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REPORT

OF THE

AUDITOR-GENERAL

TO THE COUNCIL ON

PERFORMANCE MEASUREMENT

OF THE

CITY OF CAPE TOWN

FOR THE

YEAR ENDED 30 JUNE 2005

REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON PERFORMANCE MEASUREMENT AT THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2005

1. ASSIGNMENT

The compilation, presentation and publishing of performance measurements [as included on pages.....to.... of this annual report] and the implementation, management and internal control of supporting systems, are the responsibility of the accounting officer.

My responsibility is to provide an assessment of the controls implemented by the accounting officer to develop and manage the municipality's performance management system as required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

My role is not to assess or comment on the municipality's actual performance, but rather to assess the processes followed during the implementation of the performance management system.

2. NATURE AND SCOPE

I have performed the procedures agreed with management and described below regarding the performance management system of the City of Cape Town. The assignment was undertaken in accordance with the Statements of South African Auditing Standards applicable to agreed upon procedures engagements.

The responsibility of determining the adequacy or otherwise of the procedures agreed to be performed is that of the City of Cape Town. My procedures were performed solely to evaluate the controls implemented by the accounting officer regarding the municipality's performance management system against the criteria set out in:

- chapter 6 of the Municipal Systems Act, 2000;
- the Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R. 796); and
- international good practices,

so as to report on the applicable compliance with legislation and to assist in identifying possible areas for improvement.

The procedures performed during our assignment were based on the feedback received from the completion of the high-level overview checklist by the accounting officer and included a review of the following aspects:

- Phase 1 - Development of an integrated development plan
- Phase 2 - Development of a performance management system
- Phase 3 - Development and implementation of key performance indicators
- Phase 4 - Setting of targets for key performance indicators
- Phase 5 - Actual service delivery process
- Phase 6 - Internal monitoring of performance measurements
- Phase 7 - Internal control of the performance management system
- Phase 8 - Performance measurement and reporting
- Phase 9 - Revision of strategies and objectives

3. FINDINGS

I report my findings below:

3.1 Phase 1 – Development of an Integrated Development Plan (IDP)

3.1.1 Council had adopted an IDP for the 2004-05 financial year on 26 May 2004. A review of the IDP identified the following shortcomings:

(i) No evidence could be obtained that the proposed amendments to the IDP was published for public comment before the IDP amendments were adopted by council on 25 August 2004, as required in terms of paragraph 3(4)(b) of the Local Government: Municipal Planning and Performance Regulations, 2001.

(ii) Although a copy of the revised IDP was submitted to the MEC for Local Government, the submission was not in accordance with section 32 of the Municipal Systems Act, 2000 due to the following reasons:

- the submission was not made within 10 days of the adoption or amendment of the plan [section 32(1)(a)] as only the amended IDP was submitted to the MEC on 10 September 2004; and
- the submission was not accompanied by a statement that the process has been complied with, together with any explanations that may be necessary to amplify the statement [section 32(1)(b)].

(iii) The IDP did not reflect the council's operational strategies as required in terms of section 26(f) of the Municipal Systems Act, 2000.

3.2 Phase 2 - Development and implementation of the Performance Management System (PMS)

3.2.1 Although the balance scorecard methodology for the municipality's organisational performance management system (OPMS) was adopted on 26 March 2003, an effective and proper review process did not take place as required in terms of section 40 of the Municipal Systems Act, 2000, as a permanent employment structure for performance management is in the process of being implemented, due to the restructuring process of the City.

3.2.2 The City's performance management system framework, as required in terms of Performance Management Regulation 7, does not:

- Determine the roles of the different role-players for the performance management process [Reg. 7(1)];
- Describe and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed [Reg. 7(1)];
- Demonstrate how it is to operate and be managed from the planning stage up to the stages of performance and reporting [Reg. 7(2)(b)];
- Clarify the roles and responsibilities of each role-player (including the local community) in the functioning of the system [Reg. 7(2)(c)];
- Clarify the processes of implementing the system within the framework of the IDP process [Reg. 7(2)(d)]; and
- Determine the frequency of reporting and the lines of accountability for performance [Reg. 7(2)(e)].

3.2.3 Although mechanisms were established by council to involve public participation in terms of section 42 of the Municipal Systems Act, 2000 a forum that will enhance community participation in the drafting and implementation of the municipality's integrated development plan and the monitoring, measurement and review of the municipality's performance in relation to the performance targets set by the municipality was not established in terms of Regulation 15(1).

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3.3 Phase 3 - Development and implementation of key performance indicators

3.3.1 The Key Performance Indicators (KPIs) and targets for the 2004/05 financial year were adopted by council on 25 August 2004, which impacted on the roll-out of the performance management system. The following shortcomings in terms of the Municipal Systems Act, 2000 and the performance regulations were identified:

(i) The KPIs set, did not include outcomes and impact with regard to the municipality's development priorities and objectives set out in it's IDP [section 41(1)(a)].

(ii) No evidence could be obtained that the community was involved in the setting of appropriate KPIs [section 42].

(iii) KPIs were not set for each of the development priorities and objectives included in the municipality's IDP for 2004/05 [Reg. 9(1)(a)].

(iv) No KPIs were set for the administrative units and employees or for municipal entities and service providers with whom the municipality has entered into service delivery agreements [Reg. 9(1)(b)].

(v) No documented system and process exists that prescribes the annual performance review process for the review of the KPIs. The mechanism, system and process for review should at least:

- identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the KPIs set by it as well as the general KPIs prescribed by regulation 10 [Reg. 13(4)(a)].
- review the KPIs set by the municipality in terms of regulation 9 [Reg. 13(4)(b)]; and
- allow the local community to participate in the review process [Reg. 13(4)(c)]

3.4 Phase 4 – Setting of targets for key performance indicators

3.4.1 As referred to above, the KPIs and targets were adopted by council on 25 August 2004, which impacted on the roll-out of the performance management system. The following shortcomings in terms of the Municipal Systems Act, 2000 were identified:

(i) No evidence could be provided to verify that the community was involved in the setting of performance targets [section 41].

(ii) Since no annual performance report was included in the annual report of the City for 2003/2004, the performance targets set for the 2004/05 financial year were also not included [section 46(1)(a)(ii)].

(iii) As a result of no KPIs being set for administrative units, employees, municipal entities and service providers, no performance targets were set for these as well [Reg. 12(1)].

3.5 Phase 5 – Actual service delivery process

3.5.1 Framework to track performance of service providers

As reported in the previous year's audit report, no approved framework exists to track the performance of the municipality's service providers.

3.6 Phase 6 – Internal monitoring

3.6.1 Municipality

3.6.1.1 The City's performance as required by section 41(1)(c) of the Municipal Systems Act, 2000 was not monitored as a whole, as the business plans being monitored through the balance scorecard methodology was limited to the directorates of Health Services, Parks and Nature Conservation, City Police, Emergency Services (until February 2005) and Sub-councils.

3.6.1.2 No evidence could be obtained that a community forum was in place and that the municipality convened regular meetings with the community forum to monitor the municipality's performance in relation to the KPIs and performance targets set as required by Regulation 15(2)(a)(v).

3.6.1.3 An evaluation of the documented monitoring framework revealed that the framework did not include the following, as the report writer facility within the framework still needs to be developed:

- The framework does not determine how reports on the data are to be compiled.
- It does not determine the timeframes for reports on the data to be collected and analysed.

3.6.2 Service providers

No monitoring of the performance of service providers took place in terms of a formally documented process for the year under review as no framework for the monitoring of the performance of service providers existed. Although there is a documented vender evaluation process for the monitoring of the performance of the service providers, the system is currently not activated.

3.7 Phase 7 - Internal control of the performance management system

As required by section 45(a) of the Municipal Systems Act, 2000 and performance regulation 14(1)(c)(i), internal audits were performed by the internal audit unit of the City's during the 2004/05 financial year.

3.8 Phase 8 – Performance measurement and reporting

3.8.1 Municipality

3.8.1.1 The measurement of the City's own performance, which should include the following in terms of Regulation 13, is not taking place:

- Cost, resources and time used to produce outputs in accordance with the input indicators referred to in Regulation 9;
- The extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in Regulation 9; and
- The total improvement brought by outputs in accordance with the outcome indicators referred to in Regulation 9.

3.8.1.2 The City's 2003/04 annual report did not contain a performance report for the financial year as required in term of section 46 of the Municipal Systems Act, 2000.

3.8.2 Service providers

No measuring and reporting of the performance of the municipality's service providers took place in terms of a formally documented process and against key performance indicators and targets as required in terms of section 41(c) of the Municipal Systems Act, 2000.

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3.9 Phase 9 – Revision of strategies and objectives

3.9.1 Revision of performance of staff

3.9.1.1 A framework to track the performance of staff was only approved by Council on 23 June 2005 and consequently the review of the performance of staff, below Executive Director level, for 2004/05 could not be done in terms of this framework.

3.9.1.2 At the date of compiling this report, the performance evaluation of the City Manager and Executive Directors was not performed according to the review framework in the performance management system. Due to the restructuring process and disruptions to directorates and business units during the year under review, it was impractical to take the review of staff to levels further down.

3.9.2 Revision of municipality's performance

3.9.2.1 At the date of compiling this report, the City was still busy compiling the performance management report for inclusion in the 2004/05 annual report. It could not be determined whether the strengths, weaknesses, opportunities and threats of the municipality in meeting the KPIs and performance targets were identified during the review of the municipality's performance, as required in terms of Regulation 13(4)(a).

However, the OPMS progress report as at 31 May 2005 was submitted to the Audit Committee in August 2005.

3.9.2.2 Furthermore, no evidence could be obtained that the following KPIs as set in the 04/05 IDP were reviewed:

- Delivery of IDP flagship projects and targets;
- Percentage of income actually collected against billing;
- Percentage of new organizational structure populated; and
- Compliance with Municipal Finance Management Act and associated legislation.

4. CONCLUSION

Because the above procedures do not constitute either an audit or a review made in accordance with Statements of South African Auditing Standards, I do not express any assurance on any performance measurement as at 30 June 2005.

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An audit of the financial statements in accordance with statements of South African Auditing Standards was concluded and a report to this effect will be included in the annual report.

This report relates only to the specific phases of the performance management system as specified above, and does not extend to any financial statements of the City of Cape Town, taken as a whole.

5. APPRECIATION

The assistance rendered by the staff of the City of Cape Town during the assignment is sincerely appreciated.

S. A. Fakie

S A Fakie
Auditor-General

Cape Town

30 November 2005

AUDITOR-GENERAL

Financial Reporting – Section 121 of the Municipal Finance Management Act:

Performance against measurable performance objectives - revenue collection

Payment Ratio Monthly Moving Average			
Objective	Key Performance Indicator	Month	Moving Average
Improve collection rate to national target of 97,5% within 2 years	Moving Average	July 2004	95,26%
		Aug 2004	95,84%
		Sep 2004	96,18%
		Oct 2004	95,81%
		Nov 2004	94,44%
		Dec 2004	93,75%
		Jan 2005	93,13%
		Feb 2005	95,12%
		Mar 2005	96,08%
		Apr 2005	98,78%
		May 2005	98,37%
		Jun 2005	94,66%

MANAGEMENT COMMENTS AND CORRECTIVE ACTION TO BE INSTITUTED ON THE MATTERS OF EMPHASIS RAISED IN THE REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON THE FINANCIAL STATEMENTS OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2005 IN TERMS OF SECTION 121(4)(e) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, No. 56 of 2003.

The unqualified audit report contains certain issues that were reported as emphasis of matter by the Auditor-General. For ease of reference the paragraphs are similarly numbered commencing from paragraph 4 (emphasis of matter).

4.1 Debtors

4.1.1 Outstanding consumer debtors

The Credit Control and Debt Collection Policy was approved by Council in June 2005. Since July 2005, the Debt Management Branch has made a concerted effort to pursue the arrears. The actions include telephone calls, written alerts, and personal visits, disconnection/restriction of water and electricity supplies and legal actions. Cash collected for the months of August, September and October 2005 have exceeded all expectations. The debtors are also regularly reviewed, assessed and written off where applicable.

4.1.2 Employees: Service accounts in arrears

A section has been set up in the Debt Management Branch dealing with staff and councillor arrears. In Sept 2004 approx 8000 staff were identified as employees and the total arrears was R8,8m.

In Sept 2005, the staff identified have increased to 10101 staff with a total of R8,7m in arrears. Therefore, although the arrear amount did not reduce, our staff base has increased by 2100 more accounts.

The total monthly amount deducted from staff for the following 3 months are:

July 2005 - R634 715,00
Aug 2005 - R776 001,00
Sept 2005 - R797 712,00

Every month the total staff list is drawn to check the following:

- which accounts have gone into the 90 days arrears
- which staff are adhering to the arrangements and whether adequate arrangements have been made
- if other staff not on the list have bought/rented houses, consumed electricity etc. so that they are added to the list

In addition to the above as from 1 November 2005 all staff, in arrears for 90 days and more, who are making arrangements for the first time and/or staff who have reneged on their arrangements, will have an extra amount deducted, in the month they receive their bonuses.

4.2 Uncertainty relating to a possible impairment loss in the Cape Town International Convention Centre (CTICC)

The City invested R284 million in the construction of the Cape Town International Convention Centre (CTICC) with the objective of improving the long-term socio economic environment of Cape Town. The investment is expected to result in increased future economic benefits to the region.

A possible need for the recognition of an impairment loss, relating to the above CTICC investment was identified during the year under review. Based on the current year's financial results and the forecasted figures for the CTICC, it is anticipated that the actual losses incurred to date will continue in the foreseeable future. Notwithstanding these anticipated losses, management is of the opinion that the CTICC will continue to operate as a going concern and there are no indications of significant risk that indicates that the CTICC might curtail operations.

Due to the fact that this investment was made with the expectation of improving the broader socio-economic environment of the region, it is realised that the full value of the above investment might not be fully recoverable in an arms length transaction. In this regard, management had performed an exercise to assess the fair value that could be realised during a sale transaction, to determine recovery of the above investment. A previous municipal valuation exercise that was performed on the CTICC during March 2003 was used as a basis for determining the fair value of the City of Cape Town's current share holding in the CTICC. This exercise revealed a possible impairment loss of R4,8million.

Since the municipal valuation exercise performed is not in accordance with any recognised accounting framework methodology to determine an accurate fair value, it has been decided not to recognise the possible impairment loss revealed by the above exercise and to delay the recognition thereof. A process of research and consultation with the Accounting Standards Board will be initiated in the current financial year to determine fair value.

4.3 Supply Chain Management

4.3.1 Operating expenditure – Procurement Policy Initiative

(i) The responsible directorate is aware of a number of cases where procurement of goods and services was performed on a decentralised basis and not via the City's centralised procurement directorate (now known as the Supply Chain Management Directorate).

Generally a number of previous contracts provided for sundry payments, which were not processed in accordance with the Procurement Policy Initiative. Since the introduction of the appeal processes in terms of the Municipal Systems Act the awarding of certain contracts were delayed due to numerous appeals received from unsuccessful tenders.

In instances of public health and safety it was deemed essential that service delivery continued and therefore sundry payments continued to be effected in terms of the previous contracts until such time as they could be replaced by new contracts based on fresh tenders via the Procurement/ Supply Chain Management route.

A process is still ongoing to follow up on the missing tenders and contracts.

(ii) When these instances of appointments of consultants were discovered, retrospective con donation was sought in order to correct the situation.

This problem is currently being addressed with a view to standardise the formats for the appointment of consultants at various levels of value.

4.3.2 Tender evaluation and adjudication process

Tradeworld, the firm that is responsible to register service providers on the Western Cape Suppliers Database, does not have a mandate from Council to do accreditation of service providers' BEE status. The current agreement with Tradeworld provides for documentary verification only.

Council is at present considering alternative methods of verification/accreditation and this will be fully implemented after the appointment of an incumbent for the new position of Manager: Supplier Development.

Although formal tenders / bids are generally scheduled in terms of the procurement policy the decision-making authorities have occasionally varied the recommendations in order to enhance BEE, job creation etc..

The audit comment with regard to the supporting documentation relating to the awarding of a major tender for security services for the City is noted and will be made available when returned.

4.4 Official housing

The audit comment is noted. The City Manager is in a process of assigning the responsibility to the appropriate directorate and the weaknesses will be retrospectively addressed.

4.5 Prior years' reports

4.5.1 Travelling allowance and fringe benefits of councillor (Previous report: paragraph 4.5)

Two reports have been prepared and deal with the following - a policy for the use of the official vehicles in terms of the Minister's determinations, the recovery of allowances paid to councillors where allowances should not have been paid, taxing of the driver and vehicle where councillors elect to make use of an official vehicle and the recovery of this from the councillors. They have been handed to the Speaker and Executive Director: Committee Secretariat for consideration by Ikhwezi and Council. Identification and quantification of all cases are subject to outcome of the decision taken.

4.5.2 Unauthorised expenditure: Cell phone allowances of councillors (Previous report: paragraph 4.8.1)

A report has been prepared in this regard. In terms of the report which must still be considered by Ikhwezi and Council, Councillors will have to supply written proof that the allowances paid were expended on business-related calls. Where business usage cannot be proved the allowances are to be recovered from councillors.

4.5.3 Unauthorised expenditure: Reimbursement of travelling allowances of councillors (Previous report: paragraph 4.8.2)

The MEC of Finance, Economic Development and Tourism, Minister L Brown has not approved the unauthorised payment of travel allowances to Councillors for 1996/1997, 1997/1998, 1999/2000 and 2000. The National Minister for Provincial and Local Government has been approached to condone this expenditure and we are awaiting his response. This was done on the instruction of the Executive Mayor.

4.5.4 Outstanding PAYE paid on behalf of councillors (Previous report: paragraph 4.8.3)

The corrective action is subject to the outcome of the decision referred to in paragraph 4.5.3.

4.5.5 Termination of the Inner City Bus Pilot Project (Previous report: paragraph 4.7)

Once the disciplinary enquiry has been completed the City will consider the options with regard to the possible recovery of the fruitless expenditure incurred during the Inner City Bus Pilot Project.

4.5.6 Placement of staff (Previous report: paragraph 4.13.1)

Ikhwezi adopted policy guidelines in October which provide for a co-ordinated process of identified sustainable, appropriate alternative positions for displaced managers.

To date 64 staff members have been accommodated in alternative positions and a further 105 positions have been further identified as alternatives.

The process is expected to be concluded during the course of this financial year.

4.6 Municipal entities

The audit comments are noted and no further action required.

4.7 City Improvement Districts (CIDs)

(i) Further legal opinion is in the process to be obtained.

(ii) and (iii)

The by-law although approved in March 2004 only came into effect on 1 July 2004.
Since the intervention of the City of Cape Town's officials (June 2004) the CIDs were made aware of their responsibilities in respect of the MFMA and that Council must comply with the relevant legislation within our functions.

This resulted in the drafting of a new financial agreement that was consulted with the CIDs and Council officials. Attempts to conclude these agreements with the CIDs before December 2005 are in the process in order to comply with the CID by-law notwithstanding the unresolved entities issue.

The financial processes followed by the CIDs and the City for 2004/05 and 2005/06 are in accordance with the spirit and content of the proposed financial agreement. The CIDs are gearing up their operations to comply fully.

The CIDs (Section 21- Articles of Association) require that the audited financial statements be ratified at the AGM thus now necessitating an earlier AGM to comply with the law. To date audited financial statements of six CIDs have been received.

4.8 Consolidated annual financial statements

The audit comments are noted. It was our opinion due to the significant uncertainty relating to the interpretation of the Government Gazette 26510 dated 25 June 2004 and 26511 dated 3 July 2004 that the submission of consolidated financial statements has been delayed to June 2006.

A concerted effort is presently underway to ensure that the financial statements of the entities and other bodies are available for inclusion in the consolidated financial statements for the year ended June 2006.

4.9 Underspending on capital budget

The underspending of the Capital Budget needs to be viewed in terms of the different funding sources, and not in totality.

In analysing the capital budget spend it is firstly necessary to consider the outcomes in terms of the different funding sources as stated in the table below:

FUNDING SOURCE	BUDGET 2004/05 Rm	SPEND Rm	VARIANCE Rm	% SPEND
CGD	660,1	313,8	(346,3)	47,5
CRR	227,3	140,5	(86,8)	61,8
EFF	605,7	493,8	(111,9)	81,5
Revenue	12,5	4,0	(8,5)	31,9
	1 505,6	952,1	(553,6)	63,2

Capital Grants and Donation (CGD) –
spending on the externally funded projects was only 47,5% due to a variety of reasons, but essentially the non-availability of the funding. These projects consist primarily of Provincial and State Housing Schemes.

Capital Replacement Reserve (CRR) –
spending from accumulated/dedicated funds was only 61%. Due to the non-availability of fund cash flow, projects could not proceed.

External Financing Fund (EFF) –
spending on 'own funding' (EFF) was 81%, despite a reprioritisation of the capital budget during the year.

Revenue -
projects are primarily funded from insurance refunds and as such the budget provision is a contingency and cannot be accurately predicted.

It should also be noted that projects that could not be completed within the financial year were rolled over to the following year, amounting to R79 million. In order to try and address the problem of underspending, Council adopted a three-year Capital Budget in May 2005 which will provide more time for services to adequately plan the implementation of projects and ensure that tenders are let timeously.

4.10 Other audits

4.10.1 Performance audit relating to Project Management

The audit comment is noted.

4.10.2 Performance measurement audit

The audit comment is noted and a separate management comment in this regard is included in the annual report.

MANAGEMENT ACTION PROGRAMME IN RESPONSE TO THE AUDITOR-GENERAL'S REPORT ON PERFORMANCE MEASUREMENT

A/G Report Para..	Audit Issue	Responsible co-ordinator	Responsible person / (Ikhwezi member)	Management Action Programme	Status	Target Date	Query Old/New	Resolved
3.1	Phase 1 – Development of an integrated development plan (IDP)							
3.1.1	3.1.1 Council had adopted an IDP for the 2004-05 financial year on 26 May 2004. A review of the IDP identified the following shortcomings: (i) No. evidence could be obtained that the proposed amendments to the IDP was published for public comment before the IDP amendments were adopted by Council on 25 August 2004, as required in terms of paragraph 3(4)(b) of the Local Government: Municipal Planning and Performance Regulations, 2001. (ii) Although a copy of the revised IDP was submitted to the MEC for Local Government, the submission was not in accordance with section 32 of the Municipal Systems Act, 2000 due to the following reasons: • the submission was not made within 10 days of the adoption or amendment of the plan [section 32(1)(a)] as only the amended IDP was submitted to the MEC on 10 September 2004; and • the submission was not accompanied by a statement that the process has been complied with, together with any explanations that may be necessary to amplify the statement [section 32(1) (b)]. (iii) The IDP did not reflect the Council 's operational strategies as required in terms of section 26(f) of the Municipal Systems Act, 2000.	Martin van der Merwe	ED : EMU	(i) The IDP for 2005/06 was published for public comment and subjected to public hearings during April 05 before it was approved by Council on 31 May 05. (ii) The 05/06 IDP was submitted to the MEC for Local Government within 10 days in line with the requirements of the Act. (iii) The operational strategies of Council was completed by each Director. Service delivery and budget implementation plans was submitted for approval of the Mayor in terms of Circular 13 of the MFMA. This process is being reviewed to adhere to legislation and practical operational requirements.	Implemented ito process plan Corrected In process			
3.2	Phase 2 – Development and implementation of the performance management system (PMS)							
3.2.1	Although the balanced scorecard methodology for the municipality's organisational performance management system (OPMS) was adopted on 26 March 2003, an effective and proper review process did not take place as required in terms of section 40 of the Municipal Systems Act, 2000, as a permanent employment structure for performance management is in the process of being implemented, due to the restructuring process of the City.	Themba Jack	ED : EMU	With the permanent employments structure in place, the balanced scorecard methodology has been fully implemented throughout the City. All 10 directors and their departments have developed their scorecards and performance is monitored and reviewed on monthly and quarterly basis.			Old	Yes
3.2.2	The City's performance management system framework, as required in terms of Performance Management Regulation 7, does not: • Determine the roles of the different role-players for the performance management process [Reg. 7(1)]; • Describe and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed [Reg. 7(1)]; • Demonstrate how it is to operate and be managed from the planning stage up to the stages of performance and reporting [Reg. 7(2)(b)]; • Clarify the roles and responsibilities of each role-player (including the local community) in the functioning of the system [Reg. 7(2)(c)]; • Clarify the processes of implementing the system within the framework of the IDP process [Reg. 7(2)(d)]; and • Determine the frequency of reporting and the lines of accountability for performance [Reg. 7(2) (e)].	Themba Jack	ED : EMU	The City is in the process of developing an integrated organisational performance management framework. (ongoing). The Performance Management Policy details the cycle and process to be followed when conducting Performance Management (Regulation 7).		June 2006	Old	No.

A/G Report Para..	Audit Issue	Responsible co-ordinator	Responsible person / (Ikhwezi member)	Management Action Programme	Status	Target Date	Query Old/New	Resolved
3.2.3	Although mechanisms were established by Council to involve public participation in terms of section 42 of the Municipal Systems Act, 2000 a forum that will enhance community participation in the drafting and implementation of the municipality's integrated development plan and the monitoring, measurement and review of the municipality's performance in relation to the performance targets set by the municipality was not established in terms of Regulation 15(1).	Batembu Lugulwana (in conjunction with Themba Jack)	ED : EMU	A stakeholder consultation department has been established that is reviewing all consultative processes. Public participation department is facilitating the involvement of communities in the review of performance through ward committee meetings. Ward Committee meeting will be used as platform and forum for community involvement in the Performance Management System.	In process		Old	No.
3.3.	Phase 3 – Development and implementation of key performance indicators							
3.3.1	The Key Performance Indicators (KPIs) and targets for the 2004/05 financial year were adopted by Council on 25 August 2004, which impacted on the roll-out of the performance management system. The following shortcomings in terms of the Municipal Systems Act, 2000 and the performance regulations were identified: (i) The KPIs set, did not include outcomes and impact with regard to the municipality's development priorities and objectives set out in it's IDP [section 41(1)(a)]. (ii) No. evidence could be obtained that the community was involved in the setting of appropriate KPIs [section 42]. (iii) KPIs were not set for each of the development priorities and objectives included in the municipality's IDP for 2004/05 [Reg. 9(1) (a)]. (iv) No. KPIs were set for the administrative units and employees or for municipal entities and service providers with whom the municipality has entered into service delivery agreements [Reg. 9(1) (b)]. (v) No. documented system and process exists that prescribes the annual performance review process for the review of the KPIs. The mechanism, system and process for review should at least: • identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the KPIs set by it as well as the general KPIs prescribed by regulation 10 [Reg. 13(4)(a)]. • review the KPIs set by the municipality in terms of regulation 9 [Reg. 13(4)(b)]; and • allow the local community to participate in the review process [Reg. 13(4)(c)]	Martin van der Merwe Batembu Lugulwana Gillian Kenhardt Themba Jack	ED : EMU ED : EMU ED : CITY SECRETARIAT ED : EMU	(i) The 2005/06 IDP KPIs have been divided into input, output and outcome indicators. (ii) A system of Ward Committee voting on priorities and projects is being implemented. (iii) KPI's were reviewed for the 05/06 IDP to be in line with development priorities. (iv) A process is set in place for municipal entities to adhere to legal requirements. (v) The OPMS Framework ensures that the City reviews the KPIs during the Planning phase.	In process In process In process			
3.4	Phase 4 – Setting of targets for key performance indicators							

A/G Report Para..	Audit Issue	Responsible co-ordinator	Responsible person / (Ikhwezi member)	Management Action Programme	Status	Target Date	Query Old/New	Resolved
3.4.1	As referred to above, the KPIs and targets were adopted by Council on 25 August 2004, which impacted on the roll-out of the performance management system. The following shortcomings in terms of the Municipal Systems Act, 2000 were identified: (i) No. evidence could be provided to verify that the community was involved in the setting of performance targets [section 41]. (ii) Since no annual performance report was included in the annual report of the City for 2003/2004, the performance targets set for the 2004/05 financial year were also not included [section 46(1) (a) (ii)]. (iii) As a result of no KPIs being set for administrative units, employees, municipal entities and service providers, no performance targets were set for these as well [Reg. 12(1)].	Martin van der Merwe Themba Jack Batembu Lugulwana	ED : EMU	(ii) will be addressed in respect of 2005/06.				
3.5	Phase 5 – Actual service delivery process							
3.5.1	Framework to track performance of service providers As reported in the previous year's audit report, no approved framework exists to track the performance of the municipality's service providers.	Mabela Satekge	ED : Finance	Establish a framework for management of performance of service providers against tenders / agreements. To liaise with Human Resources, Performance Management, etc..	In process	End May 2006		
3.6	Phase 6 – Internal monitoring							
3.6.1	Municipality 3.6.1.1 The City's performance as required by section 41(1)(c) of the Municipal Systems Act, 2000 was not monitored as a whole, as the business plans being monitored through the balance scorecard methodology was limited to the directorates of Health Services, Parks and Nature Conservation, City Police, Emergency Services (until February 2005) and Sub-councils.	Themba Jack	ED : EMU	The City's performance is monitored through quarterly Plan-Do-Review sessions (PDRs) and all Directorates are using the balance scorecard methodology for this exercise.			Old	Yes
	3.6.1.2 No. evidence could be obtained that a community forum was in place and that the municipality convened regular meetings with the community forum to monitor the municipality's performance in relation to the KPIs and performance targets set as required by Regulation 15(2) (a) (v).	Batembu Lugulwana (in conjunction with Themba Jack)	ED : EMU	Ward Committees will be involved in the City performance management process.			Old	Yes
	3.3.3.3 An evaluation of the documented monitoring framework revealed that the framework did not include the following, as the report writer facility within the framework still needs to be developed: • The framework does not determine how reports on the data are to be compiled. • It does not determine the timeframes for reports on the data to be collected and analysed.	Themba Jack	ED : EMU	The report writer facility has been installed in the Web tool and will be utilised for writing reports in the 2005/06 financial year			Old	Yes
	• The framework does not determine how reports on the data are to be compiled. • It does not determine the timeframes for reports on the data to be collected and analysed.			Information on how reports are to compiled and time frames for reports will be included in the updated policy in 2005/06.				
3.6.2	Service providers No. monitoring of the performance of service providers took place in terms of a formally documented process for the year under review as no framework for the monitoring of the performance of service providers existed. Although there is a documented vendor evaluation process for the monitoring of the performance of the service providers, the system is currently not activated.	Mabela Satekge (in conjunction with Themba Jack)	ED : Finance	See 3.5.1				
3.8	Phase 8 – Performance measurement and reporting							

CITY OF CAPE TOWN - ISIXEKO SASEKAPA - STAD KAAPSTAD

A/G Report Para..	Audit Issue	Responsible co-ordinator	Responsible person / (Ikhwezi member)	Management Action Programme	Status	Target Date	Query Old/New	Resolved
3.8.1	Municipality 3.8.1.1The measurement of the City's own performance, which should include the following in terms of Regulation 13, is not taking place: • Cost, resources and time used to produce outputs in accordance with the input indicators referred to in Regulation 9; • The extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in Regulation 9; and •The total improvement brought by outputs in accordance with the outcome indicators referred to in Regulation 9. 3.8.1.2 The City's 2003/04 annual report did not contain a performance report for the financial year as required in terms of section 46 of the Municipal Systems Act, 2000.	Themba Jack Themba Jack	ED : EMU ED : EMU	The measurement of the City's own performance through the balanced scorecard allows for measurement of finances, internal processes, communities and organisational learning and growth. This query has been addressed in respect of 2005/06.			Old	Yes
3.8.2	Service providers No. measuring and reporting of the performance of the municipality's service providers took place in terms of a formally documented process and against key performance indicators and targets as required in terms of section 41(c) of the Municipal Systems Act, 2000.	Mabela Satekge (in conjunction with Themba Jack)	ED : Finance	See 3.5.1				
3.9	Phase 9 – Revision of strategies and objectives							
3.9.1	Revision of performance of staff 3.9.1.1 A framework to track the performance of staff was only approved by Council on 23 June 2005 and consequently the review of the performance of staff, below Executive Director level, for 2004/05 could not be done in terms of this framework. 3.9.1.2 At the date of compiling this report, the performance evaluation of the City Manager and Executive Directors was not performed according to the review framework in the performance management system. Due to the restructuring process and disruptions to directorates and business units during the year under review, it was impractical to take the review of staff to levels further down	Themba Jack	ED : EMU	The performance of staff below Executive Director level is now done in accordance with the approved framework. The performance evaluation of the City Manager and Executive Directors is performed according to the review framework in the performance management system. Due to the restructuring process and disruptions to directorates and business units during 2005/06 it is impractical to do the reviews of staff from level 4 down.			Old Old	Yes Yes
3.9.2	Revision of municipality's performance 3.9.2.1 At the date of compiling this report, the City was still busy compiling the performance management report for inclusion in the 2004/05 annual report. It could not be determined whether the strengths, weaknesses, opportunities and threats of the municipality in meeting the KPIs and performance targets were identified during the review of the municipality's performance as required in terms of Regulation 13(4)(a). 3.9.2.2 Furthermore, no evidence could be obtained that the following KPIs as set in the 04/05 IDP were reviewed: • Delivery of IDP flagship projects and targets; • Percentage of income actually collected against billing; • Percentage of new organisational structure populated; and • Compliance with Municipal Finance Management Act and associated legislation.	Themba Jack	ED : EMU	In respect of 2005/06 the Performance Management Department will liaise with the Auditor-General's Office to agree on timelines to ensure the availability of the draft annual performance report.				

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2005

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN.

We present our report for the financial year ended 30 June 2005.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee, consisting of the members listed below, should meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. During the year under review five meetings were held. Ms BD Engelbrecht and Mr AA Mahmood were appointed to the committee in November 2004.

Name of Member	Number of meetings attended
Mr AC Coombe (Chairperson)	4
Ms JP Khaole	4
Mr ZI Manjra	4
Mr VW van der Linde	5
Ms BD Engelbrecht	3
Mr AA Mahmood	4

Other meetings with the Executive Mayor, City Manager, Auditor-General and Internal Audit were held.

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has, as far as possible, complied with its responsibilities arising from its terms of reference which includes relevant legislation.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee is pleased to note that the Auditor-General has issued an unqualified audit opinion on the City's annual financial statements, for the year ended 30 June 2005. However, the Committee draws attention to the emphasis of matter paragraphs contained in the report.

The Committee has:

- Reviewed the audited annual financial statements for the year ended 30 June 2005;
- Noted the actions taken by management in respect of the previous year's emphasis of matter paragraphs, but draws attention to the long-outstanding Councillor matters.
- Reviewed management responses to the management letters issued by the Auditor-General;
- Taken cognizance of the following matters for continuous monitoring - underspending of the capital budget and debt management; and
- Noted the inconsistent application of the Supply Chain Management policy and the increase in the number of appeals by tenderers.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The deficiencies and shortcomings reported by the Internal Audit Service activity (received quarterly) and the Auditor-General, as well as matters brought to the attention of the Accounting Officer (by way of informal queries and management letters), indicates that the internal checking and control measures did not function adequately in various respects during the year under review.

Transformation and restructuring remains an area of concern for the Committee. While we acknowledge the appointment of the Ikhwezi Management Team, we remain concerned that middle management had not been placed by year-end which could have adversely impacted on service delivery and the control environment.

The Committee has urged management to take corrective action to ensure that internal checking and control measures are continuously monitored so as to improve the internal control environment.

PERFORMANCE MEASUREMENT

- **Management Reports**
  The Committee is satisfied with the content and quality of the quarterly management reporting system.

- **Performance Management**
  While we acknowledge the improvements in the Performance Management System, there are still key shortcomings which have been highlighted in reports of the Directorate Internal Audit and the Auditor-General

RISK MANAGEMENT

- Strategic and operational risk assessments were undertaken during the year under review. Risks were identified, but no action plan has been set in place to monitor the effects on the City. The City has also not yet established a Risk Management Committee or appointed a Risk Management Officer.

- The Committee notes the significant impact on the City's operations resulting from the implementation of the N2 Gateway project and draws attention to the uncertainty of the funding thereof.

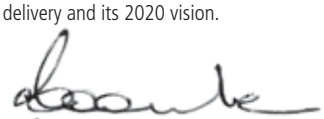
CONCLUSION

The Committee is pleased to note a number of improvements during the year in overall governance and control but draws attention to the following issues that adversely affect the City:

- The slow pace of transformation and reorganisation;
- The continuing instances of non-compliance to internal control procedures.
- Underspending of the capital budget which may have impaired service delivery

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements for the year ended 30 June 2005 and is of the opinion that the audited annual financial statements should be accepted and read together with the reports of the Auditor-General.

The Committee fully supports the City on its journey for improved service delivery and its 2020 vision.



Chairperson of the Audit Committee
30 January 2006

National, provincial and other donor funding for the year ended 30 June 2003

Details	Balance at 30 June 2002 R'000	Contribution during the year R'000	Interest on Investment R'000	Other Income R'000	Operating Expenditure R'000	Capital Expenditure R'000	Balance at 30 June 2003 R'000
Budget Reform	(6,256,074)	0	(657,061)	(4,000,000)	4,749,477	0	(6,163,658)
Civic Artwork	(903,820)	0	(110,356)	0	0	0	(1,014,176)
CMIP Funds	0	0	(1,153,227)	(68,234,894)	0	49,874,747	(19,513,373)
Delft Community Facility Fund	(212,304)	0	(25,922)	0	0	0	(238,226)
Disability Desk	(62,207)	0	(7,596)	0	0	0	(69,803)
Disaster Management Fund	(1,684,844)	0	(210,802)	(85,909)	2,660	0	(1,978,895)
Grants and Subsidies ex CMC	(1,289,596)	0	(157,460)	0	0	0	(1,447,055)
Group Personal Insurance	(411,193)	0	(50,207)	0	0	0	(461,400)
Hartebeeskraal	(10,741)	0	(1,312)	0	0	0	(12,052)
ISLP Funds	0	0	(21,307)	(349,000)	0	0	(370,307)
Khayelitsha D FID Capacity Building	(54,965)	0	(6,711)	0	0	0	(61,677)
Khayelitsha Scheme Plotting	(48,723)	0	(5,949)	0	0	0	(54,673)
Library Service Book Fund	(745,538)	0	(93,720)	(44,061)	0	0	(883,320)
Mamre Community	(3,253,525)	0	(397,292)	(600)	0	0	(3,651,417)
Mayoress's Charity Fund	(1,078,060)	0	(126,602)	(876,246)	958,625	0	(1,122,282)
Netball Courts - Khayelitsha	(74,879)	0	(9,143)	0	0	0	(84,022)
Night Shelter	(83,047)	0	(9,511)	0	10,300	0	(82,258)
Oostenberg Old Age Home	(302,442)	0	(36,928)	0	0	0	(339,370)
PAWC Funds	(27,252,835)	0	(5,303,700)	(37,066,493)	4,457,538	140,000	(65,025,489)
Peoples Housing Process	(6,842,625)	(547,027)	(916,538)	(2,753,241)	2,436,122	720,509	(7,902,799)
RDP Fund	(171,980)	0	(20,999)	0	0	0	(192,978)
Regional Tourism	(18,693,617)	0	(2,282,491)	0	0	0	(20,976,108)
Rietvlei Conservation Area	(5,425,350)	0	(638,714)	(31,242)	419,795	0	(5,675,511)
Service Club	(20,118)	0	(2,456)	0	0	0	(22,575)
Soccer Club Development Fund	(293,671)	0	(37,101)	(20,367)	0	0	(351,138)
Sports Board	(93,221)	0	(11,382)	0	0	0	(104,603)
Staff Gratuity	(99,538)	0	(12,570)	(6,817)	0	0	(118,924)
Stilwaney Child Care Centre	(26,526)	0	(3,239)	0	0	0	(29,764)
Restructuring Grant	0	0	(625,763)	(10,250,000)	0	0	(10,875,763)
Training of Cresche Management	(24,881)	0	(3,038)	0	0	0	(27,919)
Tygerberg Nature Reserve	(128,021)	0	(14,923)	(400)	12,001	0	(131,344)
Urban Renewal Funds	0	0	(1,228,989)	(20,130,867)	0	0	(21,359,856)
	(81,070,856)	(608,623)	(14,858,695)	(143,980,208)	13,223,417	50,735,256	(176,559,708)

National, Provincial and other donor funding for the year ended 30 June 2004

DESCRIPTION	OPENING BALANCE JUNE 2003	CONTRIBUTIONS & INTEREST	EXPENDITURE	CLOSING BALANCE JUNE 2004
Community Development	(415,681.75)	-25,823.21		-441,504.96
Beach Development	(123,370.65)	-10,224.24		-133,594.89
Beach Development	(20,991.61)	-1,739.66		-22,731.27
Bond Guarantee Fund	(4,023,801.67)	-324,330.63		-4,348,132.30
Bonteheuwel Multi Purpose Ctr	(1,169,868.48)	-31,696.22		-1,201,564.70
Bonteheuwel Multi Purpose Ctr	(322,904.75)	-12,754.04		-335,658.79
Bonteheuwel Multi Purpose Ctr	(140,355.17)	34,278.71		-106,076.46
Community Facility Fund	(238,226.05)	-19,742.77		-257,968.82
Disability Desk Fund	(69,802.51)	-5,784.84		-75,587.35
Disaster Management Fund	(1,978,895.32)	-154,824.50		-2,133,719.82
Grants and Subsidies ex CMC	(1,447,055.13)	-119,923.37		-1,566,978.50
Group Personal Insurance	(461,399.45)	-38,238.05		-499,637.50
Hartebeeskraal MPC	(7,050.87)	-584.30		-7,635.17
Hartebeeskraal MPC	(5,001.57)	-414.51		-5,416.08
Capacity Building	(61,676.56)	-5,111.39		-66,787.95
Scheme Plotting	(54,672.49)	-4,530.93		-59,203.42
Library Service Book Fund	(883,319.52)	-73,204.31		-956,523.83
Mamre Community	(3,651,417.04)	-310,743.59		-3,962,160.63
Mayoress Charity Fund	(1,122,282.40)	-97,892.28		-1,220,174.68
Netball Courts Khayelitsha	(84,021.54)	-6,963.21		-90,984.75
Night Shelter	(82,257.83)	-208.97		-82,466.80
Sports Dev. Marconi Beam	(137,851.06)	-11,424.27		-149,275.33
RDP Funds	(192,978.24)	-15,992.90		-208,971.14
Regional Tourism	(20,976,107.75)	-1,179,911.10		-22,156,018.85
Rietvlei Conservation Fund	(5,675,510.95)	-470,352.81		-6,145,863.76
Service Clubs	(22,574.65)	-1,870.86		-24,445.51
Soccer Club Development Fund	(191,676.58)	-15,885.01		-207,561.59
AJAX Football Club	(21,610.48)	-1,790.97		-23,401.45
Sports Board	(104,602.70)	-8,668.86		-113,271.56
Provident Fd: Van Niekerk	(116,434.77)	-27,327.98		-143,762.75
Provident Fund : Andrews JJ	(2,489.63)	-206.31		-2,695.94
Stilwaney Child Care Centre	(29,764.40)	-2,466.69		-32,231.09
Training Creche Management	(27,919.03)	-2,313.77		-30,232.80
Tygerberg Nature Reserve	(131,343.67)	2,247.28		-129,096.39
Investec Bank: Civic Artwork	(1,014,176.42)	-84,048.94		-1,098,225.36
Water Safety & Awareness Pr	(370,306.45)	331,786.89		-38,519.56
Oostenberg Ouetehuis	(339,369.94)	-28,124.97		-367,494.91
Gates: Access to learning US	0.00	-7,452,768.64	1,361,232.78	-6,091,535.86
Ukuvuka Operation Firestop	0.00	-513,169.76	513,169.76	-
Parow Eeufees	0.00	-3,917.77		-3,917.77
Khayelitsha Wall Of Remembrance	0.00	-1,224,158.33	60,000.00	-1,164,158.33
Wolfgat 21 Households	0.00	-117,365.58		-117,365.58
Impumelelo Innovations Award	0.00	-20,058.33		-20,058.33
	(45,718,769.08)	(12,058,245.99)	1,934,402.54	(55,842,612.53)
CMIP Projects	(19,513,373.28)	-109,668,343.28	125,605,122.75	-3,576,593.81
MUNICIPAL INFRASTRUCTURE GRANTS	0.00	-17,674,894.85		-17,674,894.85
	(19,513,373.28)	(127,343,238.13)	125,605,122.75	(21,251,488.66)
		0.00		
		0.00		
Financial Management Grant	(6,163,658.04)	408,261.20		-5,755,396.84
Restruct. Grant - Seed Funding	(10,875,762.50)	-31,308,305.88	1,679,463.98	-40,504,604.40
Khayelitsha Urban Renewal	(4,339,056.81)	-6,901,337.76	2,657,548.46	-8,582,846.11
Mitchell's Plain Urban Renewal	(4,855,861.37)	-7,194,895.76	2,440,204.89	-9,610,552.24
DME-INEP	0.00	-3,731,523.49	3,654,143.84	-77,379.65

National, Provincial and other donor funding for the year ended 30 June 2004

DESCRIPTION	OPENING BALANCE JUNE 2003	CONTRIBUTIONS & INTEREST	EXPENDITURE	CLOSING BALANCE JUNE 2004
MFULENI: ELECTRIFICATION EXT FUNDED	0.00	-8,661,486.47	8,394,919.13	-266,567.34
DPLG -DILIGENCE ON DEBTORS BOOK	0.00	-811,849.71	525,437.65	-286,412.06
	(26,234,338.72)	(58,201,137.87)	19,351,717.95	(65,083,758.64)
Philipi East Market (ISLP)	(6,755,322.53)	-559,841.20		-7,315,163.73
Helicopter Standby	(1,820,256.80)	-219,378.23	1,519,634.00	-520,001.03
Langa Stormwater Outfall	(1,529,763.92)	-126,777.80		-1,656,541.72
Phillipi Stormwater Link	(1,218,677.80)	-100,996.81		-1,319,674.61
Olympic Projects - Streets	(776,639.36)	776,639.36		-
Libraries - Browns Farm	(397,605.05)	-32,951.15		-430,556.20
Health - Weltevreden Clinic	(369,241.15)	-30,600.51		-399,841.66
Stormwater CTCH Prov Bulk/L	(357,023.64)	-29,588.01		-386,611.65
Stormwater Culver Lotus Canal	(348,612.80)	-28,890.96		-377,503.76
Electricity Claremont PH II	(18,219.43)	-1,509.93		-19,729.36
Table Mountain Biosphere	(328,779.10)	-27,247.27		-356,026.37
Informal Settlements	(327,377.20)	-2,356,454.42	1,809,276.55	-874,555.07
Health - Heinz Park Clinic	(264,998.97)	-21,961.56		-286,960.53
Parks & Bath - Nyanga & Langa	(252,414.45)	-20,918.62		-273,333.07
Civic Amen- Hartleyvale	(217,919.64)	-18,059.89		-235,979.53
Plans - Guguletu Interchange	(200,460.70)	-16,613.01		-217,073.71
Cities for Climate Protection	(274,317.01)	-227,748.03	127,375.45	-374,689.59
RDP Discr. Fd - Marconi Beam	(154,446.11)	-12,799.59		-167,245.70
Health - Upgr Vuyani Clinic	(150,136.19)	-12,442.41		-162,578.60
Plans - Stock Road Earthworks	(148,202.88)	-12,282.19		-160,485.07
Streets - Baden Powell Drive	(142,654.81)	-11,822.39		-154,477.20
Toilet Fund ex Mamre	(139,360.51)	-11,549.38		-150,909.89
Parks & Bath - Nyanga Soccer	(139,134.50)	-11,530.65		-150,665.15
Streets - Crossroads	(138,035.85)	-11,439.60		-149,475.45
Stormwater - Vukunzenzele	(126,183.16)	-10,457.32		-136,640.48
Stormwater - Heinz Park	(123,083.35)	-10,200.41		-133,283.76
Streets - NY4 Footbridge	(117,923.07)	-9,772.77		-127,695.84
Streets - Upgrading Footways	(187,172.03)	-15,511.70		-202,683.73
Sport & Rec - Green Point	(112,210.00)	-9,299.29		-121,509.29
Mowbray L/C 147 Streets	(112,210.00)	-9,299.29		-121,509.29
Libraries - Weltevreden	(107,400.98)	-8,900.77		-116,301.75
Phillipi Station Interchange	(105,747.55)	-8,763.75		-114,511.30
Sport & Rec - Zolani/Nyanga	(101,780.80)	91,847.55		-9,933.25
Health - Strandfontein Clinic	(91,791.82)	-7,607.15		-99,398.97
Libraries - Nyanga	(70,164.99)	-5,814.87		-75,979.86
Project no. 1/5 Moss	(56,610.71)	-4,691.55		-61,302.26
Macassar Dune Study	(56,610.71)	-4,691.55		-61,302.26
Scenic Drive Network	(56,344.49)	-4,669.49		-61,013.98
Sport & Rec - Sports Fld Dev	(56,105.00)	-4,649.65		-60,754.65
Sructure & Expenditure Joints	(50,636.96)	-4,196.49		-54,833.45
Parks & Bath - Table Mountain	(49,755.53)	-4,123.44		-53,878.97
Mowbray Bus & Taxi Terminus	(42,222.36)	-3,499.14		-45,721.50
Metro South East Moss	(41,898.97)	-3,472.35		-45,371.32
Metro Northern Urban Edge	(38,998.71)	-3,231.98		-42,230.69
Site C Double Occupation	(33,431.97)	-2,770.67		-36,202.64
Small Scale Farming (F18/48)	(33,326.84)	-2,761.95		-36,088.79
Peninsula Urban Edge	(31,313.14)	-2,595.05		-33,908.19
Sport & Recreation - Vehicles	(27,316.58)	-2,263.83		-29,580.41
Streets - Prior Olympic Proj	(25,293.29)	25,293.29		-
Traffic - Koeberg & Maitland	(23,855.88)	-1,977.04		-25,832.92
Strandfontein Baths	(20,975.44)	-1,738.30		-22,713.74

National, Provincial and other donor funding for the year ended 30 June 2004

DESCRIPTION	OPENING BALANCE JUNE 2003	CONTRIBUTIONS & INTEREST	EXPENDITURE	CLOSING BALANCE JUNE 2004
Ambulance Motor Vehicle	(19,224.65)	-1,593.23		-20,817.88
IDP Blaauwberg	(11,741.12)	-973.04		-12,714.16
Guguletu Industrial Park	(10,102.94)	-837.27		-10,940.21
Sport & Rec - Zolani Fitt	(7,966.02)	-660.18		-8,626.20
POS Weltevreden	(5,693.98)	-471.88		-6,165.86
Streets - Olympic Projects	(4,858.98)	4,858.98		-
Planning Projects CMC	(243.49)	-20.17		-263.66
Civic Amen - Hartleyvale Bath	(3,835.12)	-317.83		-4,152.95
Civic Amen - Bath Plant & Eq.	(3,621.84)	-300.15		-3,921.99
Metro Spatial Dev Framework	(3,490.29)	-441.77		-3,932.06
Civic Amen - Bath Plant & Eq.	(2,043.70)	-169.36		-2,213.06
Struct Plan Mineral Resource	(1,721.84)	-142.69		-1,864.53
Civic Amen - Mnandi Beach	(1,346.85)	-111.64		-1,458.49
Planning Sandmines	(192.98)	-15.99		-208.97
Civic Amen - Bath Plant & Eq	(1,150.33)	-95.32		-1,245.65
Helderberg Urban Edge	(86.72)	-7.18		-93.90
Glencairn Wetlands	(59,708.10)	-4,948.24		-64,656.34
Development of Soetwater	(560,109.76)	-46,418.58		-606,528.34
Housing Flood Disaster	(2,204,917.26)	1,573,188.38		-631,728.88
Khayelitsha Site C Subsidies	(12,265,738.00)	-1,016,511.88		-13,282,249.88
Langa Sub-division of Erven	(492,619.77)	-40,825.41		-533,445.18
Establishment of Clinic	(900.49)	-74.62		-975.11
Nomzamo Needs Assessment	(157.80)	-13.08		-170.88
Nomzamo/Lwandle Facility	(1,477.22)	-122.42		-1,599.64
Outdoor Dev - Harmone Oord	(2,443,091.87)	-202,469.02		-2,645,560.89
Trappiesriool Contributions	(2,172,134.20)	-180,013.65		-2,352,147.85
Safety Wall for Nomzamo	(7,972.20)	-660.71		-8,632.91
Nomzamo Craft Centre	(332.26)	-27.55		-359.81
Fleurpark Entrance Polic	(303.52)	-25.15		-328.67
Phase-out Programme - Subsidy	(196,142.03)	109,817.32	85,791.96	-532.75
Rural Management Framework	(84,884.00)	-7,034.66		-91,918.66
World Health Organisation TB	(62,625.40)	-5,190.03		-67,815.43
Healthy Cities	(165,352.86)	-12,474.76	120,527.65	-57,299.97
Parow Park Flat Complex	(1,151,239.25)	-86,852.30	829,628.09	-408,463.46
E Government Research	(87,220.69)	-7,228.33		-94,449.02
Urban Renewal CCTV Cameras	(12,164,938.25)	-711,540.30	10,682,772.87	-2,193,705.68
Walladence Civil Service Inv	(26,063.13)	-2,159.97		-28,223.10
E Business Project	(1,591,575.00)	-131,900.32		-1,723,475.32
JMI Projects	(2,360,836.25)	2,360,836.25		-
Major Events	(391,527.45)	391,527.45		-
ABET Adult Education	(996.87)	-82.61		-1,079.48
Developm Trust White Waters	(33,007.75)	-2,735.49		-35,743.24
Capacity Building: Witsand	(11,653.40)	-965.76		-12,619.16
Ikapa	(2,247,204.68)	-186,235.04		-2,433,439.72
Upliftment of Inf Comm	(2,100.93)	-174.11		-2,275.04
Literacy Prog - Wesfleur	(1,283.60)	822.87		-460.73
Literacy Prog - Mamre	(663.83)	-55.02		-718.85
Literacy Prog - Milnerton	(620.13)	-51.38		-671.51
Maintenance of Graves	(27,738.32)	-2,298.81		-30,037.13
Unallocated Capital Receipts	(2,890,215.32)	-239,523.96		-3,129,739.28
Wetton/Landsdowne Corridor	(11,963,174.62)	-988,838.08	891,132.55	-12,060,880.15
Tornado/Storm Damage	(1,280,885.98)	-106,152.24		-1,387,038.22
Chapmans Peak Drive	(1,016,219.53)	948,192.96		-68,026.57
Grey Sector Hostel: Eskom	(212,210.00)	-17,586.73	0.00	-229,796.73
Sports and Recreation Proj	(244,984.82)	-10,488.71		-255,473.53
District Six Benef & Redev	(318,315.00)	318,315.00		-

National, Provincial and other donor funding for the year ended 30 June 2004

DESCRIPTION	OPENING BALANCE JUNE 2003	CONTRIBUTIONS & INTEREST	EXPENDITURE	CLOSING BALANCE JUNE 2004
Bokomo Hostel: Nyanga	0.00	-10,146.51		-10,146.51
SGHI Hostel Nyanga	0.00	-270,072.10	49,167.53	-220,904.57
LOW COST HOUSING-ELECTRIFICATION	0.00	0.00	0.00	-
EXTENSION OF TOKAI STREET-ROADS	0.00	0.00		-
W SISULU/ S BIKO KHAYELITSHA INT	0.00	0.00		-
EARLY CHILDHOOD DEV.	0.00	0.00		-
BISHOP LAVIS INFORMAL TRADING	0.00	-30,832.86	0.00	-30,832.86
WATER SUPPLY-PAWC-CMI	0.00	0.00		-
RE-DEV.OF ICS/POWER STATION	0.00	-85,200.00	85,200.00	-
Mitchell's Plain Station Trp Inter	0.00	0.00	0.00	-
Mitchell's Plain Station Trp Inter	0.00	0.00		-
DELFT SPORTSFIELD DEVELOPMENT	0.00	-3,201,623.17	3,158,688.65	-42,934.52
ERF-8448 GUGULETU	0.00	0.00		-
BLOEKOMBOS INFORMAL BUSINESS FACIL	0.00	-987,032.32	0.00	-987,032.32
Nomzamo 1820/1620 Units	0.00	-105,447.30		-105,447.30
FISANTEKRAAL PHASE1&2 HOUSING PROJE	0.00	-168,984.61	25,499.00	-143,485.61
GREEN POINT (PHASE 2) HOUSING	0.00	-5,937,871.72	3,482,395.65	-2,455,476.07
GREENLAND'S HOUSING PROJECT	0.00	-1,577,745.09	477,823.00	-1,099,922.09
MFULENI EXT.4 HOUSING PROJECT	0.00	-224,705.70	134,679.12	-90,026.58
MFULENI FLOOD RELIEF PROJECT	0.00	-9,793,647.45	6,527,579.89	-3,266,067.56
SITE C: SURVEY & SUBDIVISION (HSRF)	0.00	-2,022,883.64	1,475,148.24	-547,735.40
TAFELSIG AREA L : SILVERCITY	0.00	-336,611.90	132,155.70	-204,456.20
Wallacedene Phase 10	0.00	-1,326,166.94	567,099.92	-759,067.02
HOSTELS-PHASE 4 -PAWK HOUSING	0.00	-13,503,207.67	11,901,294.88	-1,601,912.79
KUYASA T3V1 :TOP STRUCTURES	0.00	-935,152.65	645,074.00	-290,078.65
WALLACEDENE PH 2 HOUSING PROJECT	0.00	-11,183,208.70	6,943,689.80	-4,239,518.90
DELFT SOUTH HIGH DENSITY HSG.	0.00	-108,642.64		-108,642.64
SITE C SURVEY AND SUBDIVISION	0.00	-4,567,225.38	1,900,976.25	-2,666,249.13
KHAYELITSHA KHUYASA PHASE2	0.00	-14,561,461.57	6,824,974.92	-7,736,486.65
UPGRADING PARMALAT HOSTELS	0.00	-158,316.50	77,912.39	-80,404.11
MFULENI EXT 3	0.00	-197,484.77		-197,484.77
CHRIS HANI PARK HOUSING PROJECT	0.00	-45,343.56	16,717.05	-28,626.51
SWARTKLIP SPORTS FACILITY	0.00	-2,487,264.83	2,156,428.01	-330,836.82
CROSSROADS TOWN COUNCIL - DRIFTSAND	0.00	-57,113.20		-57,113.20
M PLAIN TRAINING LIFE SKILLS & HORT	0.00	-301,955.69	282,414.65	-19,541.04
PHP: Facilitation Grants	0.00	-131,404.92	130,896.00	-508.92
MACASSER ERF 2633 PHASE 1	0.00	-532,432.82	529,300.00	-3,132.82
Witsand Housing Project - Phase 1	0.00	-2,119,053.01	443,840.21	-1,675,212.80
Imizamo Yethu Phase 2: New Services	0.00	-991,926.69	617,335.55	-374,591.14
BLUE DOWNS GOLFCLUB HOUSE	0.00	-1,161,633.48		-1,161,633.48
ZOLANI COMMUNITY CENTRE UPGRADING	0.00	-14,996.66	13,809.97	-1,186.69
NOLUNGILE COMMUNITY HEALTH CENTRE	0.00	-489,688.80		-489,688.80
VANGUARD COMMUNITY HEALTH CENTRE	0.00	-925.91	0.00	-925.91
DELFT SOUTH PUBLIC FACILITIES	0.00	-297,717.55	290,637.99	-7,079.56
MFULENI MARKET STALLS	0.00	-51,235.79		-51,235.79
BONTEHEUWEL INFORMAL TRADING	0.00	-1,656.28		-1,656.28
LIBRARIES - PHILLIPI EAST	0.00	-100,547.70		-100,547.70
Trf Costs: Phillippi and Crossroads	0.00	-176,089.29	157,738.93	-18,350.36
WESTRIDGE SPORTSFIELDS IRRIGATION	0.00	-501,368.02	500,000.00	-1,368.02
Tambo Square	0.00	-50,693.78	13,886.47	-36,807.31
ST JAMES - CLOVELLY COASTAL WALKWAY	0.00	-70,510.44	35,400.00	-35,110.44
WALLACEDENE PHASE 3 HOUSING PROJEC	0.00	-436,243.83	241,864.72	-194,379.11
SILVERTOWN KHAYELITSHA 2000 STRUCTU	0.00	-891,329.60	354,386.20	-536,943.40
KHAYELITSHA MULTI PURPOSE CENTRE	0.00	-3,530,684.55		-3,530,684.55
SANITATION TO INFORMAL SETTLEMENTS	0.00	-3,739,020.57	614,538.00	-3,124,482.57

National, Provincial and other donor funding for the year ended 30 June 2004

DESCRIPTION	OPENING BALANCE JUNE 2003	CONTRIBUTIONS & INTEREST	EXPENDITURE	CLOSING BALANCE JUNE 2004
Kuyasa Market Stalls	0.00	-796,500.65	701,067.85	-95,432.80
BLAAUWBERG SDF	0.00	-52,441.32		-52,441.32
KHAYELITSHA STADIUM SITE B	0.00	-200,291.67		-200,291.67
Traffic Lights: Repairs	0.00	-73,433.81		-73,433.81
CITY SDF AND MSDF	0.00	-150,437.50		-150,437.50
Wallacedene Phase 4 Housing Project	0.00	-213,189.98		-213,189.98
Wallacedene Phase 5 Housing Project	0.00	-181,514.00		-181,514.00
Wallacedene Phase 6 Hsg Project	0.00	-306,082.43		-306,082.43
MANAGEMENT OF COMMUNITY HALLS	0.00	-90,171.84		-90,171.84
KHAYELITSHA LBSC	0.00	-501,458.33		-501,458.33
KHAYELITSHA VACANT LAND STUDY	0.00	-200,583.33		-200,583.33
LOOK OUT HILL KHAYELITSHA	0.00	-501,458.33		-501,458.33
Upgrade Green Point Track	0.00	-8,477.20		-8,477.20
JOE SLOVO FLOODLIGHTING	0.00	-150,000.00		-150,000.00
PHOENIX SPORTS COMPLEX(TELKOM PARK)	0.00	-200,000.00		-200,000.00
	(77,190,427.12)	(94,567,409.17)	67,575,759.66	(104,182,076.63)
PHP Heinz Park	(753,095.52)	383,861.64		-369,233.88
PHP Silver City	(51,099.33)	-158,108.81		-209,208.14
PHP Nceduluntu	(663,672.38)	-55,001.31		-718,673.69
PHP Masizakhe	(1,952,904.88)	-65,220.51	6,661.48	-2,011,463.91
PHP Masiphatisane	(6,952.20)	-576.18		-7,528.38
PHP Ntlaganiso	(92,145.34)	2,242.23	1,518.67	-88,384.44
PHP Masimanyani	(350,858.65)	26,283.88		-324,574.77
PHP Lavender Hill East	(2,307,212.41)	-73,909.98	100,142.25	-2,280,980.14
PHP Phillipi Browns Farm Phase 5.2	0.00	-5,376,737.04	4,850,381.15	-526,355.89
PHP Ocean View	(740,871.83)	-195,053.88	31,970.00	-903,955.71
PHP Masiphumelele	(622,338.51)	148,914.61	382,429.86	-90,994.04
PHP Mornwood	(66,243.58)	51,645.55		-14,598.03
PHP Macassar Self Help	0.00	-581,780.76		-581,780.76
PHP Monwood - Harry Gwala	0.00	-1,897,349.06	1,010,093.82	-887,255.24
PHP Vietnam	0.00	-3,111,315.84	1,028,506.93	-2,082,808.91
PHP KALKFONTEIN	0.00	-1,854,435.87	1,026,913.25	-827,522.62
PHP: SITE C BUFFER 165	0.00	-2,422,917.76	890,368.07	-1,532,549.69
Est Grant Masemanyane	(9,338.30)	-773.91		-10,112.21
Est Grant Silver City	(110,789.73)	-9,183.10		-119,972.83
Est Grant Heinz Park	(27,198.06)	-2,254.02		-29,452.08
Est Grant Masizakhe	(78,782.43)	-6,265.68	8,100.00	-76,948.11
Est Grant Nceduluntu	(24,321.18)	-2,015.58		-26,336.76
Est Grant Masiphatisane	(11,660.94)	-966.40		-12,627.34
Est Grant Ntlanganiso	(4,212.37)	-349.10		-4,561.47
Est Grant Hill View	(29,101.58)	-2,411.76		-31,513.34
EST Phillipi Browns Farm Phase	0.00	-201,093.67	162,450.00	-38,643.67
EST Monwood - Harry Gwala	0.00	-91,498.61	69,540.00	-21,958.61
EST Vietnam	0.00	-157,560.75	77,400.00	-80,160.75
EST KALKFONTEIN	0.00	-56,437.21	38,988.00	-17,449.21
	(7,902,799.22)	(15,710,268.88)	9,685,463.48	(13,927,604.62)
	(176,559,707.42)	**(307,880,300.04)**	**224,152,466.38**	**(260,287,541.08)**

The compilation of the 2002/03 financial statements was based on the standards prescribed by the Institute of Municipal Finance Officers while the 2003/04 financial statements were based on GAMAP/GRAP principles.

The accounting treatment and the definition for grants and donations from the 2002/03 financial year to the next differed so materially that the amounts could no longer be presented in relation to each other – the amounts now merged into an entirely new accounting concept.

Hence the closing balances in respect of fundingfor 2002/03 are not presented as opening balances in 2003/04.