

2019-2020

XHARIEP DISTRICT MUNICIPALITY

ANNUAL REPORT (FINAL) Volume I

Contents

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Preface

PROPOSED REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. It replaces a template dating back to August 2003.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others.

Notes are included throughout the format to assist the compiler to understand the various information requirements. Once the draft has been finalised, training will be provided to facilitate the implementation of this initiative, and separate additional guidance may be issued if necessary.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

October 2009

Chapter 2

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

This is the account of the Xhariep District Municipality annual activities, challenges and achievements relating to the 2019 – 2020 financial year. The Council started this year under review with all Senior Management positions filled with well capacitated candidates and the Council together with the Mayoral Committee has again ensured that compliance is met with the most acceptable standard when it comes to performance planning and reporting.

It is again a privilege to present a record of annual reporting for the 2019 -2020 financial year.

The Council, for the 2019 – 2020 financial year; is still striving for an improved audit outcome to the current status, which by far is quite acceptable; however, the target of Council is a much improved audit opinion.

It is imperative to note out that the Coronavirus pandemic that has hit the global world has indeed brought with it its own unique difficult service delivery challenges – We still continue to see these challenges and most painful of all is the loss by families due to this COVID-19 virus.

The Country went into lockdown from the 26th of March 2020, even by the finalisation of this report, we were still under lockdown. This meant that most activities in and within the municipality came to a standstill, operations due to the absence of the human capital faced challenges. The municipal management had to produce processes to ensure that most operations do continue offsite – i.e. working from home by staff members in the interest of preserving lives. Physical contact had to be massively reduced; this included the meetings of Council, the meetings of portfolio committees headed by the members of the Mayoral Committee.

However, despite the challenges, we will see in this report the strides the municipality made to ensure that most set targets are met as per the IDP and the planned performance.

The Xhariep District Municipality still remains committed to the principle of being community driven throughout. We still remain committed to the municipal vision and mission.

We would like to urge and request our communities to remain safe and stay at home – Only go out when it is necessary to do so, those who have to go to work to always practice the new normal –

“Wear your mask all the time, keep social distance, Wash your hand as often as possible, every 20 minutes. Use water and soap or an alcohol base hand sanitiser”

This is the new normal we have to live by to preserve life.

The municipality will continue practicing and exploring more innovative ways to plan for and deliver services

Strength is in working together

.....
Clr MJ Sehanka
Executive Mayor

T 1.0.1

Chapter 2

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

Xhariep District Municipality has always been committed and is continuing to be committed to prioritizing service delivery, and throughout the years the annual report is the report that we utilize to display how far we have gone in delivering planned service.

The Management of the municipality has a mandate to meet the planned service delivery targets as per the Service Delivery and Budget Implementation Plan; this yearly document is the guide for delivery, through the Integrated Development Plan and the signed performance plans / agreements by Senior Managers.

However, we must note that the allocation to the Xhariep District still does not match the service delivery mandate that is expected as per the delegation of powers and functions gazetted by Government; and the municipality still does the little, regarding services to the district.

The COVID-19 pandemic has pushed us to a creative corner as a municipality, where we had to present innovative ideas in continuing the operations of the municipality, although most activities that had to be done using contact meetings, could not be done; Especially relating to gatherings that had to congregate communities / people in one place.

We had to switch to virtual meetings to continue the operations for Council and administration. As is evident, most of the compliance matters that Council and Administration had to oversee have indeed been done, despite the enormous challenge this disease has imposed.

The service delivery direction has been improved with an increase of critical services like the environmental health services, this service will see an increase in number of Environmental Health Practitioners being appointed in the 2020 – 2021 financial year due to the deadly challenges that were experienced in the 2019 – 2020 financial year. Despite the limited financial resources of the municipality, this must be done as a matter of life preservation and ensuring that the “new normal” in the light of COVID-19 is well promoted. The lives of our people are much more important than anything.

As mentioned earlier the management of the municipality is continuing to function utilising virtual technology, compliance is one of the most paramount principles that we hope to keep within the Xhariep District Municipality. We will continue to ensure people's safety during this pandemic by ensuring that consultations and input sourcing is done in a highly safe manner also try to avoid as many fatalities as possible. Persevering and delivering through the most difficult times has become the most important skill and trait, however without the partnership of all stakeholders involved, this will be meaningless.

Regards

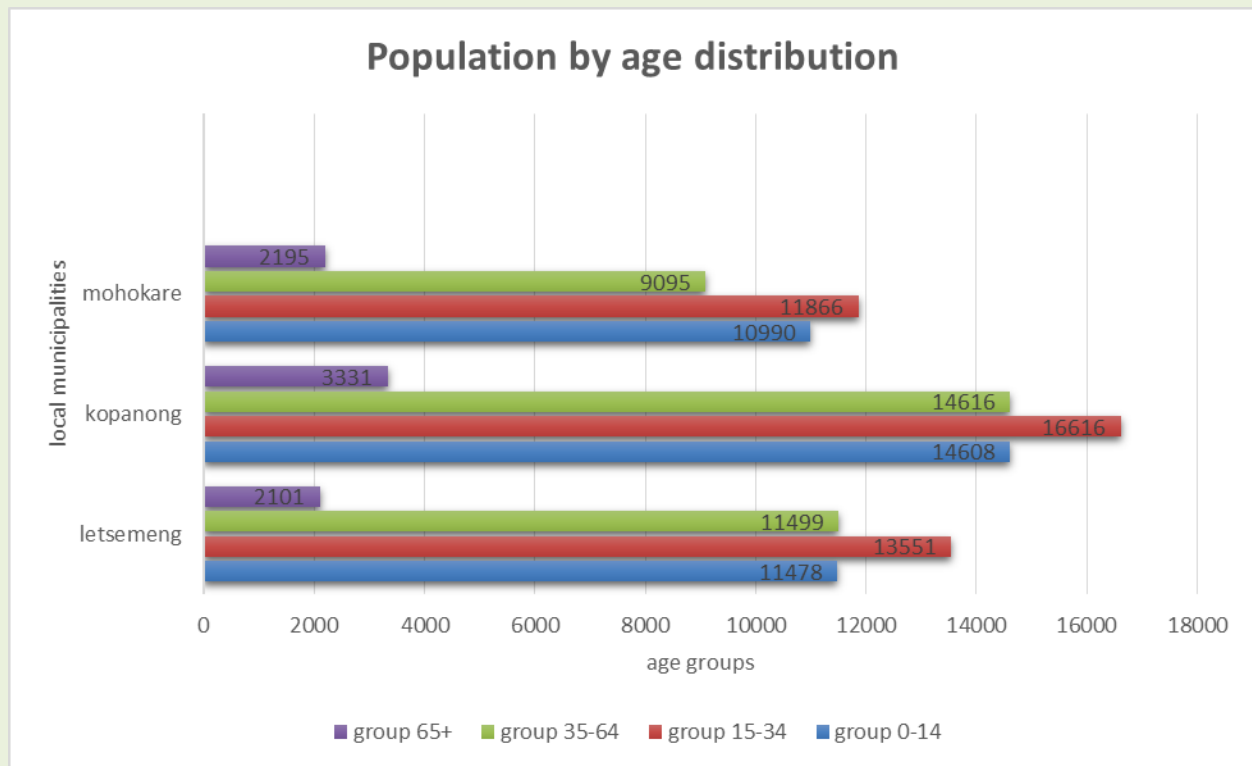
.....
Me. LY Moletsane
Municipal Manager

T1.1.1

Chapter 2

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Population Details



Source: Statistics SA Community Survey 2016

T1.2.2

INTRODUCTION TO BACKGROUND DATA

Out of 16 district functions, Xhariep district municipality is performing 3(18.75%) of these functions. Xhariep District is the smallest compared to the others within Free State Province with about 5.2% share of the total provincial population. The population of the District stands at 146, 259 with a negative growth rate of 1.07. Sixty (60%) of the population is in the working age cohort of 15-64 years.

T 1.2.1

Chapter 2

Socio Economic Status			
Local Municipality		Number	Percentage (%)
Kopanong		19472	40.38
Letsemeng		16639	34.50
Mohokare		12110	25.11

T1.2.4

Overview of Neighborhoods within Xhariep District Municipality'		
Settlement Type	Households	
Formal		
2017-2018	39528	
2018-2019	39528	
2019-2020	39 571	
Traditional		
2017-2018	182	
2018-2019	182	
2019-2020	1906	
Informal settlements		
2017-2018	5446	
2018-2019	2744	
2019-2020	5 446	

T1.2.6

Natural Resources	
Major Natural Resource	Relevance to Community
Water (Gariep Dam)	Supply of water to households and generation of electricity.
Diamonds(Jaggersfontein and Koffiefontein)	Job creation, Revenue enhancement, Economic development, human settlement.
Uranium (Edenburg)	Job creation, Revenue enhance, Economic development, human settlement
Land	Job creation through farming and settlement of communities
Sun (Radiation energy)	Job creation through erection of solar hubs

Chapter 2

T1.2.7

BACKGROUND DATA

Xhariep District forms the southern part of the Free State Province and is one of four district municipalities in the Free State. The municipality measures 34289 km sq. It is bordered by Tokologo Municipality in Lejweleputswa District to the north, Mangaung Metro and Mantsopa Municipality in Thabo Mofutsanyana District to the north-east. Other borders are with the Kingdom of Lesotho to the east, Ukhahlamba Municipality in Eastern Cape Province to the south, Pixley ka Seme Municipality in Northern Cape Province to the west and Frances Baard Municipality in Northern Cape Province to the north-west. Topographically the district is bordered for most of its eastern border by the Maluti and Drakensberg mountains. Hydrological the district is located between the Vaal River to the north, and Orange River to the south, with rivers within the district draining towards these rivers. Xhariep consists of three local municipal areas, with Letsemeng forming the north western section, Kopanong the middle section, Mohokare the south eastern section of the district

T1.2.8

1.3. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality is heavily dependent on grants with no revenue base, the government grants are from National and other spheres of government. This dependency puts a lot of pressure and strain on the municipality's ability to finance both operating and capital expenditures. The capital projects are mainly funded from own or internal funding.

The municipality's structure does not respond to the core functions of the municipality due to cash flow challenges. Revenue strategies and performance of powers and functions of the municipality as stipulated in the municipal Structures Act will assist in the long term sustainability of the municipality.

T1.4.1

Chapter 2

Financial Overview - 2019/2020			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Revenue	69 709	70 558	67 774
Grants	68 740	68 983	65 628
Rental of facilities	25	627	543
Interest Earned	200	820	941
Other Income	744	128	662
Public contributions donations and other transfers			
Expenditure	69,443	70,313	67 700
Surplus / Deficit	266	246	263
* Note: surplus/(defecit)_Deficit due to depreciation.			T1.4.2

Operating Ratios	
Detail	%
Employee Cost	71.96
Repairs & Maintenance	0.88
Finance Charges & Impairment	0.51
T1.4.3	

COMMENT ON OPERATING RATIOS

Employee related costs (inclusive of councilor's remuneration) constitutes 71.96% of the total expenditure and excessively high, repairs and maintenance (0.88%) significantly lower than the 8% NT guide while finance charges are curbed lower at 0.51%.

T1.4.3

Chapter 2

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Organization Development (OD) is about improving performance at the individual, group, and Municipal organizational levels. It is about improving the organization's ability to effectively respond to changes in its external environment, and it's about increasing internal capabilities by ensuring the Xhariep District Municipal structures, human resources systems, job designs, communication systems, and leadership/managerial processes fully harness human motivation and help people function to their full potential.

Done well, such improvement can be transformational —producing fundamental changes in the way individuals, groups, and organizations functions.

T1.5.1

1.4. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 2018-2019

The Municipality received an unqualified opinion with matters of emphasis. The following are the issues that lead to the audit outcome mentioned above:

- Material adjustments in the Annual Financial Statements as well as the Annual Performance Report;
- Non-compliance with regulations;
- Irregular, Fruitless and Wasteful Expenditure;

T 1.6.1

1.5. STATUTORY ANNUAL REPORT PROCESS

Chapter 2

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalised the 4th quarter Report for previous financial year	
4	Submit draft 2019-2020 Annual Report to Internal Audit	
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – October
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	January
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	February
14	Council adopts Oversight report	March
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March
T1.7.1		

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

A municipal council is made up of the Municipal councilors who are democratically elected by registered votes within the municipal control. The Speaker is the chairperson of the Municipal Council which he presides over both Ordinary and Special Council meeting and he is also responsible for the discipline of the Municipal Councilors.

The Mayoral Committee consists of Municipal Councilors appointed by the Executive Mayor to serve in the Mayoral Committee. The number of Municipal Councilors on the Mayoral Committee is the minimum number that is needed for efficient and effective government.

The Executive Committee chaired by the Executive Mayor is responsible for the executive functions of the municipality.

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The current term of the Municipal Council was inaugurated on the 19 August 2016 and consists of 15 Councilors.

The Municipal Council consists of Eleven (11) Councilors who are representing the African National Congress, four (4) Councilors representing Democratic Alliance and one (1) Councilor representing the Economic Freedom Front. The Council was appointed or elected as follows: Executive Mayor (1), Speaker (1), 10 Councilors are appointed in three(3) Portfolio Committees which are headed by Members of the Mayoral Committee.

The Council has appointed 3 Councilors as MPAC Committee

The Municipal Manager as the Accounting Officer and the three Section 56 Managers were appointed by the Municipal Council of Xhariep District Municipality. The Municipal Manager and the managers directly accountable to the Municipal Manager organize Administration in a manner that enables the Municipality to be responsive to the needs of the Community within its jurisdiction. The Municipal Manager is accountable for the overall performance of the Municipality and she is accountable to the Executive Mayor and Council.

T2.1.0

2.1 POLITICAL GOVERNANCE

Chapter 2

INTRODUCTION TO POLITICAL GOVERNANCE

In line with the provisions of the Local Government: Municipal Structures Act 117 of 1998, Xhariep District Municipality has an established political component.

The main role of the political component is provided for in the Structures Act.

Section 80 of the Municipal Structures Act specifies procedures for establishing committees in Municipal council with an executive committee.

One of the functions of the portfolio committee is to process the report tabled before by the Departments before they could be forwarded to the Mayoral Committee and eventually to Council.

In terms of section 79 of the Structures Act, a Municipal Council has established Committees such, as MPAC, which is composed of three (3) Councilors necessary for the effective and efficient performance of its functions.

The Annual Report is prepared by the Performance Management Unit in collaboration with other departments after the Management has satisfied itself with the contents of the report it is then submitted to Council for noting. Subsequent to this process, the Annual report is submitted to Oversight Committee before the 31 March each year thereafter to Provincial Authorities.

The Internal Audit conducts audit throughout the year in terms of their audit plan and prepare Audit packs that are then submitted to Internal Audit Committees. After consideration of these reports the Audit Committee forwards its recommendations to Council for consideration.

T2.1.1

Chapter 2

POLITICAL STRUCTURE

MAYOR

Cllr M.J Sehanka

Exercises powers delegated to the Mayor by Council or the Executive Committee

SPEAKER

Cllr NS Mngunguthu

Presides at Council meetings and exercises powers delegated to the Speaker in terms of section 59 of the Local Government: Municipal Systems Act, Act 32 of 2000.

CHIEF WHIP

N/A

To ensure political mandates are executed

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr KJ Sebeco: Chairperson of the Budget and Treasury Committee

Cllr K Moeketsi: Chairperson of the Corporate Services Committee

Cllr TD Mochehepa: Chairperson of Planning & Social Development

COMPOSITION OF COUNCIL AS AT 30 JUNE 2019

Political Party	Total	Directly elected	Seconded
African National Congress	10	5	5
Democratic party	4	1	3
Economic Freedom	1	1	-

Chapter 2

Fighters			
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T2.1.1

COUNCILLORS

The Council structure consists of 15 Councillors, seven (7) Councillors are directly elected and eight (8) are Seconded from the three local Municipalities which are, Kopanong, Letsemeng and Mohokare Local Municipality. The five full time Councillors includes the Speaker, the Executive Mayor and the three (3) Mayoral Committee members.

Three members of the Mayoral Committee are designated as Chairpersons of Section 80 Committees. The Corporate Services is composed of three (3) Councillors, Planning and Social Development Committee is composed of 3 Councillors, Budget and Treasury committee is composed of four (4) Councillors.

During the year under review (2) Councillors resigned from the Council, one was from Letsemeng Local Municipality and the other one from Kopanong local municipality and were replaced.

The Council has established Municipal Public Accounts Committee (MPAC) and its three (3) members do not serve in any of the section 80 committee.

Composition of Section 80 Committees:

Corporate Services Committee	Planning and Social Development	Budget and Treasury Committee
a. Cllr K Moeketsi	a. Cllr TD Mochechepa	a. Cllr JK Sebeco
b. Cllr TV Nthapo	b. Cllr AJJ Van Rensburg	b. Cllr MJ Phaliso
c. Cllr RW Van Wyk	c. Cllr AN November	c. Cllr MG Ntwanambi (Resigned)
		d. Cllr MK Matlakala
		d. Cllr TS Tseuo

T2.1.2

Chapter 2

POLITICAL DECISION-TAKING

The Constitution gives both the legislative and executive powers of a Municipality to the Municipal Council. All Municipal Councilors are involved in taking decisions about how the Municipal Council is run, what services it should provide and how it should spend its money.

The Municipal Council is responsible for all the decisions of a Municipality but it may give specific functions to Committees as provided for in part 5; section 79 of the Structures Act. The Section 80 Committee sit as per schedule of Council meeting which is approved by Council to process the reports placed before them and make recommendations to the Mayoral Committee. The recommendation of the Section 80 may be changed by the Mayoral Committee or may be forwarded to the Council as they are. Then Council pronounces itself on the recommendations/ issues tabled before it. Where members share a different view on any matter under consideration, they vote on the matter, either by show of hands or through a secret ballot as stipulated in the standing rules and Orders. All decisions taken by Council are called resolutions which are implemented by the administration. In Xhariep District Municipality, these resolutions are taken to Departments through Execution list. Thereafter a Resolution register on resolutions implemented is developed to be presented in Council sitting.

T2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the accounting officer who accounts to the political head, Executive Mayor as well as Council. He further provides guidance and advice to the political structures; also manage the administration of the institution.

The Director: Corporate Services administer the Department of Corporate Services and advise the Municipal Manager with issues relating to administration, human resources and information technology. The Chief Financial Officer administers Budget and treasury Office and advise the Municipal Manager on matters that relate to the finances of the Municipality. The Director: Planning and Social Development is responsible for the affairs of the Department of Planning and Social Development, advises and assists the Municipal Manager on all matters that relates to this department, i.e. planning, local economic development and municipal health services

T2.2.1

Chapter 2

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

Mrs Lebohang Yvonne Moletsane

DIRECTOR: Corporate Services

Adv. Zenzile Qhena Majenge

Chief Financial Officer

Mr Pihi Vincent Litabe

Director: Planning & Social Development

Mr Mopedi Sam Mohale

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Intergovernmental relations are mainly informal, making the system flexible to respond to changing circumstances. The approach of the Act is therefore that it does not seek to govern intergovernmental relations in its totality but provides only the broad framework in terms of which spheres of government interact with one another.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The District is part of the Premiers' Coordinating Forum which is used to facilitate intergovernmental relations between the province and local government in the province. The District also participates in Provincial Forums which include Provincial IDP Forum, Provincial Energy Forum, Provincial AIDS Forum as well as South African Local Government Association (SALGA).

T2.3.2

Chapter 2

DISTRICT INTERGOVERNMENTAL STRUCTURES

Meetings are held once in a quarter, whereby the District Municipality is responsible for ensuring the co-ordination of intergovernmental relations within the district municipality with local municipalities in the district.

District Coordinating Forum: Forum consists of the Executive Mayor and 3 primary members of which is the Local Mayors.

Technical Support Committee

Forum consists of the District Municipal Manager and 3 primary members (Local Municipal Manager). The forum must meet at least once per year with service providers and other role players concerned with the development in the district to co-ordinate effective provision of services and planning in the district.

T2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipality is committed to governing its area of its jurisdiction and its citizens in accordance with the spirit of the Constitution of the Republic of South Africa. This requires the Municipality to undertake community consultation, participation and empowerment as central features. The review of the institution's current Integrated Development Plan included community participation through Stakeholder Engagements and public participation meetings. Through such measures, the communities are able to provide input on their priorities for the period under review. Some benefits include building and strengthening partnerships with various organisations from communities and broader civil society to establish a people's contract in ensuring that citizen participation and representative democracy are combined to promote people-centered and people-driven development and governance.

T 2.4.0

Chapter 2

2.3 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Xhariep District Municipality has a functional Communication Unit. The Communication Unit is a strategic component within the municipality that cut across all departments and units including the public. The Communication Unit also ensures that communication is well coordinated, effectively managed and responsive to the diverse information needs of the people. To fulfill this mammoth task, the communication unit has established the following mechanism, namely;

- a) District Communicators Forum
- b) Periodic update of the municipal website
- c) Quarterly newsletter
- d) Council notices

The council meetings are opened to the public; this is to ensure that the public is informed and council businesses are at the public domain.

T2.4.1

Chapter 2

Public Meetings				
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending
Stakeholders and community meeting, to present the draft IDP and budget to the community and stakeholders	16 May 2019	3	12	12
Stakeholders and community meeting, to present the draft IDP and budget to the community and stakeholders	21 May 2019	3	14	54
Stakeholders and community meeting, to present the draft IDP and budget to the community and stakeholders	22 May 2019	3	14	64
Stakeholders and community meeting, to present the draft IDP and budget to the community and stakeholders	23 May 2019	3	9	28

T2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Some of the benefits of public meetings include community being part of the decision-making process and, as result, minimizing community protests and civil unrests. The other benefit is that community will take ownership of development within their environment and have a sense of belonging.

T2.4.3.1

Chapter 3

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	T2.5.1

Chapter 3

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

As the Head of Administration the Municipal Manager is responsible for the following tasks:

- The formation and development of an economical, effective, efficient and accountable administration.
- The management of the municipality's administration in accordance with legislation applicable to the municipality.
- The implementation of the municipality's integrated development plan.
- The management and provision of services to the local communities in a sustainable and equitable manner.
- The appointment of staff subject to the Employment Equity Act, 1998.
- The management and effective utilisation and training of staff.
- The maintenance of discipline of staff.
- The promotion of sound labour relations and compliance with labour legislation.
- Advising the political structures and political office bearers of the municipality.
- Managing communications between the municipality's administration and its political structures and political office bearers.
- Carrying out the decisions of the political structures and political office bearers of the municipality.
- The administration and implementation of the municipality's by-laws and other legislation.
- The exercise of any powers and the performance of any duties delegated by the municipal council.
- Facilitating participation by the local community in the affairs of the municipality.
- The implementation of national and provincial legislation.

T2.6.0

Chapter 3

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk Management is management process, through which municipality identifies, evaluate and control significant risks that can result in failure to attain strategic objectives. Accounting Officer enhanced risk management approach by establishing the Risk Management Committee in 2017. The Committee is guided by the Charter approved by the Accounting Officer.

MFMA, section 62 (1) (c) (i) states that the Accounting Officer of a municipality is responsible for the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems off financial and risk management and internal control . The risk management policies were approved by council on the 30th August 2019. The following are the responsibilities of Risk Management:

1. Conducting annual risk assessment within the municipality
2. Advising and guiding the municipality in terms of Institutional risk matters.
3. Developing the Risk Management Strategic documents and Implementation Plan.
4. Coordinating risk management activities.
5. Facilitating identification and assessment of risks
6. Compilation of Risk Register

During the annual risk assessment process, strategic and operational risks were assessed for all areas within the municipality. Moreover, for all key risks identified, existing controls were assessed as well as the ability, benefit and cost to improve them.

T2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

During the period under review, the municipality continued to enforce strategies to combat fraud and corruption. Anti-Fraud and Corruption awareness campaign was also held on 12 November 2019 as part of efforts to strengthen mechanisms to prevent and combat fraud and corruption.

Municipality's Internal Audit also plays a fundamental role in the review of the processes and adherence to process relating to segregation of duties, procurement process, efficiency of internal controls, and other measures to prevent fraud and corruption from occurring.

T2.7.1

Chapter 3

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The Supply Chain Management (SCM) function of the District is centralized under the Budget and Treasury Office, within the Supply Chain Management Unit. This was implemented with the view of strengthening the capacity and ability of the district to comply with the MFMA and National Treasury Regulations.

All these mechanisms and systems seeks to ensure that the SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The District has an approved Supply Chain Management Policy which is reviewed annually.

The municipality also has Standard for Infrastructure Procurement Delivery and Delivery Management which deals mainly with infrastructure related projects only as opposed to the Supply Chain Management Policy that deals specifically with goods and services.

T2.8.1

Chapter 3

2.10 WEBSITES

Municipal Website : Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (2018-2019)	Yes
The annual report (2018-2019) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2019-2020) and resulting scorecards	Yes
All service delivery agreements (2019-2020)	No
All long term borrowing contracts (2019-2020)	No
All supply chain management contracts above a prescribed value (give value) for 2019-2020	No
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2019-2020	No
Contracts agreed in 2018-2019to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 made in 2019-2020	No
All quarterly reports tabled in the council in terms of section 52 (d) during 2019-2020	Yes
T2.10.1	

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

Recently the Communications Unit has taken to itself the initiative to collect all the information that needs to be sent to the IT Unit for the Website. The Communications Unit will vet the information before passing it to the IT Unit to uploaded on the Municipal Website. The Communications Unit will communicate direct with the respective Departments to collect the information for the website.

The municipality is not in the position to place PC's for public to have access to the web based information, due to financial constraints

T2.10.1.1

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The district municipality started to perform the functions of Environmental Health with effect from December 2009. Critically, the Municipal Structures Amendment Act (Act 33 of 2000) provides for an extensive annual review of the division of powers and functions between Category B and Category C to ensure effective implementation of these assigned powers following an advice provided by the Municipal Demarcation Board emanating from the Boards' annual capacity assessment report.

Basic services being offered by the District Municipality is as per Health profession Act, 1974 (Act no. 56 of 1974) Regulations defining the scope of the profession of Environmental Health: Amendment: Water , Food control, Waste management, Health Surveillance of premises, Vector control, Surveillance and prevention of communicable diseases, Environmental pollution, Disposal of the dead and noise control.

T3.1.0

Chapter 3

Employees: Planning Services					
Job Level	2018-2019	2019-2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	8	9	7	2	28.5%
7 - 9	1	1	0	1	100%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	13	14	11	3	21.4%

T3.10.4

Financial Performance 2019-2020: Planning Services					
					R'000
Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 101	16 309	16 309	15 210	1 099
Expenditure:					
Employees	10 685	9 805	9 805	9 044	761
Repairs and Maintenance		0	0	58	(58)
Other	3 102	6 071	6 071	3 931	2 140
Total Operational Expenditure	13 787	15 722	15 722	13 033	2 689
Net Operational Expenditure	1 314	587	587	2 177	(1 590)

T3.10.5

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The LED strategy was reviewed and adopted by Council in March 2016. The aim of the strategy is to reflect the most recent local and regional development dynamics and appropriately packaged them for investment. Relevant stakeholders were given an opportunity to be part of the review and make inputs on the strategy. The projects in the strategy have not yet been implemented because of financial constraints of the municipality and lack of land where development needs to take place.

The District is in the process of reviewing the strategy for 2019-2020 assisted by DESTEA and CoGTA. There was a District workshop convened by DESTEA on the 16th of July 2019, the District is in the process of the review, however the Country Lockdown disrupted most of the activities, the consultation process will be resuscitated again through other means that can accommodate safety of all role players. The District will utilise the existing forums and partnerships to ensure that the process is overseen and completed. It is important to note that the Local Municipalities must first complete their reviews and then followed by the integrated reviewed Local Economic Development and Tourism Strategy. Due to the COVID-19 and the lockdown the district review process will be resuscitated again, the envisaged tabling will be around October – November 2020.

T3.11.1

COMMENT ON LOCAL JOB OPPORTUNITIES

The Xhariep District Agri Park Implementation process has unfolded and the department of Rural Development and Land Reform is continuing with assisting with the funding aspect of the process. To date two service providers have been appointed for the construction projects in both Springfontein (Construction of a warehouse and bulk services) and Zastron (Farmers Production Support Unit).

The Country lockdown declaration also hampered the implementation because of precautions of the COVID-19. However certain work could be done, though delaying the initial time frames, the first phase will be complete through the new financial year 2020/2021 due to the delays.

T3.11.4

Chapter 3

Jobs Created during 2019-2020 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
2017-2018	9	0	9	This is the food security project that the District established and supported.
2018-2019	20	0	20	Xhariep District Agri Park, portion of the 1 st phase in Springfontein – Construction of the warehouse and bulk services
	9	0	9	Xhariep District Agri Park, portion of the 1 st phase in Zastron (Farmers Production Support Unit)
2019-2020	36	0	36	Xhariep District Agri Park, portion of the 1 st phase in Zastron (Farmers Production Support Unit)
	19	0	19	Xhariep District Agri Park, portion of the 1 st phase in Springfontein – Construction of the warehouse and bulk services
				T3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2017-2018	3	202
2018-2019	3	136
2019-2020	3	128
* - Extended Public Works Programme		T3.11.6

Chapter 3

Employees: Local Economic Development Services					
Job Level	2018-2019	2019-2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
4 – 6	2	2	2	0	0%
7 – 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	3	3	3	0	0%

T3.11.8

3.64 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

A key role responsibility in rendering an effective Municipal Health Services is the monitoring of food and government premises in order to ensure compliance with R638, Foodstuffs, Cosmetics and Disinfectants act 1972 (Act no. 54 of 1972) and the National health act, 2003 (Act no 63 of 2003).

District Environmental Health Practitioners conduct health inspections of premises and issue out compliance notices to food premises which are found to be non-compliant with the set legislation. A certificate of acceptability (COA) is issued in accordance with the legislation to compliant premises. Certificate of health a re issued to compliant ECD's and old age homes. Operational licenses are the competency of the local municipality and other stakeholders.

Surveillance of premises is also conducted to insure vector control and to monitor health and hygiene standards of premises. Raids are conducted with the assistance of SAPS to curb non -compliance by shop owners and

Chapter 3

seize expired foods. Monthly monitoring of all premises is conducted by the Environmental Health Practitioners.

Health Awareness

The following activities were conducted in order to raise awareness on food safety, the plight of Listeria and other communicable including COVID-19;

Public door to door campaigns were conducted in Kopanong LM, Mohokare LM and Letsemeng LM. The key focus groups were the community, the immune compromised, food handlers and food establishments. The total numbers reached for the campaigns were 19.

Another key role is the implementation of Regulations Relating to the Management of Human Remains – Government Notice Number – R 363 of 22 May 2013. District Environmental Health Practitioners conduct health inspections of premises and issue out compliance notices to funeral parlors both government and private which are found to be non-compliant with the set legislation. A certificate of Compliance (COC) is issued in accordance with the legislation to compliant premises .

T3.64.1

Chapter 3

3.67 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

Disaster Management is a continuous and integrated multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, -mitigation, -preparedness, -response, -recovery and -rehabilitation

Top Four Service Delivery Priorities:

1. Community Safety
2. Preparedness
3. Recovery and Rehabilitation
4. Educational Program

The DM Unit main role is to ensure a safe and unwavering environment to the Xhariep district community. Through proper planning the Unit will be able to build resilient communities through the Disaster Management Activities within the district Municipality. A budget for the Disaster Management Contribution has been set aside for affected families. The DM Unit played a vital role by conducting educational programme both at Secondary and Primary Schools in the district municipality. We are also in partnership with Working on Fire (WoF) to conduct Fire Awareness at local level with the assistance of local Councillors

T3.67.1

Chapter 3

Employees: Disaster Management					
Job Level	2018/2019	2019/2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
4 – 6	1	2	1	1	50%
7 – 9	0	0	0	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	3	3	2	1	33.3%
					T3.67.4

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

3.69 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Municipality is currently executing three service delivery related matters, i.e. local economic development, Disaster Management and Municipal Health Services. The Local Economic Development Division that is located within the Department of Planning and Social Development has made strides in providing financial assistance and providing training to Small Micro and Medium Enterprises. The Municipality has assisted interested individuals or group of people to establish their own businesses, in particular cooperatives.

The Environmental Health Services Division that is also located within the Department of Planning and Social Development is monitoring the quality of drinking water and final waste water effluent from different local municipalities that fall within its jurisdiction on frequent intervals as required by applicable legislations and policies. Furthermore this division insures compliance of food premises and local municipalities' landfill sites.

The Disaster Management Division is located in the Department of Planning and Social Development. The division is responsible to ensure a safe and unwavering environment to the Xhariep district community.

T3.69.1

Chapter 3

Employees: The Executive and Council					
Job Level	2018-2019	2019-2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13/0 - 3	6	6	5	1	17%
4 - 6	4	4	4	0	0
7 - 9	4	4	4	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	14	14	13	0	93%
<p><i>The Differences in numbers is caused by the relocation of IDP Unit from Planning, Appointment of the YDO and the additional appointment of a Driver to the Executive Mayor</i></p>					
T3.69.4					

Chapter 3

Financial Performance 2019-2020: The Executive and Council						R'000
Details	2018-2019	2019-2020				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	17 466	14 268	14 268	15 595	1 327	
Expenditure:						
Employees	11 136	11 278	12 278	11 343	935	
Repairs and Maintenance		2	2	1	1	
Other	5 624	2 983	3 320	4 200	(736)	
Total Operational Expenditure	17 760	14 263	15 600	15 543	57	
Net Operational Expenditure	(294)	5	(1 476)	52	(1424)	
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.69.5	

Employees: Financial Services					
Job Level	2018-2019	2019-2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	3	0	0%
4 - 6	5	5	4	1	20%
7 - 9	5	4	3	1	25%
10 - 12	3	3	2	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	16	15	12	2	17%
					T3.70.4

Chapter 3

Financial Performance 2019-2020: Financial Services					
R'000					
Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 690	17 745	17 745	15 355	2 390
Expenditure:					
Employees	8 112	9 482	9 482	8 666	816
Repairs and Maintenance		0	0	0	0
Other	3 594	7 605	7 605	5 696	1 909
Total Operational Expenditure	11 806	17 087	17 087	14 362	2 725
Net Operational Expenditure	3 884	658	658	993	(335)
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.70.5

Chapter 3

3.71 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The management set itself priorities to overhaul the services the institution provides to its internal clients, the key three amongst them were;

Purify leave management

Provide accurate inputs- information to payroll

Recruit people with required competencies

So far this division has made major strides in ensuring that leave of employees is managed in accordance with Municipal Human Resources Policy Manual. Every week there is reconciliation of attendance registers, VIP register with completed leave forms; and follow-ups on employees who did not sign registers or completed leave forms. The principle of no work no pay is applied on employees who are found not to have followed proper procedure in absenting themselves from work.

The official providing information to employees in payroll on remuneration and benefits of employees work s closely with the payroll division in order to ensure that accurate information is forwarded to division before processing the salaries of councillors and employees. The inputs are compiled, checked, approved by different individuals in order to ensure that correct information is provided to payroll. Such information is forwarded to payroll on or before the 15th of each month in order to give officials in payroll an ample time to process the remuneration and benefits of both councillors and officials

The Human Resources Division advertises all vacant positions as required by the Human Resources Policy Manual and set competencies that are needed from the interested individuals. It is important to highlight that the Municipality appoints only incumbents who meets minimum competency requirements as placed on the advertisement.

T3.71.1

Chapter 3

Employees: Human Resource Services					
Job Level	2018-2019	2019-2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	5	5	5	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	7	7	7	0	0%
					T3.71.4

Chapter 3

Financial Performance 2018-2019: Human Resource Services					
R'000					
Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20 710	22 237	22 237	21 221	1 016
Expenditure:					
Employees	18 744	18 463	18 463	17 685	778
Repairs and Maintenance	213	768	768	506	262
Other	2 413	2 919	2 919	2 910	9
Total Operational Expenditure	18 744	22 150	22 150	21 101	1 049
Net Operational Expenditure	1 966	87	87	120	(33)
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.71.5

3.72 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The main objective of the IT Unit is to

1. Ensure connectivity at all times. This was achieved through enhancement of the bandwidth from 4mbps to 10mbps and the connectivity is much stronger.
2. Ensure stable Network infrastructure. This is a serious challenge in the municipality. The network infrastructure is old and dilapidated. Network a lot of points are not working fine. The network layout is cumbersome. Network switches are old and giving problems. Trunking in many offices needs to be replaced. No patch management installed. The whole network infrastructure needs to be revamped.
3. Ensure Servers and server room is fully functional. The Unit installed a new server for the GeoRRAMS system for the Planning and Social Development Directorate. The only other issue is the fire extinguisher system in case of disaster.

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4 Ensure information systems are fully operational. This is ensured by creating sound IT environment. There is a challenge with system (mSCOA) the system is not fully functional.

5. Ensure smooth Telecommunications. The telephone system is working properly

6. Ensure printing facility is available. The only challenge here was delay or none-servicing of the machines and the supply of toners, which happens because of the delay in the payment of the service provider.

7. Ensure Municipal Website is fully functional. The website is working perfectly. The only challenge is that of the Departments and Units are not submitting necessary documents to the Communications Unit, some documents are not submitted on time.

T3.72.1

Chapter 3

Employees: ICT Services					
Job Level	2018-2019	2019-2020			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	2	2	0	0%

T3.72.4

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year

TOP LAYER PERFORMANCE INFORMATION

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
MUNICIPAL MANAGER												
TL 1	Accelerate institution transformation	MT&ID	Employment contracts	Entering into performance agreements with the employer within 30 days of date of appointment/60 days for new appointees	4	4	0	-	-	3	3	0
TL2	Improve institutional performance	MT&ID	Performance Management	Assessment of the Performance of Senior Management on a quarterly basis	4	0	(4) informal	Only informal assessment were done.1x Final formal assessment is due in	Assessment will be conducted as planned in the new financial year	4	0	(4)

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								September 2020	as the PMS Manager is also back from maternity leave			
TL3	Improve institutional performance	MT&ID	Performance Management	No. of performance analysis reports to Management on a quarterly basis	4	4	0	-	-	4	4	0
TL4	To ensure an improved audit opinion in line with the LGTAS	GG&PP	Overseeing the functionality of Audit Committee	Quarterly Audit Committee meetings	4	4	0	-	-	4	3	(1)
TL5	Improve Intergovernmental Relations	GG&PP	Providing support to Local Municipalities through Technical IGR engagements	No. of Technical IGR meetings held	4	1	(3)	Technical IGR could not sit as planned due to over commitment of Municipal Managers	IGR will sit in the new financial year as planned, other alternatives(vi sual) to hold meetings will be used	4	1	(3)

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TL6	To ensure an improved audit opinion in line with the LGTAS	GG&PP	Overseeing the functionality of the Risk Management Committee	Quarterly Risk Management Committee meetings	4	3	(1)	Risk Management Committee did not sit in the second quarter due to risk Assessment that was concluded in December because of non-availability of user departments for risk assessments.	Risk Management Committee members will play an oversight role in terms of providing support and oversee that risk assessment does take place as planned	4	2	(2)
TL7	To ensure an improved audit opinion in line with the LGTAS	GG&PP	Improved audit outcomes	Monitoring the implementation of AGSA audit action plan and report quarterly	2	2	0	-	-	2	2	0
TL8	To ensure an improved audit opinion in line with the LGTAS	GG&PP	Improved audit outcomes	Obtaining a clean audit outcome for the 2018-2019 audit	1	0	(1)	The municipality received an unqualified audit opinion(with	Development of an audit action plan, monitoring and reporting progress	New KPI	New KPI	New KPI

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REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
TL9	Improve intergovernmental relations	GG&PP	SALGA membership	Payment of the SALGA membership on or before 31 July 2019	1	1	0	-	-	New KPI	New KPI	New KPI
TL10	Comply with laws, regulations and policies	MFV&M	Ensure compliance with Section 32 of the MFMA	Monthly reports on irregular, unauthorised, fruitless and wasteful expenditure	12	12	0	-	-	12	12	0
CHIEF FINANCIAL OFFICER												
TL 11	Improve the accuracy and integration of	MFV&M	Annual Financial	Compilation AFS on or before 31 Aug 2019 and	1	1	0	-	-	1	1	0

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	various components of the financial system to enable proper financial planning and reporting		Statements	submission to AGSA								
TL12	To achieve a clean administration for 2019 and beyond	MFV&M	Oversee the review and implementation of the Audit Action Plan	Updated Action Plan	2	2	0	-	-	2	2	0
TL13	Improve the accuracy and integration of various components of the financial system to enable proper financial planning and reporting	MFV&M	Review of journals prior capturing on the financial system(pastel)	Quarterly review of journal entries	4	4	0	-	-	12	12	0
TL14	Improve the accuracy and integration of various components of	MFV&M	Ensure that the FMG conditional operational grant is fully	% of FMG conditional operational grant spent on a	100%	100%	0	-	-	100%	100%	0

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	the financial system to enable proper financial planning and reporting		utilised by 30 June 2020	quarterly basis								
TL15	Comply with laws, regulations and policies	MFV&M	Oversee the implementation of the SCM Policy	Quarterly reports on the deviations of the SCM Policy	4	4	0	-	-	4	4	0
TL16	Comply with laws, regulations and policies	MFV&M	Compilation of MFMA Sec 71 reports to Provincial and National Treasury	Monthly MFMA Sec 71 reports	12	12	0	-	-	12	12	0
TL17	Comply with laws, regulations and policies	MFV&M	Compilation of MFMA Sec 52(d) reports to Provincial and National Treasury	Quarterly Sec 52(d) (MFMA) reports	4	4	0	-	-	4	4	0
TL18	Comply with laws, regulations and policies	MFV&M	Compilation of SCM reports to Provincial and National	SCM quarterly reports	4	4	0	-	-	4	4	0

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			Treasury									
TL19	Improve the accuracy and integration of various components of the financial system to enable proper financial planning and reporting	MFV&M	Monitor the implementation of the Demand Management Plan	Quarterly reports on the implementation of the Demand Management Plan	4	4	0	-	-	4	4	0
REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
DIRECTOR: CORPORATE SERVICES												
TL20	Accelerate institution transformation	MT&ID	Oversee the compilation and the submission of the WSP	WSP approved by the LLF and submitted to LGSETA in April 2020	1	1	0	-	-	1	1	0
TL21	Accelerate institution	MT&ID	Employment	Monitor and report on the	1	1	0	-	-	1	1	0

Chapter 3

	transformation		Equity	implementation of the Employment Equity Plan								
TL22	Accelerate institution transformation	MT&ID	Work Skills Plan	No. of employees trained on MFMP for the 2019/2020 financial year	5	0	(5)	This is due to a delay in SCM processes	SCM processes were started afresh, a service provider has been appointed and MFMP training will unfold in the new financial year	4	4	0
TL23	To enhance the public profile, reputation and positioning of XDM	GG&PP	Planning of the sitting of Council and Council Committees	Develop schedule for the sitting of Council and Council Committees and table before Council	1	1	0	-	-	1	1	0
TL24	To enhance the public profile, reputation and positioning of XDM	GG&PP	Ensure that Council sits as regulated by the MSA(Act 32 of 2000)	No. of Council meetings	4	4	0	-	-	4	3	(1)
TL25	To enhance the public	GG&PP	Implementation of Council	No. of reports to Council on the	4	4	0	-	-	4	2	(2)

Chapter 3

	profile, reputation and positioning of XDM		Resolutions	implementation of Council Resolutions								
TL26	Improve intergovernmental relations	GG&PP	Stakeholder relations	No. of District Health Council meetings held	2	1	(1)	Gatherings were prohibited during the hard lockdown due to the COVID-19 Pandemic	District Health Council meetings will take place in the new financial or as directed by the Disaster Management Regulations	New KPI	New KPI	New KPI
TL27	Provide internal and external communication platforms	MT&ID	Ensure Functionality of the Local Labour Forum	No. of Local Labour Forum meetings	4	2	(2)	Gatherings were prohibited during the hard lockdown due to the COVID-19 Pandemic	LLF meetings will take place in the new financial or as directed by the Disaster Management Regulations and other avenues(visual) will be explored	6	2	(4)
TL28	Provide sufficient office space to facilitate effective	MT&ID	Ensure safety of municipal employees	Servicing and replacement of fire extinguishers on or before 30 June 2020	1	1	0	-	-	New KPI	New KPI	New KPI

Chapter 3

	administration											
TL29	Improve public participation	GG&PP	Mandela Day	Purchasing of blankets for Mandela day before 31 July 2019	100	100	0	-	-	New KPI	New KPI	New KPI
TL30	Improve public participation	GG&PP	OR Tambo Games	100% utilisation of the OR Tambo Games budget by 30 October 2019	100%	143.6%	(43.6%)	The initial budget (R100 000) was not sufficient to cater for the games. The municipality had to take R43 588.60 from the budget of Special programmes to curb the difference	Realistic budgeting looking at the trend of expenditure of the previous years	New KPI	New KPI	New KPI

Chapter 3

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
DIRECTOR: PLANNING AND SOCIAL DEVELOPMENT												
TL31	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of XDM	BSD	Maintaining and improving the standard of water quality	Quarterly water quality reports on compliance to SANS 241	4	4	0	-	-	4	4	0
TL32	To ensure sustainable delivery in respect of water and sanitation,	BSD	Ensure that the RRAMS grant is fully utilised by 30 June 2020	% of RRAMS grant spent on a quarterly basis	100%	100%	0	-	-	New KPI	New KPI	New KPI

Chapter 3

	electricity, solid waste management, housing and roads and storm water services to all residents of XDM											
TL33	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of XDM	BSD	Play an oversight role in terms of the implementation of the RRAMS project	No. of reports to Council on the implementation of the RRAMS project	4	0	(4)	Reports were compiled but could not be tabled to management and therefore could not be presented to Council before being tabled to management	The department to link their reporting with the schedule of the sitting of management meetings	New KPI	New KPI	New KPI
TL34	Improved employment opportunities	LED	Job Creation	No. of job opportunities created through the EPWP	128	128	0	-	-	200	136	(64)

Chapter 3

TL35	Responsive economic infrastructure and networks	LED	Ensure participation of all local municipalities towards the implementation of LED	No of LED Forums	4	4	0	-	-	4	3	(1)
TL36	Create enabling environment of investment (Develop Incentive Policies)	LED	Lobbying of external stakeholders to invest in Xhariep	No. of stakeholder engagement meetings	2	2	0	-	-	2	4	2
TL37	Full compliance with environmental legislation	BSD	Oversee Improvement of EH Audit from the National Department of Health	No. of reports on the updated National Department of Health Audit Action Plan	3	2	(1)	The municipality could not visit all sites identified with shortfalls by the National Department of Health due to the hard lock down that was imposed to the country because of COVID-19.	The National Department of Health Audit Action Plan will be monitored as planned as soon as the Disaster Management Regulations are more relaxed.	3	3	0

Chapter 3

TL38	Provide disaster management, Fire and Rescue Services to the residents of Xhariep	BSD	Support the implementation of the Disaster Management Plan	Attending disaster advisory forums	4	4	0	-	-	4	3	(1)
TL39	Provide disaster management, Fire and Rescue Services to the residents of Xhariep	BSD	Support the implementation of the Disaster Management Plan	Attending disaster educational and awareness campaigns	2	3	1	-	-	4	3	(1)

Chapter 3

DEPARTMENTAL PERFORMANCE

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
MUNICIPAL MANAGER												
D1	Improved institutional performance	GGPP	Implementation of anti-fraud and anti-corruption initiatives	No. of workshops planned to create awareness amongst Councillors and Staff	1	1	0	-	-	1	1	0
D2	Improved institutional performance	GGPP	Risk Management	Development of the Risk Management Register before 30 July 2019	1	1	0	-	-	1	1	0
D3	Improved institutional performance	GGPP	Risk Assessment	No. of quarterly risk assessment reports prepared	4	4	0	-	-	4	4	0
D4	Improved institutional	GGPP	Improved audit outcomes	Reduction of audit findings by 80% in	80%	152.27	(152.27)	Audit findings for	An action plan has been	80%	(30)	50

Chapter 3

	performance			the 2019/ 2020 financial year				2018-2019 financial year did not decrease instead increased by 67 findings	developed to address matters raised by the AGSA			
D5	Improved institutional performance	GGPP	Functional Internal Audit Unit (MFMA 62(1))	No of quarterly reports prepared for Audit Committee	4	4	0	-	-	4	3	(1)
D6	Improve institutional performance	GGPP	Development of the Risk based audit plan	Risk based audit plan approved by Audit Committee by 31 August 2019	1	1	0	-	-	1	1	0
D7	Improve institutional performance	GGPP	Compilation of the draft Annual Report	Draft Annual Report approved by Council on or before 31 January 2020	1	1	0	-	-	1	1	0
D8	Improve institutional performance	GGPP	Compilation of the Oversight Report on Annual Report (MFMA 129(1) and MSA 46(2))	Oversight Report adopted by Council on or before 31 March 2020	1	1	0	-	-	1	1	0

Chapter 3

D9	Improve institutional performance	GGPP	Mid- Year review of the performance of the municipality (MFMA S72)	Mid-year report submissions (Mayor, Provincial and National Treasury) by 25 January 2020	1	1	0	-	-	1	1	0
D10	Improve public participation	GGPP	Develop IDP / Budget (Time schedule of key deadlines (Process Plan) (MSA 28 / MFMA 21)	Approved IDP Framework and Process Plan on or before 31 Aug 2019	1	1	0	-	-	1	1	0
D11	Improve public participation	GGPP	IDP and Budget Public Participation meetings	No. of meetings held before the approval of the IDP and Budget	3	3	0	-	-	3	3	0
D12	Improve public participation	GGPP	Compile final IDP (MSA 34)	Final IDP approved by Council on or before 30 June 2020	1	1	0	-	-	1	1	0

Chapter 3

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
FINANCIAL SERVICES												
D13	Improve the accuracy and integration of various components of the financial system to enable proper financial planning and reporting	MFV&M	Production of annual Audit file	No. of Audit files produced by mid-August 2019	1	1	0			1	1	0
D14	Improve the accuracy and integration of various components of the financial system to enable proper financial	MFV&M	Closing of all municipal financial accounts at the end of each month in terms of sec 65 of the MFMA	No. of monthly reports on the closing of all municipal financial accounts	12	12	0	-	-	12	12	0

Chapter 3

	planning and reporting											
D15	Improve the accuracy and integration of various components of the financial system to enable proper financial planning and reporting	MFV&M	Creditors reconciliations done monthly (30 days)	No. of creditors reconciliation reports submitted	12	3	0	-	-	12	12	0
D16	Improve the accuracy and integration of various components of the financial system to enable proper financial planning and reporting	MFV&M	Financial Viability: Cost coverage (Reg 796)	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure (SA8)	>1	0.67	(0.33)	The municipality does not have enough cash to fund its operational functions.	The municipality does not generate its own revenue, it depends on grants	>1	0.41%	(0.59%)
D17	Improve the accuracy and integration of	MFV&M	Financial Viability: Debt coverage	Debt coverage (Total operating revenue-	>1	0.04	(0.96)	This is due to insufficient funds to cover	The municipality does not	>1	0.03%	(0.97%)

Chapter 3

	various components of the financial system to enable proper financial planning and reporting		(Reg 796)	operating grants received)/debt service payments due within the year) (SA8)				debts	generate its own revenue, it depends on grants			
D18	Compliance with laws, regulations and policies	MFV&M	Monthly notification of awards over R 100 000	List of awards	12	12	0	-	-	12	12	0
D19	Compliance with laws, regulations and policies	MFV&M	Effective management of payroll by providing the section 66 payroll report on a monthly basis	Monthly reports to management in terms of section 66 of the MFMA	12	12	0	-	-	12	12	0
D20	Compliance with laws, regulations and policies	MFV&M	Ensure the submission of IRP5's	IRP5's submitted not later than 30 May 2020 to SARS	1	1	0	-	-	1	1	0

Chapter 3

D21	Maintain staff expenditure to recommended levels	MFV&M	Monthly salary reconciliations	No of reconciliations done	12	12	0	-	-	12	12	0
REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
DIRECTORATE: CORPORATE SERVICES												
D22	Improved institutional performance	GGPP	Draw quarterly resolution execution report for all directorates	No. of execution reports where Council resolutions are captured on every sitting of Council	4	4	0	-	-	4	4	0
D23	Improved institutional performance	GGPP	Monitoring Council resolutions to ensure implementation	Resolution register submitted to Council on a quarterly basis	4	4	0	-	-	4	2	(2)
D24	Improve public participation	GGPP	Public Participation Plan in place	Review the public participation Plan/Strategy on or before 30	1	0	(1)	Public Participation Strategy developed with the assistance	Public Participation Strategy will be presented to Council for	1	0	(1)

Chapter 3

				September 2019				of provincial COGTA and was presented to management but not yet approved by Council	approval in the new financial year			
D25	Accelerate institution transformation	MT&ID	Development of the Works Skills Plan	WSP approved by the LLF and submitted to the LGSETA on or before 30 April 2020	1	1	0	-	-	1	1	0
D26	Accelerate institution transformation	MT&ID	Occupational Health and Safety	Progress reports on the Implementation of the Occupational Health and Safety Action Plan	2	2	0	-	-	2	1	(1)
D27	Accelerate institution transformation	MT&ID	Replace aging network infrastructure	Budget spent on replacing aging network points on or before 30 June 2020	1	0	(1)	The municipality reduced the budget that was allocated for the replacing of the network infrastructure	The municipality will budget again for replacing aging network points in the new financial year	New KPI	New KPI	New KPI

Chapter 3

								and prioritised backup services				
D28	Accelerate institution transformation	MT&ID	Provide secured Internet Services	Quarterly reports on the supplier's performance on the effectiveness of Internet Service Provider(ISP)	4	4	0	-	-	New KPI	New KPI	New KPI
D29	Improved employment opportunities	LED	Youth Development	Review of the Youth Development Strategy before 30 June 2020	1	0	(1)	The Youth Development Strategy could not be reviewed because it has to be aligned with the National Youth Strategy which was not availed to the province for alignment with municipalities	A follow up will be done with the office of the Premier regarding the development of Youth Strategies for municipalities	New KPI	New KPI	New KPI
D30	Improve public participation	GG&PP	Special programmes	Conduct 1 outreach programme on Woman	1	1	0	-	-	New KPI	New KPI	New KPI

Chapter 3

				emancipation before 31 august 2019								
D31	Improve public participation	GG&PP	Special programmes	Conduct 1 outreach programme on people living with disabilities before 31 March 2020	1	0	(1)	The outreach programme on people living with disabilities did not take place as planned due to the COVID 19 Pandemic	This programme will be planned in future if the situation is normal in the country	New KPI	New KPI	New KPI
REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE	
PLANNING AND SOCIAL DEVELOPMENT												
D32	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and	BSD	Implementation of the Expanded Public Works Programme(EP WP)	No. of quarterly reports on the EPWP progress, grant, staff and wages paid submitted to the MM/ Council	4	4	0	-	-	4	4	0

Chapter 3

	storm water services to all residents of XDM											
D33	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of XDM	BSD	Report on the implementation of the EPWP	No. of EPWP steering committee meetings held quarterly	4	4	0	-	-	4	4	0
D34	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and	BSD	Expenditure of the EPWP Grant	100% Expenditure by end of June 2020	100%	100%	0	-	-	100%	100%	0

Chapter 3

	storm water services to all residents of XDM											
D35	Sustainable tourism destinations	LED	Making tourism awareness to schools and communities	No. of tourism awareness campaigns conducted quarterly	4	3	(1)	Tourism awareness campaigns were not conducted in the fourth quarter due to the COVID-19 Pandemic that lead to Lockdown of the Tourism Industry	Tourism awareness campaigns will be conducted via virtual mode and as per the Lockdown Risk Assessment	4	2	(2)
D36	To ensure sustainable delivery of community services(personal health, environmental health, libraries, parks and recreation, emergency) to all residents of	BSD	Environmental Health services	No. of Health Education programmes/projects planned	8	20	12	-	-	5	10	5

Chapter 3

	XDM											
D37	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of XDM	BSD	Water quality monitoring	No of quarterly water quality reports submitted to Management	4	4	0	-	-	4	4	0
D38	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of	BSD	Water quality monitoring	No of water quality samples collected per local municipality	Mohokare 66	70	4	During the first quarter the municipality did not have a service provider appointed for water quality testing and had to rely on the department of Health. The	A service provider has been appointed for water quality testing.	66	63	(3)
					Letsemeng 90	73	(17)			98	71	(27)
					Kopanong 198	201	3			196	174	(22)

Chapter 3

	XDM							number of samples collected by the Department of Health differ from the planned samples of the district hence the negative variance for Letsemeng Local Municipality.				
D39	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of XDM	BSD	Improve service delivery to communities	No of quarterly sanitation(waste water) reports submitted to Management	3	3	0	-	-	3	1	(2)

Chapter 3

D40	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of XDM	BSD	Improve service delivery to communities	No of quarterly waste water samples taken per local municipality	Mohokare 9	9	0	There was no waste water effluent for Jacobsdal therefore no samples could be obtained	The municipality will keep on trying to obtain samples from the Jacobsdal plant	9	6	(3)
					Kopanong 6	7	1			6	2	(4)
					Letsemeng 3	2	(1)			3	2	(1)
D41	To ensure sustainable delivery of community services(personal health, environmental health, libraries, parks and recreation, emergency) to all residents of XDM	BSD	Environmental Health services	No. of people attending Health Education programmes	500	801	301	-	-	500	1381	881

Chapter 3

D42	Provide disaster management, Fire and Rescue Services to the residents of Xhariep	BSD	Disaster Management	No. of municipal disaster management advisory forum meetings held (section 51 of the Disaster Management Act 2002)	4	4	0	-	-	4	3	(1)
D43	Provide disaster management, Fire and Rescue Services to the residents of Xhariep	BSD	Disaster Management	No. of Disaster Management awareness sessions held in the District	2	3	1	-	-	4	3	(1)

Chapter 3

The following abbreviations are used in the service delivery targets and performance indicators:

- KPA - Key Performance Area
- KPI - Key Performance Indicator
- GGPP - Good Governance and Public Participation
- MFVM - Municipal Financial Viability and Management
- MTID - Municipal Transformation and Institutional Development
- LED - Local Economic Development
- BSD - Basic Service Delivery
- SER - Spatial and Environmental Rationale
- MFMA - Municipal Finance Management Act 56 of 2003
- MSA - Municipal Systems Act 32 of 2000
- EEA - Employment Equity Act 55 of 1998
- SDA - Skills Development Act 97 of 1998
- MPPR - Local Government: Municipal Planning and Performance Management Regulations, 2001
- MPR - Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

Organization Development (OD) is about improving performance at the individual, group, and Municipal organizational levels. It is about improving the organization's ability to effectively respond to changes in its external environment, and it's about increasing internal capabilities by ensuring the Xhariep District Municipal structures, human resources systems, job designs, communication systems, and leadership/managerial processes fully harness human motivation and help people function to their full potential.

Done well, such improvement can be transformational —producing fundamental changes in the way individuals, groups, and organizations functions.

T4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Vacancy Rate: 2019-2020			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	2	0	0%
Other S57 Managers (Finance posts)	0	0	0%
Managers: Levels 0-3 (excluding Finance Posts)	14	1	7.1%
Senior management: Levels 0-3 (Finance posts)	3	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	0	0%
Highly skilled supervision: levels 9-12 (Finance posts)	17	1	10%
Total	73	2	4.4%

T4.1.2

Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2017/2018	4	3	0.03%
2018/2019	5	6	9.7%
2019/2020	1	3	0.03%

T4.1.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0

T4.3.1

Chapter 4

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	10	0	3	4	2,5	40379,46
Skilled (Levels 3-5)	169	0	15	16	10,5	332063.53
Highly skilled production (levels 6-8)	359	0	24	27	13	480139.41
Highly skilled supervision (Levels 9-12)	282	0	18	22	12,8	289725.37
Senior management (Levels 13-15)	95	0	7	8	11,8	29379
MM and S57	22	0	3	4	5,5	132570
Total						

T4.3.2

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
No cases of suspensions were reported in the 2019-2020 financial year due to good employer and employee relations				

T4.3.5

Chapter 4

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
No financial misconduct cases were reported in the 2019-2020 financial year.			
			T4.3.6

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2019-2020	Number of skilled employees required and actual as at 30 June 2019-2020											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2018-2019	Actual: End of 2019-2020	Target	Actual: End of 2018-2019	Actual: End of 2019-2020	Target	Actual: End of 2018-2019	Actual: End of 2019-2020	Target	Actual: End of 2018-2019	Actual: End of 2019-2020
MM and s57	Female	1	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	2	0	1	0	0	0	0	0	0	0
Councillors	Female	4	0	1	7	0	0	0	0	0	0	0	0	0
	Male	11	0	1	13	0	0	0	0	0	0	0	0	0
Technicians and associate professionals*	Female	13	0	0	5	0	7	5	0	0	0	0	0	0
	Male	6	0	0	1	0	2	3	0	0	0	0	0	0
Professionals	Female	7	0	0	7	0	0	0	0	0	0	0	0	0
	Male	1	0	0	1	0	0	0	0	0	0	0	0	0
Sub total	Female	29	0	1	19	0	7	5	0	0	0	0	0	0
	Male	25	0	1	17	0	3	3	0	0	0	0	0	0
Total		54	0	2	36	0	10	8	0	0	0	0	0	0

*Registered with professional Associate Body e.g. CA (SA)

T4.5.1

Chapter 4

Financial Competency Development: Progress Report						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	13	0	13	0	0	9
<i>Chief financial officer</i>	1	0	1	1	0	1
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	10	0	10	0	0	6
Supply Chain Management Officials	3	0	3	0	0	3
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	14	0	14	1	0	10

T4.5.2

Chapter 4

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2019-2020							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1	0	0	0	0	0	0	0	0
	Male	3	0	0	R84000	R84000	0	0	0	0
Councillors	Female	4	R42000	R42000	0	0	0	0	0	0
	Male	11	R42000	R42000	0	0	0	0	0	0
Managers	Female	6	R252000	0	0	0	0	0	0	0
	Male	9	R25000	R25000	0	0	0	0	0	0
Professionals	Female	16	R294000	0	R36000	R36000	0	0	0	0
	Male	4	R42000	0	R72000	R72000	0	0	0	0
Clerks	Female	13	0	0	R72000	R72000	0	0	0	0
	Male	3	0	0	R36000	R36000	0	0	0	0
Elementary	Female	2	R36000	0	0	0	0	0	0	0

Chapter 4

occupations	Male	3	R42000	0	0	0	0	0	0	0
Sub total	Female	42	R634000	R42000	R108000	0	0	0	0	0
	Male	33	R151000	R67000	R192000	0	0	0	0	0
Total		75	R775000	R109000	R300000	0	0	0	0	0
<i>*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.</i>									%*	*R
T4.5.3										

Chapter 5

Repair and Maintenance Expenditure: 2019-2020				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	770	762	530	3 121
				T5.3.4

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Both the Supply Chain Management Policy of municipality and Standard for Infrastructure Procurement Delivery and Delivery Management policies are reviewed annually to ensure that they are in line with the Municipal Supply Chain Management Regulations, other applicable legislations and guidelines. The reviewed policy of the municipality for 2019/20 financial year was approved by the Council in October 2019 after incorporation of the Free State Provincial Treasury inputs.

The municipality (as far as the National Treasury SCM implementation check list is concerned, both quarterly and annually) does not have IT related projects above R10m, hence it has not yet utilized the services of SITA to procure such goods or service; and Lastly, an institutional delegation of powers has to be established in collaboration with Free State Provincial Treasury.

No Councilor is a member of any committee handling Supply Chain processes. All three (3) Officials in Supply Chain have the MFMA minimum competency requirements in 2016.

Non – compliance with Supply Chain Management Policy and other applicable legislations which resulted in irregular expenditure – As a remedial action to this problem, such expenditure to be investigated by MPAC, consequence management to be implemented and the SCM checklist to be reviewed and implemented effectively to ensure for an example, that all transactions, prior to awarding, are given to suppliers/service providers that are CSD compliant and/or comply with all the necessary bidding requirements.

T5.12.1

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2018-2019

Auditor-General Report on Financial Performance 2018-2019	
Audit Report Status*:	Unqualified Opinion (2018 – 2019)
Non-Compliance Issues	Remedial Action Taken
Employee cost- Deficiencies on appointments processes	Management to investigate on the easiest way yet cost effective for new employee vetting.
Non-Compliance :(PAYE,SDL,UIF) Paid after 7 days	<ol style="list-style-type: none"> 1. Preparing the Monthly cash flow projections; 2. Monthly Cash flow management and monitoring 3. Payment of third party payments (PAYE, SDL, UIF) before the 7th of every month
Performance monitoring and reporting: No performance evaluation was conducted for senior managers	Management will ensure that the panel members are appointed and conduct performance evaluation for Senior Managers.
Consequence management-Discrepancies and non-compliance	<p>Management will ensure that MPAC is sitting as per approved schedule and all reports are tabled in council on a quarterly basis.</p> <p>Management will ensure that consequence management are implemented as per recommendations of the MPAC</p>
Control deficiency-Irregular expenditure(Overpayments of Salaries of employees)	Management will make a follow up with DCoGTA regarding the overpayment of salaries and report on the progress made.
Non-compliance and Internal control deficiencies :audit Committee	Management has appointed additional members of the Audit Committee that comprises of 4 members.
SupplyChain management-Internal control deficiencies and Non-compliance	<ol style="list-style-type: none"> 1. Submit proof of SCM implantation report to PT. 2. Include SCM Reg 14 into XDM SCM Policy 3. Implement a register of Policies and NT Circulars 4. Implement strict measure to ensure payments are made only after services are rendered 5. Effective Implementation of mSCOA procurement module
MPAC not functional during the 2018/19 financial year	Management will ensure that MPAC is sitting as per approved schedule and all reports are tabled in council on a quarterly basis.

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Liability Management- Long-term debt not approved by council	The finding was raised in error. The Municipality did not incur long term debt. AGSA will be engaged on this matter
Expenditure: Non-Compliance - Payments not made within 30 days after invoice date	Payments must be made within 30 days of valid invoice date Review monthly Cash flow.
Competitive Bids: Bid Adjudication Committee Composition does not meet the requirements of SCM regulation	Ensure BAC composition meets the requirements of SCM Reg.29 before any appointment.
Procurement & Contract Management: Bid Advertised for period less than 14 days	Ensure adherence to SCM policy and SCM regulation 22 (2) relating to advertisements (7 days and 14 days)
Procurement & Contract Management: Extension not presented to council	Submit all contract extensions to Council.
Procurement & Contract Management: Performance Evaluation Vague	Keep Monthly report on progress of the projects and performance evaluation based on deliverables.
Procurement & Contract Management: Poor Performance evaluated but contract not terminated or penalties imposed	1. Evaluate performance of contractors on a monthly basis 2. Enforce penalties as stated on general conditions of contract (clause 22)
Procurement and Contract Management : No CSD report attached	Ensure CSD report is attached to all payment vouchers or MAAA number is written.
Procurement and Contract Management: Deviations not in line with regulations	Ensure that all deviations are in line with SCM Regulation 36 1(b) and record valid reasons.
Procurement and Contract Management: Deviations not reported to council	1. Identify all deviations and record in the register. 2. Ensure that monthly deviations reports are submitted to Council.
Procurement and Contract Management: PPPF not followed when procuring goods	Apply PPPF Regulations for all procurement above R30 000.
Procurement and Contract Management: Request for quotation and B-BBEE certificates not submitted	Implement a procurement checklist and ensure all relevant information is filed.
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
T6.1.1	

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Auditor-General Report on Financial Performance 2019/2020	
Status of audit report:	
Unqualified Opinion	
Non-Compliance Issues	Remedial Action Taken
Compliance - AFS, APR, AR: Revised SDBIP, Annual Report and Oversight adoptions (COA.8)(M)(A)	Management will ensure that the oversight committee (MPAC) tables the oversight report within the prescribed legislated timeframes Management will ensure that the revised SDBIP is tabled to Council after the approved adjustments budget.
Compliance - Planning: Consequence Management: No investigations of irregular expenditure (COA.10)(M)(A)	Due to the backlogs of the entire Unauthorized, Irregular, Fruitless and Wasteful Expenditure, Management would ensure speedily investigations on the entire populations through the MPAC.
Compliance - Expenditure: Payments not made within 30 days (COA.34)(M)(A)	Management would ensure that all payments must be made within 30 days of invoice date.
Compliance - Expenditure management: Steps not taken to prevent UIF expenditure (CoA.44)(M)(A)	Management would ensure that MPAC is sitting as per schedule to ensure that there is consistent reporting for Unauthorized, Irregular, Fruitless and Wasteful Expenditure.
Compliance - SUM (irreg) SCM Business Process: (local content) Non-compliance with the regulations (COA.5)(M)(A)	Management would ensure that SCM Process is followed to ensure that the local content is covered and applied accordingly as recommended.
Compliance / adjusted (irreg)- SCM: Reason for deviation not in line with SCM regulation	Management would ensure that the irregular expenditure is in line with the SCM Policy and other circulars as issued by NT. Management would ensure the consistency in relation to SCM as approved by the Council.
SCM focus area - compliance SCM: Contract Management - No provision for dispute resolution in the contract (CoA.42)(M)(A)	Management would ensure that SCM Process is followed at all times and such SLA is covered in terms of circulars issued as well.
SCM focus area -compliance SCM: Contract Management: Contract details differ to specifications (COA.40)(M)(A)	Management would ensure that SCM Process is followed at all times and such SLA is covered in terms of circulars issued as well.
SCM focus area - compliance SCM: Contract Management: Contract extension/modification approvals (COA.39)(M)(A)	Management would ensure that the all extensions are approved by Council.
I/C- compliance (resolved/ adjusted (irreg)) - SCM: Quotations: No three quotations were obtained and no deviation (COA.51) (M)(A)	Management would ensure that SCM Process is followed at all times and such SLA is covered in terms of circulars issued as well.
SCM focus area: compliance MR only - SCM: PPR: Unable to determine how points were awarded for functionality (COA.59)(M)(A)	Management would ensure that SCM Process is followed at all times and such SLA is covered in terms of circulars issued as well.
COMPLIANCE - SCM: PPR: Bid not evaluated in	Management would ensure that SCM Process is followed at all

Chapter 5

accordance with preference point system (COA.61)	times and such SLA is covered in terms of circulars issued as well.
I/C - compliance - SCM: PPR: B-BBEE points not awarded correctly (COA.60)(M)(A)	Management would ensure that SCM Process is followed at all times and such SLA is covered in terms of circulars issued as well.
I/C - compliance - SCM: Quotations: Reasons for not obtaining three quotations not approved (COA.58)(M)(A)	Management would ensure that SCM Process is followed at all times and such SLA is covered in terms of circulars issued as well.
I/C - VAT: VAT 201 forms not completed and timeously submitted to SARS (CoA.27)(M)(A)	Management would perform Monthly VAT reconciliations.
<p><i>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance 2018-2019.</i></p>	
T6.2.1	

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COMPONENT B: AUDITOR-GENERAL OPINION 2019-2020 (CURRENT YEAR)

Report of the auditor-general to the Free State Legislature and the council on the Xhariep District Municipality

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Xhariep District Municipality set out on pages 45 to 74, which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes 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 Xhariep District Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (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 this auditor's 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.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

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7. Note 29 to the financial statements indicates that the municipality's current liabilities exceeded its current assets by R1 180 359 for the year ended 30 June 2020. The municipality is unable to pay its creditors' accounts when they fall due, as it takes the municipality more than 221 days to settle creditors. These events or conditions, along with other matters as set forth in note 29, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

IRREGULAR EXPENDITURE

9. As disclosed in note 33 to the financial statements, irregular expenditure of R4 381 556 (2019: R2 466 957) was incurred due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being determined.

UNAUTHORISED EXPENDITURE

10. As disclosed in note 31 to the financial statements, unauthorised expenditure of R455 404 (2019: R6 175 909) was incurred due to overspending a main division within the vote.

RESTATEMENT OF CORRESPONDING FIGURES

11. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020.

MATERIAL UNCERTAINTY RELATING TO CLAIMS AGAINST THE MUNICIPALITY

12. With reference to note 27 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

MATERIAL IMPAIRMENT

13. As disclosed in note 4 to the financial statements, consumers and other receivables were impaired by R2 084 804 (2019: R1 588 212).

OTHER MATTER

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

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UNAUDITED DISCLOSURE NOTES

15. 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.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

17. In preparing the financial statements, the accounting officer is responsible for assessing the Xhariep District 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

18. 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.

19. 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

20. 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 selected key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

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21. 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/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. 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 KPA presented in the municipality's annual performance report for the year ended 30 June 2020:

KPA	Pages in the annual performance report
KPA 1 – basic service and delivery	55-58 and 68-74

23. 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.
24. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority:
- KPA 1 – basic service and delivery

OTHER MATTER

25. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

26. Refer to the annual performance report on pages 45 to 74 for information on the achievement of planned targets for the year and explanations provided for the under or overachievement of a number of targets.

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REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

27. 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.

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

ANNUAL FINANCIAL STATEMENTS

29. 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 of liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

30. The council failed to adopt an oversight report containing the council's comments on the 2018-19 annual report, as required by section 129(1) of the MFMA.

EXPENDITURE MANAGEMENT

31. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

32. Reasonable steps were not taken to prevent irregular expenditure of R4 381 556 disclosed in note 33 to the annual financial statements, as required by section 62(1)(d) MFMA. The majority of the irregular expenditure was caused by non-compliance with the Municipal Systems Act 32 of 2000 and SCM regulations.

33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R188 793, as disclosed in note 32 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties for late payments of suppliers.

34. Reasonable steps were not taken to prevent unauthorised expenditure of R455 404, as disclosed in note 31 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the main division of the vote and spending not allocated to a vote.

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STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

35. The service delivery and budget implementation plan was revised during the year without approval of the council following approval of an adjustments budget, as required by section 54(1)(c) of the MFMA.

ASSET MANAGEMENT

36. An investment policy adopted by council was not in place, as required by section 13(2) of the MFMA and municipal investment regulation 3(1)(a).

PROCUREMENT AND CONTRACT MANAGEMENT

37. Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Also a deviation was approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
38. The preference point system was not applied to the procurement of some goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act 5 of 2000. Similar non-compliance was also reported in the prior year.
39. Some bid documentation to procure commodities designated for local content and production did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

CONSEQUENCE MANAGEMENT

40. Irregular expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

OTHER INFORMATION

41. 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 the selected KPA presented in the annual performance report that has been specifically reported in this auditor's report.
42. 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 it.

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43. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. I did not receive the 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

45. 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 the findings on compliance with legislation included in this report.
46. There was a slow response from the leadership to implement and monitor the audit action plan to address the prior year's findings and internal control deficiencies identified during the previous audits, as well as material misstatements that were subsequently corrected by management and repeated non-compliance with relevant laws and regulations. There was again a last-minute effort implemented by management during the audit to resolve the internal control deficiencies and material misstatements to avoid audit report matters.
47. The leadership did not take effective steps to ensure that there were consequences for poor performance and transgressions, as not all of the irregular expenditure was investigated during the financial year.
48. The municipality's governance structures were not sufficiently capacitated and, as a result, did not deliver on their mandates. Consequently, the governance structures did not take into account all the risks that affected the municipal environment and did not monitor the implementation of the recommendations of the risk management division.

Auditor-General

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Bloemfontein

26 February 2021



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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 KPAs 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 Xhariep District 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

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- 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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

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GLOSSARY	
Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give <i>“full and regular”</i> reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe <i>“what we do”</i> .
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.

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Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

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	which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE (NTOMBI)

Councillors, Committees Allocated and Council Attendance				
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance
	FT/PT			%
CIlr NS Mqungquthu	FT	Speaker	ANC	100
CIlr MJ Sehanka	FT	Executive Mayor/Executive Committee	ANC	90
CIlr K Moeketsi	FT	Chairperson of Corporate Services Committee	ANC	80
CIlr JK Sebeco	FT	Chairperson of Budget and Treasury Committee	ANC	70
CIlr MK Matlakala	PT	Corporate Services Committee	ANC	100
CIlr MS Mogapi	PT	MPAC Member	ANC	80
CIlr TS Tseoua	PT	Budget and Treasury Committee	EFF	80
CIlr AJ Van Rensburg	PT	Planning and Social Development Committee	DA	60
CIlr MJ Moitse	PT	Chairperson of MPAC	ANC	80
CIlr MJ Phaliso	PT	Budget and Treasury Committee	ANC	70
CIlr AN November	PT	Planning and Social Development Committee	ANC	60

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ClIr TD Mochechepa	FT	Chairperson of Planning and Social Development Committee	ANC	50	
ClIR TV Nthapo	PT	Corporate Services Committee	DA	60	
ClIr Van Wyk	PT	Corporate Services Committee	DA	70	
ClIr S Riddle	PT	MPAC Member	DA	90	
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					TA

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Oversight Committee	Playing an oversight Role over the finances and the administration of the Municipality
Audit Committee	Performing duties as stipulated in Section 166 of the MFMA
MPAC	Playing an oversight Role over the finances and the administration of the Municipality
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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	No	
Child care facilities	Yes	
Electricity and gas reticulation	No	
Firefighting services	No	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Storm water management systems in built-up areas	No	
Trading regulations	No	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	
<i>Continued next page</i>		
<i>Continued from previous page</i>		
Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 5, Part B functions:		
Beaches and amusement facilities	No	

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Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	No	
Control of public nuisances	No	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	No	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	No	
Local sport facilities	No	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	No	
Municipal roads	No	
Noise pollution	Yes	
Pounds	No	
Public places	No	
Refuse removal, refuse dumps and solid waste disposal	No	
Street trading	No	
Street lighting	No	
Traffic and parking	No	
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2019-2020

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2019-2020	Recommendations adopted (enter Yes) If not adopted (provide explanation)
06 July 2019	<p>The Committee resolved that invitation should be extended to Chairperson of MPAC AND MMC Finance.</p> <p>The Municipal Manager to review the minutes of the meeting before submission is made to the Audit Committee.</p> <p>The Audit Committee requested that the MPAC Chairperson be present in all Audit Committee.</p> <p>The Audit Committee Resolved that the time-frames should be included in the resolution register to clarify deadlines.</p> <p>Meeting to be held between the Audit Committee and the Internal Audit few hours before the Audit committee Meetings.</p> <p>Audit Committee Members approves strategic Documents with proposed changes for 2019 / 2020 financial year.</p> <p>Audit Committee Members noted and resolved that the Internal Audit charter be amended to make provision for year-end time difference.</p> <p>The Audit and Performance Committee took note of the Internal Audit Reports presented.</p>	Yes
20 August 2019	<p>The Audit Committee resolved that the second AFS draft to be submitted to the audit committee and stakeholders for final review prior to submission.</p> <p>The Audit Committee resolved that the APR be reviewed and report be submitted to the Audit Committee and Stakeholders</p> <p>The Audit Committee approved the Schedule of the Audit Committee meetings for 2019 / 2020</p> <p>The Audit Committee approved the Three Year Rolling Plan and</p>	Yes

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	Annual Internal Audit Plan for 2019 / 2020 with changes effected	
16th June 2020	<p>The Audit Committee requested that the Minutes for the 3rd July 2019 be presented in the next meeting.</p> <p>The Audit Committee resolved the Committee for Senior Manager be established for assessment of the Senior Managers and be reported in the next Audit Committee meeting.</p> <p>The Audit Committee members took note of the Internal Audit Reports submitted.</p>	Yes
26th June 2020	<p>The Audit Committee members took note of the Section 71 Report and advised Senior Management to ensure that the detailed report be submitted to council.</p> <p>The Audit Committee resolved that Internal Audit to submitted Ad-hoc Audit to be carried as per request of the municipal manager in terms of section 165 (2) (c).</p>	Yes
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APPENDIX H – LONG TERM CONTRACTS

Long Term Contracts (Largest Contracts Entered into 2019-2020)					
R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
CCG Systems	Implementation of the integrated financial management systems and internal controls (mSCOA): Municipal Standard Charts of Accounts	02/12/2019	30/11/2022	Mr Thabo Matsiliso	5 244 082,00
Test it Lab	Waste Water and Water Samplings	02/12/2019	30/11/2021	Mrs Morakane Keswa	579 060,08
					T H.1

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APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Service Provider	Project Name	Contract Amount	Project Status	End User Remarks
CCG Systems	Implementation of the integrated financial management systems and internal controls (mSCOA): Municipal Standard Charts of Accounts	5 244 082,00	On-going	Good
Test it Lab	Waste Water and Water Samplings	579 060,08	On-going	Good
Fezi Auditors and Consultants JV Opulentia Financial Service	Insurance of municipal assets	766 213.93	On-going	Excellent
Khumo Documents t/a Pan Solutions	Supply and Maintenance of telephone systems	483 796.96	On-going	Acceptable
Mega Works	Supply and Maintenance of printers	409 450.00	On-going	Acceptable
Aganang Consulting Engineers	Rural Roads Asset Management System	9 787 895.00	Contract ended on 30 June 2020	Good
LQ Technologies	Internet Service Provision	900 000.00	Contract ended on 31 January 2020	Good

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2019-2020 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	CLlr MJ Sehanka	Nil
Member of MayCo / Exco		
	K.Moeketsi	Nil
	CLlr MK Matlakala	Nil
	JK Sebeco	Nil
	TD Mochechepa	Corporation 40%
	NS Mqungquthu	Nil
Councillor	M Mogapi	Pension
	JM Moitse	Nil
	N November	Nil
	J Phaliso	Nil
	MK Matlakala	Nil
	S Tseuoa	Pension GERP 6000
	AJJ van Rensburg	Shares and securities: BKB R200 000.00AND CMW, R150 000 Other financial Interest: Rustfontein Farming, R25000000.00, Interest in property: Rustfontein ha ,R 3 600000.00 Old Mutual pension R2 000000.00
	Van Wyk	Nil
	TV Nthapo	Nil
	J. Riddle	Shares and securities: Nicks place :R 1 500 000.00 Interest in Trust: Duma Family Trust R 4000 000.00 Employment and Remuneration R 250 000 Interest in property: Erf 337 Smithfield: R1 500 000.00 Old mutual: R1000 000.00
Municipal Manager	LY Moletsane	Widows pension fund R3374.32 Property: R1 960 000.00

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Chief Financial Officer	PV Litabe	Share Holder: Calaria(PTY)Ltd (50%) Diabo Accountants & Consulting (20%) Non-Executive Manager:Diabo Accountants & Consulting
Director: Corporate Services	ZQ Majenge	Property: R1 600 000.00
Director: Planning and Social Development	MS Mohale	Property: R1 350 000.00
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A TJ		

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APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2018-2019	2019-2020			2019-2020 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Agency services							
Transfers recognised - operational	68 253	68 740	68 984	65 777	2 963	3 207	
Other revenue	1 252	128	128	104	24	24	
Total Revenue (excluding capital transfers and contributions)							
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							T K.2

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APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	N/A	
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model	N/A	
Output: Administrative and financial capability	N/A	
<p><i>* Note: Some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information.</i></p>		

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VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS



Xhariep District Municipality

**(Demarcation Code DC16)
Annual Financial Statements
for the Year Ended 30 June 2020**