor payment rates.
- Strict budget control have to be implemented.
- Further cost cutting measures will have to be implemented.
- Provincial treasury will on a regular basis review the budget funded criteria, and where necessary, further budget adjustments needs to be approved
- The municipality appointed a legal firm to collect long outstanding debt, including rates and services charges.
- Appointment of staff should be strictly monitored.

48 Events after the reporting date

There are no events after reporting date to report on.

49 Unauthorised expenditure

Opening balance	35,303,488	18,226,960
Add: Unauthorised Expenditure - current year	-	24,250,046
Less: Approved by Council during the year	<u>(35,303,488)</u>	<u>(7,173,518)</u>
	-	<u>35,303,488</u>

No unauthorised expenditure incurred during the year.

50 Fruitless and wasteful expenditure

Opening balance	845,535	845,535
Add: Fruitless and wasteful expenditure - current year	6,279	
Less: Approved by Council during the year	<u>(845,059)</u>	
	<u>6,755</u>	<u>845,535</u>

51 Irregular expenditure

Opening balance	25,484,161	19,229,134
Add: Irregular Expenditure - current year (Excl VAT)	8,220,177	6,669,405
Add: Irregular Expenditure - previous year related but identified in the current year.	<u>(25,658,556)</u>	<u>(414,378)</u>
Less: Written off by Council	<u>8,045,782</u>	<u>25,484,161</u>

Details of irregular expenditure - current year

Supply Chain Management regulations not adhered to	8,045,782	25,484,161
Refer to Annexure "A" for the full list of deviations	5,426,795	5,061,227

Irregular expenditure are made up by payments mainly to Consulting engineers, Construction companies, Security services and fuel expenditure

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Irregular expenditure are made up by payments mainly to Consulting engineers, Construction companies, Security services and fuel expenditure since 2011/12. These appointments were done by not following Council Procurement processes. Council appointed a disciplinary board during February 2017 to investigate these expenditure. These investigations includes value for money determination and asset verification checks which are performed by Council's internal audit unit. During 2021, R25 658 556 (2020, R414 378) was written off by Council through the processes of the Disciplinary board. MPAC referred an amount of R260 090 for further investigation.

52 Reconciliation between budget and statement of financial performance

Classification Basis	Actual amounts as per Budget	Actual amounts as per Statement of Financial Performance	Difference	Comment
Revenue				
Property rates	23,697,404	23,886,353	11,051	Budget includes Departmental charges
Service Charges	152,003,242	142,459,447	9,543,795	
Service Charges: Electricity	123,776,880	114,723,467	9,053,413	Budget includes Departmental charges
Service Charges: Water	15,242,419	14,908,765	333,654	Budget includes Departmental charges
Service Charges: Sanitation	5,233,723	5,180,054	53,669	Budget includes Departmental charges
Service Charges: Refuse	7,750,220	7,647,161	103,059	Budget includes Departmental charges
Expenditure				
Classification Basis				
Employee Related Costs	84,739,728	87,050,728	(2,311,000)	
Post-Retirement: Interest		2,311,000	(2,311,000)	PRMA interest under Finance cost as per budget
Other Employee related cost	84,739,728	84,739,728		
Finance Costs	3,522,151	1,211,151	2,311,000	Budget includes PRMA Interest under Employee
Inventory Consumed	3,011,873	4,901,432	(1,889,559)	Fuel cost shown in AFS as Inventory consumed
Operational Costs/Other Expenditure	25,751,061	14,306,656	11,444,405	
Municipal Services: Electricity	9,053,413		9,053,413	Budget includes Departmental charges
Municipal Services: Water	333,654		333,654	Budget includes Departmental charges
Municipal Services: Sewerage	53,669		53,669	Budget includes Departmental charges
Municipal Services: Refuse	103,059		103,059	Budget includes Departmental charges
Municipal Services: Rates	11,051		11,051	Budget includes Departmental charges
Inventory consumed (Fuel)	1,889,559		1,889,559	Fuel shown in AFS as Inventory consumed
Other Operational cost/Expenditure	14,306,656	14,306,656		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R (Restated)
53 Additional disclosure in terms of Municipal Finance Management Act		
PAYE, UIF AND SDL		
Opening Balance	795,618	
SARS deductions	12,184,048	12,467,751
Amount paid over	(11,931,971)	(11,672,133)
	<u>1,027,695</u>	<u>795,618</u>
The outstanding amount of R1 027 695 which includes PAYE, UIF and SDL was paid in July 2021 to SARS.		
Pension and Medical Aid Deductions		
Opening Balance	1,523	
Current year deductions	18,633,489	17,917,510
Amount paid - current year	(18,631,425)	(17,915,987)
	<u>2,064</u>	<u>1,523</u>
The additional deduction of R2 064 for Medical aid was paid over during July 2021		
Councillors' arrear consumer accounts		
No municipal charges for Councillors were outstanding for more than 90 days at 30 June 2021.		
Organised Local Government (SALGA)		
Contribution for the year	<u>881,400</u>	<u>841,086</u>
No contributions were outstanding at year end.		

54 Actual versus Budget: Explanation of material variances greater than 10% versus budget

	Final Budget 2021 R	Actual 2021 R	Variance R	Variance %	Explanation
Revenue					
Property rates	13,928,000	23,697,404	4,769,404	25%	Rates of Game Farms in dispute
Interest earned - external investments	500,000	591,803	91,803	18%	Slow spending of capital grants
Interest earned - outstanding debtors	4,980,750	3,859,870	(1,120,880)	-23%	Debtors written off
Rental of facilities and equipment	400,000	612,984	212,984	53%	Unsuspected additional rental from Wind Farm Feb
Fines	235,000	120,784	(114,216)	-49%	Covid-19 effected the actual income
Licences and permits	230,300	280,172	49,872	22%	Covid-19 effected the actual income
Agency services	997,500	845,485	(152,015)	-15%	Covid-19 effected the actual income
Other Income	6,772,320	2,241,659	(4,530,661)	-67%	VAT on grants included as additional revenue
Expenditure					
Debt impairment	20,039,570	25,357,411	5,317,841	27%	Debtors pay rate decreased
Inventory consumed	4,272,509	3,011,873	(1,260,636)	-30%	Incorrect allocations with MSCOA budget
Contracted services	11,399,810	9,819,884	(1,579,926)	-14%	Incorrect allocations with MSCOA budget

Blue Crane Route Local Municipality (EC 102)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2021
R

2020
R
[Restated]

55 Final budget versus original budget: Explanation of material variances greater than 10%

	Final Budget 2020 R	Original Budget 2020 R	Variance R	Variance %	Explanation
Revenue					
Interest earned - external investments	500,000	1,000,000	(500,000)	-50%	Interest rate and grants decreased
Interest earned - outstanding debtors	4,980,750	5,738,750	(758,000)	-13%	Prescribed debtor's written off
Rental of facilities and equipment	400,000	307,500	92,500	30%	Increase in rent of town halls
Fines	235,000	422,000	(187,000)	-44%	Traffic fines not realised
Licences and permits	230,300	500,300	(270,000)	-54%	Vehicle licenses decreased unsuspectedly
Expenditure					
Debt impairment	20,039,570	15,739,570	4,300,000	27%	Decrease in debtor's pay rate
Depreciation & asset impairment	58,715,000	43,040,440	15,674,560	36%	New infrastructure assets register
Finance charges	3,809,600	5,227,600	(1,418,000)	-27%	Interest of PRMA incorrectly calculated
Contracted services	11,399,810	8,548,140	2,851,670	33%	MSCOA allocation incorrectly shown in Schedules
Other expenditure	26,630,865	30,457,771	(3,827,106)	-13%	MSCOA allocation incorrectly shown in Schedules

Note 56.1

EC102 Blue Crane Route - Reconciliation of Table A1 Budget Summary

Description	2020/21				2019/20					
	Original Budget	Budget Adjustments (i.e. M-MA 208)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Balance to be recovered	Revised Audited Outcome	
R thousands	1	2	3	4	5	6	7	8	11	12
Financial Performance										
Property rates	18,928	-	18,928	23,697	4,769	(7,768)	125.2%	125.2%		21,561
Service charges	134,332	25,399	159,731	152,003	(7,728)		95.2%	113.2%		142,547
Interest earned - external investments	1,000	(500)	500	592	92		118.4%	59.2%		1,390
Transfers and recognised - operational	64,553	9,341	73,894	73,365	(568)		99.2%	113.6%		61,941
Other own revenue	24,808	(11,192)	13,616	7,951	(5,665)		58.5%	32.1%		12,846
Total Revenue (excluding capital transfers and contributions)	243,561	23,048	266,709	257,619	(9,090)		96.5%	105.7%		240,285
Employee related costs	88,702	(1,213)	86,489	84,740	(3,749)		95.8%	94.5%		80,785
Remuneration of councillors	4,430	4,382	4,133	4,133	(249)		94.3%	93.3%		4,051
Debt impairment	15,740	4,300	20,040	25,357	5,318		126.5%	161.1%		23,281
Depreciation & asset impairment	43,040	15,675	58,715	56,779	(1,936)		96.7%	131.9%		61,396
Finance charges	5,228	3,810	9,038	3,522	(287)		39.0%	67.4%		4,228
Materials and bulk purchases	108,273	31	108,304	102,838	(5,466)		95.0%	95.0%		95,272
Transfers and subsidies	882	(10)	861	881	20		100.0%	98.9%		841
Other expenditure	39,006	(975)	38,030	35,571	(2,459)		93.5%	91.2%		32,779
Total Expenditure	306,310	16,340	322,651	313,822	(9,829)		97.3%	102.5%		302,532
Surplus/(Deficit)	(62,649)	6,708	(55,942)	(56,202)	(261)		100.5%	89.7%		(62,347)
Transfers recognised - capital	33,540	10,651	44,191	32,471	(11,720)		73.5%	98.8%		51,734
Contributions recognised - capital & contributed assets	(25,109)	17,358	(11,751)	(23,731)	(11,980)		202.0%	81.5%		(10,613)
Surplus/(Deficit) after capital transfers & contributions	-	-	-	(23,731)	(11,980)		-	-		-
Share of surplus/(deficit) of associate	(25,109)	17,358	(11,751)	(23,731)	(11,980)		202.0%	81.5%		(10,613)
Capital expenditure & funds sources										
Capital expenditure	33,540	10,479	44,019	28,415	(15,604)		64.6%	84.7%		45,897
Transfers recognised - capital	-	-	-	-	-		-	-		-
Public contributions & donations	-	-	-	-	-		-	-		-
Borrowing	890	539	1,429	1,169	(269)		81.1%	130.3%		759
Internally generated funds	34,430	11,017	45,448	29,575	(15,873)		65.1%	85.9%		45,557
Total sources of capital funds										
Cash flows										
Net cash from (used) operating	31,636	8,227	39,863	46,594	6,731		116.9%	147.3%		33,781
Net cash from (used) investing	(37,580)	2,215	(35,365)	(30,187)	5,178		85.4%	80.3%		(46,642)
Net cash from (used) financing	9,719	(9,719)	-	(604)	(604)		-	-2.2%		(4,891)
Cash/cash equivalents at the year end	4,275	9,897	14,172	25,685	11,514		181.2%	609.9%		9,882

Note 56.2

EC102 Blue Crane Route - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2020/21						2019/20				
	1	2	3	4	5	6	7	8	11	12	
	Original Budget	Budget Adjustments (i.c.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Balance to be recovered	Restated Audited Outcome	
Revenue - Standard											
Governance and administration	68,164	13,380	82,565	79,840		(6,098)	96.7%	115.4%		69,550	
Executive and council	22,026	8,881	30,907	30,628		(20,547)	98.1%	139.1%		20,812	
Finance and Administration	47,158	4,499	51,657	49,213		14,449	95.3%	104.4%		48,138	
Internal Audit											
Community and public safety	3,443	2,071	5,513	4,160		4,024	75.5%	120.8%		4,833	
Community and social services	2,412	0	2,412	2,416		5,381	100.2%	100.2%		2,382	
Sport and recreation	137	(97)	40	34		(6)	84.8%	24.9%		70	
Public safety	53	2,113	2,166	1,263		(903)	58.3%	2405.9%		1,536	
Housing											
Health	842	54	895	447		(448)	50.0%	53.1%		835	
Economic and environmental services	3,301	(303)	2,998	2,755		(243)	91.9%	83.5%		2,839	
Planning and development										160	
Road transport	3,301	(303)	2,998	2,755		(243)	91.9%	83.5%		2,679	
Environmental protection											
Trading services	218,280	1,534	219,825	193,781		(26,044)	88.2%	88.9%		214,397	
Energy sources	146,530	(2,869)	144,061	123,030		(21,031)	85.4%	83.7%		124,782	
Water management	41,370	5,464	46,834	41,543		(5,291)	88.7%	100.6%		61,933	
Waste water management	14,392	(454)	13,939	14,296		367	102.6%	99.3%		13,441	
Waste management	15,598	(507)	14,991	14,912		(79)	99.5%	95.0%		14,242	
Other	294,218	16,682	310,900	280,536		(28,360)	90.2%	95.3%		292,019	
Expenditure - Standard											
Governance and administration	77,620	1,811	79,432	77,909		(1,227)	98.1%	100.4%		76,958	
Executive and council	11,716	(533)	11,182	10,361		(822)	92.7%	88.4%		14,058	
Finance and administration	64,178	2,334	66,512	66,106		(406)	99.1%	103.0%		61,375	
Internal Audit	1,727	11	1,738	1,443						1,515	
Community and public safety	13,828	(4)	13,824	12,274		(1,550)	88.8%	88.8%		12,167	
Community and social services	8,544	(179)	8,365	7,794		(571)	93.2%	91.2%		7,467	
Sport and recreation	1,306	(205)	1,101	736		(365)	66.8%	55.3%		1,142	
Public safety	3,154	500	3,654	3,331		(322)	91.2%	105.5%		2,855	
Housing											
Health	824	(120)	704	413		(291)	58.7%	50.1%		683	
Economic and environmental services	22,694	19,702	42,396	39,821		(2,575)	93.9%	175.5%		44,209	
Planning and development	2,123	(64)	2,059	1,980		(89)	95.7%	93.3%		1,920	
Road transport	20,571	19,756	40,327	37,840		(2,486)	93.8%	184.0%		42,283	
Environmental protection											
Trading services	192,167	(5,168)	186,999	174,263		(12,736)	93.2%	90.7%		168,299	
Energy Source	128,990	(1,678)	127,312	117,368		(9,944)	92.2%	91.0%		112,672	
Water management	27,066	338	27,404	26,509		(895)	96.7%	97.9%		25,064	
Waste water management	14,937	(2,464)	12,472	11,031		(1,441)	88.4%	73.8%		12,792	
Waste management	21,175	(1,364)	19,810	19,355		(455)	97.7%	91.4%		18,772	
Other	306,310	16,340	322,651	304,267		(18,089)	94.3%	99.3%		302,932	
Total Expenditure - Standard	(12,093)	342	(11,751)	(23,731)		(10,272)	202.0%	186.2%		(10,613)	
Surplus/(Deficit) for the year											

Note 56.3

EC102 Blue Crane Route - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2020/21					2019/20				
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	11	12
Revenue by Vote										
Mayoral Executive	22,026	-	30,627	30,627	0	0	100.0%	139.0%	-	20,812
Municipal Council	-	8,601	280	0	0	(280)	0.2%	#DIV/0!	160	160
Accounting Officer	32,097	(233)	31,864	46,100		14,236	144.7%	143.6%	33,587	33,587
Budget & Treasury	219,184	6,891	226,075	183,398		(42,677)	81.1%	83.7%	216,962	216,962
Technical Services	20,743	1,161	21,904	20,273		(1,631)	92.5%	97.7%	20,313	20,313
Community, Safety & Social Services	167	(17)	150	137		(13)	91.1%	81.9%	185	185
Corporate Services										
Example 8 - Vote8										
Example 9 - Vote9										
Example 10 - Vote10										
Example 11 - Vote11										
Example 12 - Vote12										
Example 13 - Vote13										
Example 14 - Vote14										
Example 15 - Vote15										
Total Revenue by Vote	294,218	16,682	310,900	280,536		(30,364)	90.2%	95.3%		292,018
Expenditure by Vote to be appropriated										
Mayoral Executive	448	(11)	437	432		(5)	98.8%	96.5%	-	4,217
Municipal Council	5,836	(392)	5,444	5,089		(355)	93.5%	87.2%	-	5,182
Accounting Officer	9,282	(174)	9,108	8,263		(845)	90.7%	89.0%	-	8,103
Budget & Treasury	37,714	3,901	41,615	41,389		(226)	99.5%	109.7%	-	34,486
Technical Services	202,854	15,146	218,001	204,317		(13,684)	93.7%	100.7%	-	207,075
Community, Safety & Social Services	41,442	(1,781)	39,661	37,099		(2,562)	93.5%	89.5%	-	36,396
Corporate Services	8,734	(349)	8,385	7,678		(707)	91.6%	87.9%	-	7,173
Example 8 - Vote8										
Example 9 - Vote9										
Example 10 - Vote10										
Example 11 - Vote11										
Example 12 - Vote12										
Example 13 - Vote13										
Example 14 - Vote14										
Example 15 - Vote15										
Total Expenditure by Vote	306,310	16,340	322,651	304,267		(18,384)	94.3%	99.5%		302,632
Surplus/(Deficit) for the year	(12,093)	342	(11,751)	(23,731)		(11,980)	202.0%	196.2%		(10,613)

Note 56.4

EC102 Blue Crane Route - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2020/21					2019/20				
	Original Budget	Budget Adjustments (i.l.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Balance to be recovered	Revised Audited Outcome
R thousand	1	2	3	4	5	6	7	8	11	12
Revenue By Source										
Property rates	18,928	-	18,928	23,697	-	(4,769)	125.2%	125.2%	-	21,561
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	134,332	(1,217)	133,115	123,777	-	9,338	93.0%	92.1%	-	116,772
Service charges - water revenue	13,653	(35)	13,618	15,242	-	(1,625)	111.9%	111.6%	-	13,152
Service charges - sanitation revenue	5,726	(454)	5,272	5,234	-	38	99.3%	91.4%	-	5,285
Service charges - refuse revenue	8,333	(607)	7,726	7,750	-	(24)	100.3%	93.0%	-	7,388
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rent of facilities and equipment	308	93	400	613	-	(213)	153.2%	199.3%	-	713
Interest earned - external investments	1,000	(500)	500	592	-	(92)	118.4%	98.2%	-	1,380
Interest earned - outstanding debtors	5,739	(758)	4,981	3,860	-	1,121	77.5%	67.3%	-	5,643
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	422	(187)	235	121	-	114	51.4%	28.6%	-	162
Licences and permits	500	(270)	230	280	-	(50)	121.7%	56.0%	-	397
Agency services	998	-	998	845	-	152	84.8%	84.8%	-	754
Transfers recognised - operational	64,593	9,341	73,934	73,366	-	568	98.2%	113.8%	-	61,941
Other revenue	6,147	626	6,772	2,242	-	4,531	33.1%	36.5%	-	5,278
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	260,677	6,032	266,709	257,619		9,090	96.6%	96.8%		240,285
Expenditure By Type										
Employee related costs	89,702	(1,213)	88,489	84,740	-	3,749	95.8%	94.5%	-	80,765
Remuneration of councillors	4,430	(48)	4,382	4,133	-	249	94.3%	93.3%	-	4,051
Debt impairment	15,740	4,300	20,040	25,357	-	(5,318)	128.5%	161.1%	-	23,281
Depreciation & asset impairment	45,040	15,675	60,715	66,779	-	1,936	96.7%	131.9%	-	61,596
Finance charges	5,228	(1,418)	3,810	3,522	-	287	92.5%	67.4%	-	4,228
Bulk purchases	104,032	-	104,032	99,827	-	4,205	96.0%	96.0%	-	92,597
Other materials	4,242	31	4,273	3,012	-	1,261	70.5%	71.0%	-	2,675
Contracted services	8,548	2,852	11,400	9,820	-	1,580	86.1%	114.9%	-	6,792
Transfers and subsidies	892	(10)	881	881	-	-	100.0%	96.9%	-	841
Other expenditure	30,468	(3,627)	26,841	25,751	-	880	96.7%	84.5%	-	25,986
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Expenditure	306,310	16,340	322,651	313,822		8,829	97.3%	100.5%		302,632
Surplus/(Deficit)	(45,633)	(10,309)	(56,942)	(56,202)		261	100.5%	123.2%		(63,681)
Transfers recognised - capital	35,540	10,651	46,191	32,471	-	11,720	73.5%	96.8%	-	51,734
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(12,093)	342	(11,751)	(23,731)		11,980	202.0%	196.2%		(10,613)
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(12,093)	342	(11,751)	(23,731)		11,980	202.0%	196.2%		(10,613)
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(12,093)	342	(11,751)	(23,731)		11,980	202.0%	196.2%		(10,613)
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(12,093)	342	(11,751)	(23,731)		11,980	202.0%	196.2%		(10,613)

Note 56.5

EC102 Blue Crane Route - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2020/21				2019/20			
	Original Budget	Total Budget Adjustments (i.e. M/FMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Restated Audited Outcome		
R thousand	1	2	3	4	5	12		
Capital single-year expenditure								
Total Capital Expenditure - Vote								
Capital Expenditure - Standard								
Governance and administration	13,740	5,014	18,754	14,757		11,824		
Executive and council	10	280	290	2		4		
Finance and Administration	13,730	4,734	18,464	14,755		11,820		
Corporate services								
Community and public safety	460	1,046	1,506	986		938		
Community and social services	460	(450)	10			6		
Sport and recreation								
Public safety		1,456	1,456	986		932		
Housing								
Health								
Economic and environmental services	2,750	(2,700)	50	42		26		
Planning and development								
Road transport	2,750	(2,700)	50	42		26		
Environmental protection								
Trading services	20,630	4,508	25,138	13,789		33,869		
Energy Sources	5,550	(1,310)	4,240	1,195		892		
Water management	5,040	6,004	11,044	5,255		28,221		
Waste water management	10,040	(187)	9,853	7,339		4,757		
Waste management								
Other								
Total Capital Expenditure - Standard	37,580	7,867	45,448	29,575		46,657		
Funded by:								
National Government	33,540	9,109	42,649	12,838		44,861		
Provincial Government								
District Municipality		1,370	1,370	337		1,036		
Other transfers and grants								
Transfers recognised - capital	33,540	10,479	44,019	28,415		45,887		
Public contributions & donations								
Borrowing	3,150	(3,150)						
Internally generated funds	890	539	1,429	1,159		759		
Total Capital Funding	37,580	7,867	45,448	29,575		46,657		

Note 56.6

EC102 Blue Crane Route - Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/21					2019/20		
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	169,591	(17,627)	151,964	140,877	11,086	92.7%	83.1%	123,771
Other revenue	8,374	259	8,633	4,307	4,326	49.9%	51.4%	11,212
Government - operating	64,593	8,936	73,530	75,584	(2,055)	102.8%	117.0%	62,020
Government - capital	33,540	(930)	32,610	45,053	(12,443)	138.2%	134.3%	28,275
Interest	6,165	(5,165)	-	592	(592)	-	9.6%	1,354
Payments								
Suppliers and employees	(249,011)	22,862	(226,149)	(218,861)	(7,288)	96.8%	87.9%	(191,643)
Finance charges	(725)	-	(725)	(78)	(647)	10.7%	10.7%	(357)
Transfers and Grants	(892)	892	-	(881)	881	-	-	(841)
NET CASH FROM/(USED) OPERATING ACTIVITIES	31,636	8,227	39,863	46,594	(6,731)	116.9%	147.3%	33,781
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	2	(2)	-	-	11
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	3
Decrease (Increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	(614)	614	-	-	-
Payments								
Capital assets	(37,580)	2,215	(35,365)	(29,575)	(5,791)	83.6%	78.7%	(46,657)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(37,580)	2,215	(35,365)	(30,187)	(5,178)	85.4%	80.3%	(46,642)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	10,750	(10,750)	-	-	-	-	-	-
Increase (decrease) in consumer deposits	500	(500)	-	0	(0)	-	-	60
Payments								
Repayment of borrowing	(1,531)	1,531	-	(605)	605	-	39.5%	(4,952)
NET CASH FROM/(USED) FINANCING ACTIVITIES	9,719	(9,719)	(604)	(604)	604	-	-6.2%	(4,891)
NET INCREASE/ (DECREASE) IN CASH HELD	3,775	724	4,498	15,803	(27,121)			(17,752)
Cash/cash equivalents at the year begin:	500	9,173	9,673	9,882	-			27,635
Cash/cash equivalents at the year end:	4,275	9,897	14,172	25,685	(27,121)	181.2%	600.9%	9,882

ANNEXURE A- DEVIATIONS PER MONTH - QUARTER 1 20/21

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Ref#	Authorised By	Value	Order
JULY 2020							
17/07/2020	ENVIRONMENTAL TECHNOLOGY	4 HP WATER JET COMBINATION WITH VACUUM. 2 TRAVELLING. 1TRAVELLING	Three quotes were received, unfortunately the lowest quote can only be able to assist in 1 weeks time and the municipality needs to attend to the matter immediately due to the health risk presented.	s36(1)(a)(v)	AO	R 36,666.60	54558
23/07/2020	NORTHFIELD ENGINEERING	GORMAN RUBB T6 C80-SC BS SELF PRIMING PUMP	Sewer Pump at Aeroville, Somerset East needs to be replaced immediately and three quotes were requested. Due to this being an emergency as the sewer was overflowing to the river/canal the Formal Written Quote process could not be followed. It was posing a health risk and needed to be addressed immediately. COVID had to be taken into account.	s36(1)(a)(v)	AO	R 171,994.00	54596
08/07/2020	GOVERNMENT PRINTING WORKS	NOTICE 23/2020-FINAL IDP BUDGET AND APPROVED TARIFFS 2020/21	The promulgation of Property Rates Tariffs, Policy and By-Laws must be placed in the Provincial Government Gazette.	s36(1)(a)(v)	AO	R 6,052.84	54551
09/07/2020	BLUE CRANE PRINTERS	NOTICE 23/2020-FINAL IDP BUDGET AND APPROVED TARIFFS 2020/21	The Service Provider is the only local newspaper in the BCMR Area.	s36(1)(a)(v)	AO	R 5,244.00	54552
17/07/2020	NEW MANUFACTURING SKIPPENT PTY LTD	1SKIP TRAILER, 40 SKIP BINS 3 CUBIC, TRANSPORT	Due to COVID 19 Lockdown the municipality did not have any other option but to purchase the 1x3 TON UL2000 UNIVERSAL LOADER TRAILER AND 40x3 CUBIC SKIPS that were approved in the MDRG Implementation Business Plan. 3 quotes were requested but only two responded.	s36(1)(a)(v)	AO	R 544,916.00	54560
23/07/2020	SMITH TABATA INCORPORATED	VARIOUS INVOICES 308745, 309311, 309622, 311079, 311080, EL39108	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE	s36(1)(a)(v)	AO	R 186,298.98	54602
23/07/2020	CHRIS BAKER AND ASSOCIATES INC	VARIOUS INVOICES SEE DEVIATION	There is no contract in place for legal services. No quotes could be sourced due to the urgency of the matters. SAMWU Retirement Fund matter, L Nkanyeni, S Madlanga, Fang Wise L engoasa and other matters. <u>paid.</u>	s36(1)(a)(v)	AO	R 58,327.75	54603
23/07/2020	B G SECURITY	CIT SERVICES SERVICES & GUARD, CIT SERVICES COOKHOUSE, CIT SERVICES SOMERSET EAST	BCRM appointed Royal Security but the CIT services did not form part of the contract and therefore the municipality does not have any other choice but to use BG Security to perform this duty of collecting cash from the various Cashier points to the Bank.	s36(1)(a)(v)	AO	R 10,733.55	54618
27/07/2020	SAFETY MATE EASTERN CAPE PTY LTD	PPE	When SCM went on tender for the PPE for all BCMR employees (the total need for the municipality) under the SCC the local content was not specified and the resolution of bid committees was to re-tender. Due to history of employees not working if the PPE is not issue the municipality was left with no other option but do a devaluation. PPE as per agreement is issued during the month of July to relevant employees and the municipality cannot afford to experience the same problems as in the past when PPE was not issued timeously.	s36(1)(a)(v)	AO	R 168,100.58	54615
						R 1,188,424.10	
AUGUST 2020							
04/08/2020	POSH INNOVATION PTY LTD	MEDICAL ASSESSMENT FOR EPWP PARTICIPANTS, MEDICAL ASSESSMENT FOR MIG PARTICIPANTS	THIS IS APPROVED PENDING THE VERIFICATION BY SCM AND PMU THAT THE SERVICE PROVIDER ARE IN LINE WITH CONSTRUCTION REGULATIONS (2014) CLAUSE 7(8)	s36(1)(a)(v)	AO	R 131,000.00	54649
05/08/2020	AZA KOPANO INC	LANDFILL SITES REPORTING AND ACCOUNTING CALCULATION	AZA Kopano is also appointed by the SBDM to review BCMR's Assets and it will not be a good idea if two different companies assist with the Asset Register as the Landfill Site is also part of the Asset Register. It is noted that different Engineering companies give different Valuations and therefore we need to keep with AZA Kopano to enable consistency with the Valuation Method used for the last few years and accepted by AG.	s36(1)(a)(v)	AO	R 69,920.00	54655
27/08/2020	SMITH TABATA	LEGAL MATERS- BROWN (INV. 313318), RATES (INVOICE 313317) CONFLICT (INVOICE 313318)	There is not formal contract in place for legal services.	s36(1)(a)(v)	AO	R 8,232.06	54759
19/08/2020	BLUE CRANE PRINTERS	ADVERTISEMENT OF NOTICE 30/2020 IN THE LOCAL NEWSPAPER	Advertisement of NOTICE 30/2020 in the local newspaper Haariland. They are the only local newspaper printer and distributor in the BCMR.	s36(1)(a)(v)	AO	R 2,622.00	54711
04/08/2020	UD TRUCKO	REPAIR DIFF. SEAL, RH REAR HUB BOL.T KIT, LH REAR HUB BOL.T KIT	Parts must be bought from the agent.	s36(1)(a)(v)	AO	R 2,878.08	54651
						R 214,852.14	
SEPTEMBER 2020							
08/09/2020	SAFETY MATE EASTERN CAPE PTY LTD	PPE	When SCM went on tender for the PPE for all BCMR employees (the total need for the municipality) under the SCC the local content was not specified and the resolution of bid committees was to re-tender. Due to history of employees not working if the PPE is not issue the municipality was left with no other option but do a devaluation. PPE as per agreement is issued during the month of July to relevant employees and the municipality cannot afford to experience the same problems as in the past when PPE was not issued timeously. - this affected the PPE for the project done inhouse.	s36(1)(a)(v)	AO	R 37,720.37	54799
09/09/2020	SAFETY MATE EASTERN CAPE PTY LTD	PPE	When SCM went on tender for the PPE for all BCMR employees (the total need for the municipality) under the SCC the local content was not specified and the resolution of bid committees was to re-tender. Due to history of employees not working if the PPE is not issue the municipality was left with no other option but do a devaluation. PPE as per agreement is issued during the month of July to relevant employees and the municipality cannot afford to experience the same problems as in the past when PPE was not issued timeously. - this affected the PPE for the project done inhouse.	s36(1)(a)(v)	AO	R 77,221.70	54803
09/08/2020	ASD INTERNATIONAL	REPAIR LEAKING 200M UPVC CLASS 18 PIPE LINE, 200MM UPVC REPAIR COUPLING, 200MM UPVC PIPE	There was no water in the entire town and the pump line needed to be repaired ASAP. ASD was the only service provider available to assist in this emergency.	s36(1)(a)(v)	AO	R 4,499.95	54816
03/09/2020	PAGDEN ATTORNEYS	LEGAL MATTERS: SAMWU, BCMR 6 7761455, 67755134, 677765 4, 67798778, 67760130	There is no contract for the under mentioned service provider in place. The SAMWU Retirement Fund (MWRFF) matter - no quotes could be sourced due to the urgency of the matter.	s36(1)(a)(v)	AO	R 136,692.47	54773
10/09/2020	BG SECURITY	CIT SERVICES & GUARD, CIT SERVICES COOKHOUSE, CIT SERVICES S/E	BCRM appointed Royal Security Services but the CIT services did not form part of the contract and therefore the municipality does not have any other option but to use BG Security to perform this duty of collection of Cash from the various Cashier points and transport it to the current bank (ABSA).	s36(1)(a)(v)	AO	R 10,538.05	54823

16/09/2020	TRUVELO MANUFACTURING	CULIBRATION PROLASER ADMIN FEELABOUR,COURIER	TRUVELO MANUFACTURERS are sole suppliers of the ProLaser Speed Machine and therefore the only company to calibrate the machine.	s36(1)(a)(v)	AO	6778.73	54833
26/09/2020	GRAHAMSTOWN MOTOR BODY WORKS	INSURANCE CLAIM WITH AON S.A PTY LTD;CLL149445 (CHEV AVEO)	Insurance Claim assessed and approved by our Insurer and the appointed approved repairer was Grahamstown MotorBody Works. The municipality has therefore to pay the excess to the repairer.	s36(1)(a)(v)	AO	R 5,000.00	54981
						R 278,451.27	
OCTOBER 2020							
08/10/2020	WP MA SHISHINI	100KVA, 22000V/415V TRANSFORMER	Two Transformers were struck by lightning on the 24 September 2020 and needed to be replaced as a matter of urgency.	s36(1)(a)(v)	AO	R 142,255.00	54933
14/10/2020	SMITH TABATA	LEGAL MATTERS-BROWN,RATES DISPUTES,STEFFANJTI, WIENAND	There is no contract for the under mentioned service provider in place and quotes could not be sourced due to the urgency of the matters - Brown RM, Rates Dispute, Stefanati's Stock Civils, Wienand B.	s36(1)(a)(v)	AO	R 9,180.84	54949
16/10/2020	CHIS BAKER AND ASSOCIATES INC	LEGAL MATTERS-STRIKE INTERDICT,SONKE MADLANGA,GENERAL	There is no contract for the under mentioned service provider in place and thus no quotes could be sourced due to the urgency of the matters - Strike Interdict July 2020, Medianga S etc	s36(1)(a)(v)	AO	R 10,687.55	54997
27/10/2020	B G SECURITY	CIT SERVICES & GUARD,CIT SERVICES COOKHOUSE,CIT SERVICES SOMERSET EAST	BCRM APPOINTED ROYAL SECURITY SERVICES BUT THE CASH TRANSIT (CIT)DO NOT FORM PART ON THEIR CONTRACT AND THEREFORE THE MUNICIPALITY DID NOT HAD ANY OTHER OPTION BUT STILL TO MAKE USE OF THE BG SECURITY TO PERFORM THIS DUTY TO COLLECT CASH FROM THE VARIOUS CASHIER POINTS AND TRANSPORT TO OUR CURRENT BANKER (ABSA)	s36(1)(a)(v)	AO	R 10,687.55	54997
29/10/2020	EMBROIDEZEL PRODUCT CC	GLOVES LATEX,SMALL HAND SANITIZER,WET WIPES 70% FABRICK MASKS, KN95 MASK BOX 10	On the 17 July 2020 Council decided to use the money budgeted for the Hygiene packs to buy a Sewer Pump and a Jet Machine, this was rescinded on the 15 September 2020. Quotations were requested but not in time and the goods are needed to improve OHS measures at the workplace as per COVID regulations/requirements.	s36(1)(a)(v)	AO	R 127,440.00	55012
21/10/2020	UNITRANS AUTOMOTIVE PTY LTD	SERVICE OF COMPACTOR TRUCK (HMM 448 EC)	The Compactor Truck must be serviced at a registered dealer/agency, the service needed is a major service and the quote of one service provider has quoted less items that need to be replaced. The engine and gearbox are still under warranty and the harness sensor will be replaced by the dealer/agency without a charge as there is a recall on it the part. The truck has been serviced by Keiston Motors in Cradock but technical problems were experienced after the service.	s36(1)(a)(v)	AO	R 29,971.70	54974
15/10/2020	SPARK & ELLIS	UNIFORM	There are only two service providers country wide who offer the service.	s36(1)(a)(v)	AO	R 23,311.19	54954
						R 353,533.83	
NOVEMBER 2020							
04/11/2020	CHRIS BAKER AND ASSOCIATES INC	LEGAL MATERS- SONKE MADLANGA- INVOICESB1727	There is no contract for the under mentioned service provider in place and quotes could not be sourced due to the urgency of the matters	s36(1)(a)(v)	AO	R 63,069.65	55030
20/11/2020	QUICKELS TRANSPORT/RA TRASPORT	CALL OUT (TOWING),LOAD AND OFFLOAD, (TOWING),TRIP (TOWING),STORAGE,DELIVERY	MOTOR VEHICLE FPC (NISSAN) was involved in a car accident on the 28th April 2020 at about 19h00, the vehicle had to be removed from the accident scene by Towing Services. It was impractical to follow procurement processes and the only service provider that was available at the time was Quickel's Transport and they secured the vehicle in their storage to prevent tampering before additional investigations and assessment by the Insurer are completed. The vehicle was certified as beyond repairs by the De Klerks Bodyworks and the Insurance Broker (AON) informed BCRM that the Insurer (Guaradrisk) repudiated the claim, the Broker indicated that the have requested the Insurer to re-consider the claim because of the repudiation and the vehicle needs to be returned to the municipal premises.	s36(1)(a)(v)	AO	R 53,371.50	55096
20/11/2020	QUICKELS TRANSPORT/RA TRASPORT	TOWING,STORAGE DELIVERY	A motor vehicle accident involving HPS831EC (ISUZU) occurred on the 10 September 2020 at about 18h15, the vehicle had to be towed away from the accident scene. It was impractical to follow SCM processes and the service of Quickel's Transport were used and the vehicle was taken to their premises for safekeeping to prevent any potential tampering before further investigations and assessment by the Insurer, the vehicle needs to be taken for damage assessment and the SP requires payment for towings and storage.	s36(1)(a)(v)	AO	R 9,527.75	55095
27/11/2020	EBUSHA GENERAL TRADING	TOOLS AND EQUIPMENT FOR PAVING PROJECT	BCRM went out on a formal SCM Process twice which resulted in all bidder being non-responsive. The tools a key to the progress of the project as it is labour-intensive and cannot start without these and thus impractical to go out on the a formal Written Quote for the third time.	s36(1)(a)(v)	AO	R 158,215.18	55166
						R 284,184.08	
DECEMBER 2020'							
12/11/2020	ASD INTERNATIONAL	ATTEND BURST PIPE LAW COURTS,CONCRETE 0.5 M2,TLB RENTAL	Water & Sanitation team were in quarantine and a pipe burst occurred in front of the Magistrate Court, ASD was asked to assist - this was affecting water supply to the community and water was being wasted.	s36(1)(a)(v)	AO	R 11,126.25	55134
18/12/2020	CHRIS BAKER AND ASSOCIATES INC.	LEGAL MATTERS-SONKE MADLANGA SB1783,FANG WISE LENGOASA	There is no contract for the under mentioned service provider in place and quotes could not be sourced due to the urgency of the matters	s36(1)(a)(v)	AO	R 48,125.58	55166
18/12/2020	SMITH TABATA	LEGAL MATTERS-BROWN (INV.315205),RATES DISPUTE (INV.315302),PLAATJIES QB (INV.315702),RATES DISP OPINION(INV.320032),PLAATJIES QB (INV.320601)	There is no contract for the under mentioned service provider in place and quotes could not be sourced due to the urgency of the matters: Brown RM, Rates Dispute & Opinion, Plaattjes QB	s36(1)(a)(v)	AO	R 156,483.61	55164
18/12/2020	PAGDENS	LEGAL MATTERS-MWRF (INVOICE B2020292 6776437),MWRF (INVOICE 67763918)	There is no contract for the under mentioned service provider in place and quotes could not be sourced due to the urgency of the matters: SAMWU Retirement Fund	s36(1)(a)(v)	AO	R 37,834.08	55165
						R 253,569.52	

JANUARY 2021'							
21/01/2021	BLUE CRANE PRINTERS	PLACEMENT OF NOTICE 02/2021-14 JANUARY 2021 SECRETARY TO CFO VACANCY	The Service Provider is the only local newspaper in the BCMR Area.	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 4,968.00	55210
25/01/2021	SMITH TABATA	LEGAL MATTERS-RATES DISPUTE OPINION	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.NO QUOTES COULD BE SOURCED DUE TO THE URGENCY OF THE MATTER	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 44,275.00	55223
						R 49,243.00	
FEBRUARY 2021'							
15/02/2021	ASD INTERNATIONAL	SUPPLY AND FIT 400MM CAP,400MM STUD& BACKING RING,400MM TD FLANGE & GASKET,BOLTS,NUTS AND SUNDRIES,1"AIIRVALVE,P ARTS-BEARINGS AND SEALS,SUPPLY 17X1620 V BELT,SUPPLY 100MM	The Flash Mixer in the Beestershok WTW broke and we had a water crisis. ASD was the only available service provider who could assist immediately.	s36(1)(a)(v)	AO	R 20,819.60	55315
12/02/2021	SMITH TABATA	INVOICE 323133(MATTER	NO CONTRACT FOR THE UNDERMENTIONED SERVICE	s36(1)(a)(v)	AO	R 125,029.86	55309
18/02/2021	PAGDEN	MATTER-BLUES9/0001 MWRF (INVOICE 67766363 & 67797072)	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. SAMWU RETIREMENT FUND (MWRF) MATTER.NO QUOTES COULD BE SOURCED DUE TO THE URGENCY OF THE MATTERS	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 48,781.39	55333
18/02/2021	CHRIS BAKER AND ASSOCIATES INC	LEGAL MATTERS:SONKE MADLANGA (INVOICE SB1798,SB1748,SB1700). MATTER:STIKE INTERDICT-JUL Y2020 (INVOICE SB1748&SB1701)	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING COURT GASES ON BEHALF OF THE MUNICIPALITY FROM THE COMMENCEMENT OF THESE MATTERS AND THEY ALSO WAS REQUESTED TO ASSIST WITH LEGAL OPINIONS FOR VARIOUS URGENT/CRITICAL MATTERS.IT IS THEREFORE WAS IMPRACTICAL NOT TO CARRY ON MAKING US OF THIS SERVICE PROVIDER	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 52,836.19	55335
25/02/2021	B G SECURITY	CIT SERVICES FOR SOMERSET EAST,COOKHOUSE AND PEARSTON FOR OCTOBER 2020,DECEMBER 2020 AND JANUARY 2021	BCRM APPOINTED ROYAL SECURITY SERVICES BUT THE CASH TRANSIT (CIS) DO NOT FORM PART OF THEIR CONTRACT AND THEREFORE THE MUNICIPALITY DID NOT HAVE OTHER OPTION BUT STILL TO MAKE USE OF BG SECURITY TO PERFORM THIS DUTY TO COLLECT CASH FROM THE VARIOUS CASHIER POINTS AND TRANSPORT IT TO OUR CURRENT BANKER (ABSA)	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 32,005.12	55385
26/02/2021	CHRIS BAKER AND ASSOCIATES INC	MATTER-MR GANTSHO (INVOICE SB1923 & SB6359)	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING COURT CASES ON BEHALF OF THE MUNICIPALITY FRO THE COMMENCEMENT OF THESE LEGAL MATTERS AND THEALSO WAS REQUESTED TO ASSIST WITH LEGAL OPINION ON VARIOUS URGENT/CRITICAL MATTERS.IT IS THEREFORE WAS IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 8,563.02	55373
08/02/2021	BUSINESS CONNEXION PTY LTD	VARM-1000009320040/HOURS	BCX IS THE ONE THAT DOES OUR VPN (VIRTUAL PRIVATE NETWORK) CONFIGURETIONS,CONFIGURATION OF SSL CERTIFICATE FOR NEW SCM MODULE	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 2,576.00	55285
16/02/2021	CHM VUWANI COMPUTER SOLUTION	COMPATIBLE TALLY MT6300,06/12 MT6200,10/12/15/18	ONLY TWO QUOTES HAVE BEEN RECEIVED. OTHER SUPPLIERS HAVE RESPONDED AND DO NOT PROVIDE THE REQUESTED ITEMS,OTHER SUPPLIERS HAVE NOT RESPONDED	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 11,902.50	55326
23/02/2021	UNITRANS AUTOMOTIVE (PTY)LTD	ROADSIDE ASSISTANCE AT PATERSON HMM 448 EC	THE COMPUTER BOX OVERHEATED AFTER BEING SERVICED AT ALGOA TOYOTA ANR THE COMPANY WAS CALLED TO ASSIST.THEY SEND OUT A TECHNICIAN TO ASSIST THE DRIVER.WE NEEDED TO CALL THE SERVICE PROVIDER AS THE VEHICLE IS UNDER GUARANTEE	SCM REGULATI ON 36	ACCOUNTIN G OFFICER	R 6,853.02	55350
						R 309,166.70	
MARCH 2021'							
09/03/2021	NORTHFIELD ENGINEERING	4416-V8A80 ROTATING ASSEMBLY	The Memese Pump Station is currently working with one pump and we are struggling with a blockage that goes into peoples yards.	s36(1)(a)(v)	AO	R 111,271.70	55397
23/03/2021	ENVIRONMENTAL TECHNOLOGY	SUPERSUCKER VACUUMING IN COCKHOUSE	We are struggling with sewer spillages in Cookhouse and Envirotech is the only service provider who is immediately available.	s36(1)(a)(v)	AO	R 12,530.40	55451
11/03/2021	ENGNET SOLUTION CC	COMPLIANT OF GRAP COMPLIANT 2019/2020 FIXED ASSET REGISTER AND CONDITION ASSESSMENT	ENGNET SOLUTION CC assisted the municipality on the Compilation of a GRAP Compliant 2019/2020 Fixed Asset Register and Condition Assessment. the municipality submitted its Draft 2019/2020 AFS on the 18 September 2020. The AG raised a significant risk during their planning stage of the audit; the risk identified was that our Infrastructure Assets could be materially impaired of which we did not account for it properly. the AG advised the municipality to appoint its own Independent Expert/Engineer to perform the Condition Assessment and Material Impairments identified the municipality willb be able to correct on the Final 2019/2020 AFS.	s36(1)(a)(v)	AO	R 1,898,728.75	55413
12/03/2021	B G SECURITY	CIT SERVICES IN SOMERSET EAST,COOKHOUSE AND PEARSTON	CASH TRANSIT (CIT) does not form part of te current security services contract and thus do not have other option but to use BG SECURITY to perform this duty of collecting cash from various Cashier offices to teh Bank.	s36(1)(a)(v)	AO	R 10,538.05	55420

31/03/2021	CHRIS BAKER AND ASSOCIATES INC	LEGAL MATTERS:SONKE MADLANGA INVOICE SB1841.MATTER FANG WISE LENGOSA INVOICE SB1842.MATTER:DISABILITY CLAIM-Z KOBESE (SB1843)	The service provider is handling court cases on behalf of BCM from commencement and were also requested to assist with legal opinions on various urgent/critical matters. S Nadianga, FangWise Lengosa. Z Kobese. It is therefore impractical not to make use of them.	s36(1)(a)(v)	AO	R 19,079.16	55506
						R 2,052,148.06	
APRIL 2021'							
21/04/2021	PAGDENS	FEE FOR PROFESSIONAL LEGAL SERVICES REDERED DURING THE PERIOD 2 NOVEMBER 2020 TO 15 MARCH 2021 5.6 HRS.DISBURSMENTS-TELEPHONE COSTS.DISBURSMENTS COPYING COSTS.LEGAL MATTER-MWRF INVOICE-B2021024	There is no contract for the undermentioned service provider and the services were required for handling of the SAMWU Retirement Fund matter. No quotes could be sourced due to the urgency of the matter.	s36(1)(a)(v)	AO	R 38,594.00	55569
13/04/2021	SMITH TABATA	RECTIFICATION TRANSFER.NF NGCIPE TO BCM-ERF 1954.RECTIFICATION TRANSFER.BCRM TO NF NGCIPE ERF1955	A&R ATTORNEYS were appointed to do the transfer of Erven1954 AND 1955 (swapping the 2 sites as the municipality pointed out a wrong site to the customer) in Aeroville, Somerset East By virtue of the having the Title Deed for ERF 1954 (Ms Ngcipe)	s36(1)(a)(v)	AO	R 14,407.50	55542
30/04/2021	TRACKOS PROJECTS	MAJOR SERVICE AND TESING OF AIR CONDITIONING UNITS.SERVICING AND TESTING OF FIRE DETECTION AND SUPPRESSION SYSTEM.SERVICING AND TESTING OF UPS AND BATTERIS.SERVICING AND TESTING OF ACCESS CONTROL SYSTEM & REPAIR TO FAULTY MAGLOCK,TRAVELLING(RETURNT)	TRACKOS is the service provider that installed and set up the Server Room. they have been maintaining it until the SLA expired. We require them to do repairs to the faulty Maglock as the door to the server roo is not closing.	s36(1)(a)(v)	AO	R 12,374.00	55607
						R 65,375.90	
MAY 2021'							
28/05/2021	CORE FACTS 1152	SOMERSET EAST EMERGENCY WORK	ELECTRICITY SUPPLY INTERRUPTION	s36(1)(a)(v)	AO	R 64,149.30	55750
03/05/2021	SMITH TABATA	RATES DISPUTE-OPINION MATTER CODE 33B040020 INVOICE 326661.OPINION LONG TERM LOAN SECTION 46 MATTER CODE 33B040026 INVOICE NUMBER 326662	There is no contract for the undermentioned service provider in place. Quotes could not be sourced due to the urgency of the matter - Rates Dispute & Opinion on Long Term Loan section 46.	s36(1)(a)(v)	AO	R 4,284.95	55616
13/05/2021	BLUE CRANE PRINTERS	NOTICE/19/2021	Only local newspaper circulating in the municipal area	s36(1)(a)(v)	AO	R 3,450.00	55671
27/05/2021	CHRIS BAKER AND ASSOCIATES	LEGAL MATTERS:SONKE MADLANGA (INVOICE SB1841).LEGAL MATTER-MR GANTSHO (INVOICE SB1892)	There is no contract in place for the undermentioned service provider. the service provider is handling court cases on behalf of the municipality as mentioned in the previous column.	s36(1)(a)(v)	AO	R 8,349.94	55743
25/05/2021	SABS COMERCIAL SOC LTD	SANS 10216,2017:5.SANS 10047-2009 & SANS1550-12017 2.02.SANS1550-2.2018.2.02.SANS 1550-3 2017/2-02.SANS 1496:2017/02.SANS 1207:1998:1.04.SANS 1052:2007 2.01.-HANDLING/POSTAGE/PACKING	THE SABS is the sole producer of the books (standards for Vehicle Testing Station).	s36(1)(a)(v)	AO	R 6,844.80	55724
						R 87,078.99	
JUNE 2021'							
04/06/2021	TRANSGEAR BUSINESS TRUST	Repairs to Nissan UD Gearbox	Emergency repairs to gearbox -	s36(1)(a)(v)	AO	R 42,433.47	55780
07/06/2021	ASD INTERNATIONAL	Strip & repair steady pumps, replace bearing covers & mechanical seals, strip & repair Wilo Pump, replacement Rotor, rpace lower casings, sundries and courier parts.	They are the only service provider locally that can repair the pumps and it is an emergency because there is only one pump out of the four that is working.	s36(1)(a)(v)	AO	R 47,166.10	55792
15/06/2021	ELB EQUIPMENT	Oil & Fuel Filter, Labour, Travel, Travel time, Consumables, Accommodation, Test P&Shin Valve & Seals, Hose Ass: 0.73M	Emergency - Waste management site Bulldozer overheated.	s36(1)(a)(v)	AO	R 10,496.30	55842
25/06/2021	WP MA SHISHINI	Assist with power outage at Westview	Testing Westview transformer that was blowing fuses and supply Ht Fuses	s36(1)(a)(v)	AO	R 13,098.50	55849
02/06/2021	GOVERNMENT PRINTING WORKS	NOTICE 24/2021 promulgation of the 2020/2021 Municipal Rates Tariffs and Rates By-Law	Promulgation of the 2020/2021 Municipal Rates Tariffs and Rates By-Law in the Provincial Gazette - Government Dept	s36(1)(a)(v)	AO	R 115,300.05	55755
25/06/2021	CHRIS BAKER AND ASSOCIATES INC	Legal Services:Gantsho (INVOICE SB1915:B6359)	There's no contract for the undermentioned service provider in place and the services were required.	s36(1)(a)(v)	AO	R 62,773.30	55846
						R 290,967.72	
						R 5,426,795.31	

Report of the auditor-general to Eastern Cape Provincial Legislature and the council on Blue Crane Route Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Blue Crane Route Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Blue Crane Route Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (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, 2020 (Act no. 4 of 2020) (DoRA).

Basis for opinion

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

Emphasis of matters

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

Material losses

7. As disclosed in note 27 to the financial statements, material electricity losses of R16,4 million (2019/20 R12,6 million) was incurred, which represents 25% (2019/20: 20%) of total electricity purchased.

Debt impairment

8. As disclosed in note 33 to the financial statements, impairment of R25,3 million (2019/20: R23,3 million) was incurred as a result of a write-off of irrecoverable trade debtors.

Restatement of corresponding figures

9. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2020 have been restated as a result of errors in the financial statements of the municipality identified at, and for the year ended 30 June 2021.

Material uncertainty relating to going concern

10. I draw attention to note 47 to the financial statements, which indicates the high level of water and electricity losses, debt and credit payment ratios not in the norm and the potential risk that contingent liabilities as disclosed in this set of financial statements may materialise into actual commitments to pay. As stated in note 47, these events or conditions, along with the other matters as set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matters

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

Unaudited disclosure notes (MFMA125)

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2021.

Programmes priority	Pages in the annual performance report
KPA 2 – Service Delivery and Infrastructure Development	x – x

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority:

- KPA 2: Service Delivery and Infrastructure Development

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. Refer to the annual performance report on page x to x for information on the achievement of planned targets for the year.

Adjustment of material misstatements

25. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of KPA 2: Service Delivery and Infrastructure Development. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

27. The material findings on compliance with specific matters in key legislation are as follows:

Annual Financial Statement, Annual Performance Report and Annual Report

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements on non-current assets and segment reporting identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

29. Reasonable steps were not taken to prevent irregular expenditure amounting to R8,2 million as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with regulation 36(1)(a).

Asset management

30. An adequate management and accounting system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
31. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Procurement and Contract Management

32. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
33. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the Pearston Waste Water Treatment Works and Pearston Water Treatment Works.
34. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Other information

35. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priority presented in the annual performance report that have been specifically reported in the auditor's report.
36. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on thereon.
37. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. I did not receive other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in unqualified with findings opinion, the findings on the statement of the financial position and annual performance report and the findings on compliance with legislation included in this report.

40. Management did not effectively review and monitor compliance with laws and regulation relating to financial reporting, performance management and supply chain processes.

Auditor-General

Auditor-General

East London

30 November 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priority and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Blue Crane Route Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR GENERAL AUDIT ACTION PLAN ON MANAGEMENT REPORT FINDINGS FOR THE 2017/2018 FINANCIAL YEAR											
COAF NO	AREA OF AUDIT	AUDIT FINDING TITLE	DESCRIPTION	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON &	ACTION DATE / TIMELINE	PROGRESS TO DATE	INTERNAL AUDIT COMMENTS
1	Regularity audit	Authorised Bank Signatories could not be provided by the auditee:	..COAF's AUDITOR GENERAL 2020-21\COAF 01 of 2021- authorised signatories - with Auditors response.docx	Insufficient controls are in place over the record keeping of banking information.	Management should ensure that there is proper record keeping and also ensure that an audit trail is maintained. Furthermore all required information must be submitted to the AGSA within the required timeframes for audit purposes	All redundant and inactive bank/investment accounts will be closed. All active bank/investment accounts authorised signatures will be kept on file for audit purposes.		ACCOUNTING OFFICER CFO - Action M: INTERNAL AUDITOR & AC -Review	Mar-22		
2	High level review of 2019/20 annual financial statements and annual performance report	During the high-level review of the 2020/21 annual financial statements and annual performance reports, there were discrepancies identified.	..COAF's AUDITOR GENERAL 2020-21\COAF 02 of 2021 - High level review of AFS - Auditors response.docx	Review oversight	Management should ensure that rigorous review processes are in place for the review of the annual financial statements and the annual performance report. Such reviews should be performed by officials who were not involved in the preparation of the annual financial statements.	AFS and APR will be prepared timeously and submitted to IA, AC and PT for reviews prior to submitting to AG	Quarterly Performance Reports to be compiled and submitted to IA for reviews. Interim Financials Statements for mid term will be prepared and submitted for reviews to IA. Develop checklist of GRAP standards to be implemented.	ACCOUNTING OFFICER CFO -Action M:IDP;I & PMS - Action M: Financial Reporting - Action M: INTERNAL AUDIT &	Quarterly March - 22		
3	Restatements (Land, Buildings, Investment property) –	Restatements (Land, Buildings, Investment property) – Non-submission of information	..COAF's AUDITOR GENERAL 2020-21\COAF 03 of 2021- Restatements (Land Buildings Inv Prop) (Management Comments - CFO).docx	Insufficient time to prepare the information in line with the format requested.	Management should ensure that there is proper recording management for information used in the preparation of the Annual Financial Statements.	1. Review of AR for completeness by end of March.	1. Asset register will be updated monthly and reconciliations performed and reviewed by Management monthly to the Standing Committee.	ACCOUNTING OFFICER CFO - Action M: Financial Reporting - Action AM: INTERNAL AUDITOR & AC -Review	March Monthly		
4	Indigent customers - CAATs findings	Deceased Indigents Invalid ID's Indigents employed in government or municipalities Indigent CIPC directors all payments Duplicate beneficiaries	..COAF's AUDITOR GENERAL 2020-21\COAF 04\COAF 4 of 202021 -Indigent customers - CAATs exce:tions.docx	The databases' information used to perform CAATs (National populations register and CIPC) differs from the ones that was used by the auditee (Deeds registration office).	It is recommended, that management implement adequate controls in order to verify the accuracy of all applications before it is processed on the system/indigent register.	Verify that all Indigent Support application forms for eligible applicants are complete and verified for accuracy before approval by the ward councillor or delegated official.	Ensure there is a system in place to capture, verify and store information of indigent beneficiaries. The indigent register will frequently reviewed. Verification on SCM & Indigent to be performed by the Service Provider on CAATs per quarter for the municipality to follow up exceptions.	ACCOUNTING OFFICER CFO - Action M: Income and Expenditure - Action Accountant : Revenue - Action	Mar-22		
5	Strategic Planning and budgeting	The Blue Crane Route Local Municipality Adjustment Budget, dated 24 June 2021, does not mention the impact that the adjustments budget has on the Service Delivery and Budget Implementation Plan (SDBIP) in the executive summary.	..COAF's AUDITOR GENERAL 2020-21\COAF 05\COAF 05 of 202021 - Planning Findings (Auditors Responses).docx	Oversight by management to follow the regulations of the Municipal Budget and Reporting Regulations.	Management should ensure that compliance with the MBRR Schedule B paragraph 5 in relation to the information disclosed under the executive summary is done diligently.	A chapter will be included in the 2021/22 budget adjustment report to highlight the impact on Service delivery.	Develop an MBRR Schedule checklist to ne implemented while comiling the Budget and review for compliance prior to sumbitting for Council approval	ACCOUNTING OFFICER CFO -Action M:IDP;I & PMS - Action M: Financial Reporting - Action	Feb-22		
6	APR	When auditing KPI 15, the following differences were found between the reported performance and the progress report for the 2020/21 performance period: Achievement per the progress report: 10% Reported achievement per APR: 5% Difference: 5%	..COAF's AUDITOR GENERAL 2020-21\COAF 06\COAF 6 of 2020-21 - KPI 15.docx	The Annual Performance Report for the 2020/21 financial year was prepared before the progress report was received from the service provider.	Management should ensure that the annual performance report is dully supported by all the necessary documents involved in the process and the reported performance reflects the actual progress towards the indicator in question as at the reporting date.	Detailed reviews between the planning documents and the annual performance report, to ensure that the reported information is consistent with the planning documents.	Review to be performed by HODs on APR and POE prior to submitting to PMS Office IA and AG .	ACCOUNTING OFFICER HOD - Action M: IDP & PMS M: INTERNAL AUDITOR & AC -Review	Quarterly		
7	Property, plant & equipment	PPE; incorrect accounting policy disclosures Investment property - completeness PPE (Community assets overstated) - restatements PPE (Victoria Park) - use of asset PPE - Community assets (completeness) WIP - Costs not incurred by the municipality.	..COAF's AUDITOR GENERAL 2020-21\COAF 7 of 2020-21 - PPE (Auditors response).docx	Management did not implement the appropriate controls to ensure that property, plant and equipment are properly disclosed and fairly presented in the annual financial statements. This is due to inadequate reviews over the financial information reported.	Management should ensure that property, plant and equipment are properly disclosed and fairly presented in the Annual Financial Statements by implementing reviews of the Annual Financial Statements before it is signed off to be issued.	1.Appointment of external professional service provider to mitigate the risk identified. Asset Management Policies and Procedures to be developed Review of AR for completeness by end of March.	Develop a GRAP 17 compliance checklist and update the AR on a regular basis .	ACCOUNTING OFFICER CFO - Action M: SCM & Assets Accountant : Assets	Mar-22		
8	Supply Chain Management; Procurement and Contract Management	Procurement and Contract management – Interest in State employees not declared Procurement and Contract Management – Overspending on contracts Procurement and contract management - Performance monitoring of suppliers Procurement and Contract management - Deviations not meeting requirements Procurement and Contract Management - Declarations of interest not done	..COAF's AUDITOR GENERAL 2020-21\COAF 8 of 2020-21 - SCM Management Responses (003).docx	Lack of management oversight for not doing due diligence for prospective suppliers. Poor contract management. Lack of management oversight relating to the justifications for deviating.	Management to: 1, develop processes in which they assess the validity of the information received from prospective suppliers. 2, ensure that all over expenditure relating to supplier contracts are approved by a delegated official in order to adhere to the requirements of the legislation. 3, ensure that in each contract or service level agreement a section is included to monitor the performance of the supplier.	Review a register of declaration and ensure that declarations are done as per SCM declarations and updated in the AFS and the discloser note . Procurement done in accordance with Sections 32 and 36 of the Supply Chain Management Regulations must be directed to the Bid Adjudication Committee, thereafter the report will be submitted to the Accounting Officer for approval. Revive oversight committees including DB and MPAC. Implement and monitor Council's approved procurement plan. Implement SCM system that caters for proper requisition and order to ensure that all expenditure incurred is in line with the appointment value. Table the Irregular Expenditure to Council and MPAC	BEC and BAC to maintain a register of declarations noted from the bid documents and AFS preparer to consolidate and reconcile these registers monthly for reporting in the IFS and AFS. Project Manager, in relation to contracts, shall keep a contracts register setting down details of contracts awarded in the preceding twelve months. Project Manager shall provide the information-actuals as to how much was spent contained in the contracts register to the SCM Unit on a monthly basis. Ref. to MFMA 17(1) d (i) and (ii). Project Managers will monitor on a monthly basis the performance of the contractors under the contract and maintain accurate records of activities on site. Implement an electronic SCM Module	ACCOUNTING OFFICER CFO - Action BAC - Action SCM Manager - Action M: INTERNAL AUDITOR & AC -Review	Monthly Quarterly		
9	Employee costs	Overtime has been worked and paid to the following employees without evidence of the prior express instruction by the Municipal Manager or Departmental Manager.	..COAF's AUDITOR GENERAL 2020-21\NO RESPONSE COAF 9 of 2020-21 - Employee costs.docx	Management did not implement the controls documented in Municipal Human Resource policy, as approved in 2016.	Rigorous reviews should be undertaken in the overtime approval process for each employee working overtime.	Standard Operatin Procedure will be implemented and minitored on a continous basis. HOD'S to report to the Standing Committees on overtime worked in various departments.		HOD's M: INTERNAL AUDTOR & AC - Review	Monthly		
10	Property Rates	Classification of Propoerty Rates for Game Farms in AFS	..COAF's AUDITOR GENERAL 2020-21\COAF 10 of 2020-21 - Revenue (Auditors response).docx	the property rates policy has a number of different categories for agriculture, with different rates, hence they are all lumped together in the financial statements.	The property rates for game farms should be classified as a separate line item in the disclosure note for property rates and the tariff rate thereof should also be disclosed.	Disclose in 2021/22 AFS as recommendd by AG and will form part of the GRAP Checklist		ACCOUNTING OFFICER CFO - Action M: Financial Reporting - Action AM: INTERNAL AUDITOR & AC -Review	Jun-22		
11	Payabels	Accrued leave pay	..COAF's AUDITOR GENERAL 2020-21\COAF 11 of 2020-21 - Accrued leave pay (Auditors response).docx	The SAMRAS system used to capture leave are inaccurate due the system that includes public holidays and weekends as leave taken and the fact that the leave forms are not captured timeously.	Management must ensure that the SAMRAS leave system is updated and reconciled on a monthly basis and that it agrees with the Accrued Leave Pay Schedules.	Capture Leave on a monthly basis by the Departmental Secretaries on the system .	Sectional Managers and Supervisors to monitor leave on a monthly basis.	HODs	Monthly		
12	VAT	Overstated VAT Liability	..COAF's AUDITOR GENERAL 2020-21\COAF 12 of 2020-21 - VAT liability (Auditors response).docx	Improper record keeping of VAT transactions.	Management should implement controls to ensure that all VAT related transactions are accurately recorded and thereby ensuring that the VAT obligation is accurate.	Disclose in 2021/22 AFS as recommendd by AG and will form part of the GRAP Checklist		ACCOUNTING OFFICER CFO - Action AM: INTERNAL	Jun-22		

13	VAT	Debt Impairment	..COAF's AUDITOR GENERAL 2020-21\COAF 13 of 2020-21 - VAT on impairment Auditors response.docx	Lack of oversight from management with regards to the calculation of VAT when impairing the debtors.	Management should implement controls to ensure that all VAT related transactions are accurately recorded and thereby ensuring that the VAT obligation is accurate.	Disclose in 2021/22 AFS as recommendd by AG and will form part of the GRAP Checklist		ACCOUNTING OFFICER CFO - Action AM : INTERNAL AUDITOR & AC -Review	Jun-22		
14	Receivables	Debt Write Off and Debt Impairment	..COAF's AUDITOR GENERAL 2020-21\COAF 14\COAF 14 Receivables Receivables from Exchange and Debt Impairment and Write-Off (002).docx	The write off between current and previous year per the billing services outstanding are split. Thus, the previous year write-off go against the provision for Impairment directly as per the Notes 9 and 8 reconciliations of debt impairment.	Management should ensure that the value of debt impairment in Note 33 is disclosed net of Debt Write-Off against Debt Provision and a separate line item in Note 33 for Debt Write Off includes all Bad Debt Write-Offs, including those in Note 8 and Note 9. Also, in the future, the municipality should consider disclosing separately, the Debt Impairment and Bad Debts Written-Off.	Disclose in 2021/22 AFS as recommendd by AG and will form part of the GRAP Checklist		ACCOUNTING OFFICER CFO - Action AM : INTERNAL AUDITOR & AC -Review	Jun-22		
15	PDO	Strategic Planning and Performance	..COAF's AUDITOR GENERAL 2020-21\COAF 15 Strategic Planning and Performance Management Comments).docx	Due to limitations experienced by both the municipality and district municipality in regards to the Covid-19 pandemic, no consultations took place in the current year being audited.	Management should ensure that they comply with all the regulations and legislation applicable to the strategic budget and planning processes.						
16	Trade payables, Segment Reporting	Payables from exchange transactions	..COAF's AUDITOR GENERAL 2020-21\COAF 16 Trade Payables and Segment Reporting Auditors response.docx	Lack of oversight from management when recording items in the financial statements complete.	Management should ensure that they classify payables from exchange transactions correctly.	Disclose in 2021/22 AFS as recommendd by AG and will form part of the GRAP Checklist		ACCOUNTING OFFICER CFO - Action AM : INTERNAL AUDITOR & AC -Review	Jun-22		
17	Compliance	Asset Management: Non-Compliance	..COAF's AUDITOR GENERAL 2020-21\COAF 17 Compliance (Version 2) - Management Comments).docx	Management did not implement the appropriate controls to ensure that property, plant and equipment are properly disclosed and fairly presented in the annual financial statements. This is due to inadequate reviews over the financial information reported.	Review the fixed asset register on a continuous basis with special attention to material items.	Review of AR for completeness by end of March.	Update AR with additions monthly and ensure that the AR is reviewed by management on a monthly basis . The AR is reconciled to the AFS and signed for review by management.	ACCOUNTING OFFICER CFO - Action Manager SCM and AM - Action Accountant Asset Management - ACTION	Monthly		
18	Segment Reportign	Segment Reporting	..COAF's AUDITOR GENERAL 2020-21\COAF 18 Segment reporting (1) - Management Comments).docx	The reason for showing the capital transfers separately is that the Municipality is reporting to their directorates and the segment report monthly.	Management should ensure that they prepare financial statements in a way that fairly present the state and affairs of the auditee.	Disclose in 2021/22 AFS as recommendd by AG and will form part of the GRAP Checklist		ACCOUNTING OFFICER CFO - Action AM : INTERNAL AUDITOR & AC -Review	Jun-22		