



**An area of unfound diversity**

**XHARIEP  
DISTRICT  
MUNICIPALITY**

**ANNUAL REPORT 2009/2010**

## KEY FACTS

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### **Population**

135 245

### **Number of Households**

42233

### **Land Area**

34 289km

### **Population Density**

4 people /km<sup>2</sup>

I am responsible for the preparation of this Annual Report prepared in terms of the Local Government Municipal Systems Act (Act 32 of 2000) Section 46; Section 121(1) of the Local Government Municipal Finance Management Act 56 of 2003(MFMA),, and which I have signed on behalf of the Municipality.

.....

**Mr T.L Mkhwane**

**Municipal Manager**

*Source: Community Survey 2007*

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## FOREWORD BY THE EXECUTIVE MAYOR

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The year 2009 we saw the electorate going to the polls and electing a government of their choice which means the mandate to lead the country for another five years was confirmed. This does not only deepen democracy but it also places huge Constitutional responsibilities on government in general and municipalities in particular. The municipalities as the sphere closest to the people should be alive to the challenges of service delivery. Examples abound throughout the country of communities who are becoming impatient with municipalities that do not deliver the basic services to them.

From the beginning of 2009 to date, Xhariep District Municipality was able to review a credible Integrated Development Plan and the Service Delivery and Budget Implementation Plan. The two above mentioned documents are the heart of the service delivery mandate and are meant to direct and monitor performance of the municipality against its performance targets.

The IDP as a five year strategic document is and must be a living document. Although it was adopted in 2006 when the current Council came into power, it is reviewed annually since then, to accommodate the changes that can keep it relevant and responsive.

Section 127 of the Municipal Finance Management Act provides that within seven months after the end of a financial year, the Mayor must table in the Municipal Council the Annual Report of the municipality. The submission of the Annual Report is therefore a legal requirement and its format is highly prescriptive.

It is pleasing to report that Xhariep District Municipality was able to use Service Delivery and Budget Implementation Plan to monitor the performance of individuals and the organization against its IDP targets. Important and valuable lessons in performance were learned in the past year. In developing a credible performance management will go a long way in addressing some performance weaknesses. Indeed, our performance management system is bound to mature.

We, as the District Municipality, in collaboration with our three Local Municipalities, have strengthened the effect of our Expanded Public Works Programme (EPWP), as well as the various job creation projects taking place in our area. The District's role was always coordinative and supportive of the work done in the three local municipalities.

As a District we should further create an enabling environment for economic development of the region. Our primary focus should be on agriculture, mining, manufacturing, transport and tourism. Job creation should be sustainable for the development of the economy of the region.

We want to thank the Council leadership, Senior Managers and all other officials for serving Xhariep District Municipality and its communities with dedication and commitment. We should continue to be servants of service delivery. Just like Michel Jordan says: **Individual talent wins games but team work and intelligence win championships.**

It is our hope that Xhariep District Municipality will move from strength to strength and become a theatre of planning and master of coordination.

.....  
**Clr. M.G. Ntwanambi**  
**Executive Mayor**  
**Xhariep District Municipality**

## FOREWORD BY THE MUNICIPAL MANAGER

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It is with pleasure that I present the 2009/2010 Annual Report of Xhariep District Municipality as prepared in terms of Section 46 (1) of the Municipal Systems Act 32 of 2003 and section 121 (1) of the Local Government Municipal Finance Management Act 56 of 2003, (MFMA). It is important to emphasise the purpose of the Annual Report as:

To provide a record of activities of Xhariep District Municipality during the Financial Year 2009/2010.

To provide a report on the Performance in fulfilling the objectives as reflected in the IDP, Service Delivery and Budget Implementation Plan.

It is also a tool for Council to indicate challenges and priorities for the ensuing year.

- Ever since its inception, Xhariep District Municipality has always depended solely on the National and Provincial Governments' Grants. Since the abolishment of the RSC Levies, there has been no other significant source of income for the Municipality to finance its operations, projects and other service delivery related activities and functions.
- In line with the Government's objective to improve service delivery and enhance rural development, it was the Municipality's duty to deliver on its constitutional mandate that includes, Disaster Management, Municipal Environmental Health, Local Economical Development and other developmental commitments.
- The District has improved to ensure that functional and effective Shared Audit Committee, Oversight Committee and Performance Committee are established within the Municipality. The Internal Audit, Performance Management, as well as the Risk Management units were established. These establishments are critical for the Municipality's compliance with legislation.
- The District is unable to fully implement its LED Strategy and other related LED Projects due to limited financial resources. It is also not able to support its SMME's and to attract investors to its District, as the Municipality wants to invest mainly in infrastructure development for instance Bulk Supply of water that will ensure the environment is economically conducive for businesses as it is a function of the District in terms of Section 84(b) of the Local Government Municipal Structures Act of 1998.
- The District has managed to formally establish the Disaster Management Unit within the municipality. There are programmes and activities that the unit has to carry out during the financial year. These, together with the daily operational and administrative costs, are not funded at all. As a result the District has made a provision for that in the budget. There is a need for the Disaster management centre as well.
- During the visit of COGTA to Xhariep District Municipality on the Turnaround Strategy, the financial viability of the District was discussed in details and it has become evident from the session that the Equitable Share of the District needs to be revisited. At least the District must receive a minimum of R 46 Million as a Grant from Equitable Share.

The District is, in this financial year, planning to fully implement the Employee Performance Appraisal System (EPAS). The Supervisors have already been trained on how to implement the EPAS and this will definitely help improve service delivery. This will also ensure that the performance targets contained in our Performance Agreements are achieved.

The managerial purpose of setting objectives is to convert the strategic vision into specific performance targets – results and outcomes the District's Management wants to achieve. Well – stated objectives are quantifiable, or measurable, and contain deadline for achievement.

As Bill Hewlett, co-founder, of Hewlett-Packard, shrewdly observed, "You cannot manage what you cannot measure.... And what gets measured gets done". Concrete, measurable objectives are managerially valuable because they serve as yardsticks for tracking the District's performance and progress.

The achievement of Clean Audit Report by the District is certainly not beyond reach, and I am confident that this can be achieved if all role players join forces in a concerted and unwavering effort towards this goal.

I would like to express my sincere gratitude to the Executive Mayor, Speaker, Councilors, Management and all Staff Members, the Communities of Xhariep District Municipality and Stakeholders for their contribution to the progress made for the year under review. I thank you all for your dedication and commitment in improving the lives of our community.

**LOCAL GOVERNMENT IS EVERYONE'S BUSINESS ..... BE PART OF IT.....**

.....  
**T.L MKHWANE**  
**MUNICIPAL MANAGER**

# CHAPTER 1: INTRODUCTION AND OVERVIEW OF THE MUNICIPALITY

## INTRODUCTION

framework that describes and represents how Xhariep District Municipality's cycle and processes of planning, monitoring, measuring, reviewing, reporting and improving its performance will be conducted, organised and managed and what roles different role-players will fulfil in the process.

It produces evidence of the extent to which the Municipality implemented its integrated development plan (IDP) and serves as basis for identifying the reasons for underperformance in order to take corrective action in a timely fashion.

The purpose of the PMS is to set key performance indicators (KPIs) and targets for measuring Xhariep District Municipality's performance against the development priorities and objectives set out in its IDP during a specific financial year.

The Municipal Systems Act further requires that Xhariep District Municipality must, at least once during a year, measure and review its performance against the KPIs and performance targets contained in its PMS and prepare an annual performance report. These measurements will indicate in what areas Xhariep District Municipality performed satisfactorily and where improvements are required. The annual performance report must reflect at least the following –

- ❖ The municipality's performance and that of each external service provider that provides municipal services on its behalf during that financial year;
- ❖ a comparison of the performance of a specific year with the performance in the previous financial year; and
- ❖ Measures taken to improve performance.

The Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) requires that Xhariep District Municipality must for each financial year prepare an annual report. The annual performance report must form part of the annual report. The Mayor must table the annual report regarding a specific financial year in the Council on or before 31 January of the next financial year. The Council must deal with the annual report on or before 31 March.

## OVERVIEW

The Xhariep District is “an area of unfound diversity” as the official slogan of the District Municipality aptly runs. Lying in the south-western Free State, the Xhariep Region, named after the Gariep Dam, is typically dry and probably the region most likely to fulfil the picture held by many of the Free State as a place of endless space, vast tracts of sheep and cattle farmland, a generous dollop of tranquillity, and a part of the world known to few.

The District constitutes the southern part of the Free State and covers an area of approximately 34,131 km. There are 17 towns in this district, which boasts abundant natural resources such as water and agricultural land. It has the largest geographical area of districts in the Free State province.

The largest dam in South Africa is situated at the southern tip of the District. Moreover three (3) National Roads (N1-Gauteng to Cape Town, N6 –Eastern Cape to Bloemfontein and N8-Bloemfontein to Kimberly) pass through the District.

The District Municipality comprises of three local municipalities, namely:

- ❖ Kopanong which consists of the following nine (9) towns, namely, Trompsburg, Edenburg, Bethulie, Phillipolis, Springfontein, Reddersburg, Jagersfontein, Fauresmith and Gariep Dam.
- ❖ Letsemeng consisting of five (5) towns of Koffiefontein, Luckhoff, Jacobsdal, Oppersmansgronde and Petrusburg.
- ❖ Mohokare incorporating three (3) towns of Zastron, Rouxville and Smithfield.

## DISTRICT POPULATION

The District has a fairly even population distribution with most people (41%) residing in Kopanong, whilst Letsemeng and Mohokare accommodate only 32% and 27% of the total population respectively. The District accounts for about 5% of the total population in the Free State province.

## CHAPTER 2: PERFORMANCE HIGHLIGHTS

The Municipal Planning and Performance Management Regulations (2001) in terms of the MSA sets the requirements for performance management out in detail. The Regulations also contain general KPIs which all municipalities must apply. The Municipality's performance against these general KPI's is discussed in this chapter. The performance of the municipality against the set key performance indicators for 2009/2010 financial year is discussed below.



## 2. National Key Performance Area: Service Delivery

### 2.1 TROMPSBURG NEW SEWERAGE TREATMENT WORKS

Xhariep District Municipality initiated the Sewerage Treatment Works Project in 2004. The main reason for the construction of the sewerage ponds was that the capacity of the existing sewerage system could not be able to cope with the additional sewerage that will be generated by the proposed new hospital in Trompsburg.

In 2009 the Municipality requested financial assistance from the Department of Cooperative Governance, Traditional Affairs and Human Settlements to complete the project. The Municipality received assistance from the Department through the Provincial Infrastructure Grant (PIG) to complete the outstanding works on the Sewerage Treatment and, as a result an amount of R2.6 million was allocated to Xhariep for completion of the project.

The Municipality appointed SSI as the Civil Engineers and Project Managers for the above mentioned project. Phello Co. (PTY) LTD was appointed as Contractor to complete the Outstanding Work on the New Sewerage Treatment Works and Appurtenant works in Trompsburg.

The Sub-contractors appointed by Phello Co. (LTD) are Boetas Electrical, Gundle Plastic and Moabi Construction. The project managed to create about 35 job opportunities for local labourers in the area. The project is on schedule and 100% of civil work is completed. There has been six site meetings held for the project so far. The Project Steering Committee is constituted of the Ward Councillor for Kopanong Local Municipality, the Community Liaison Officer (CLO) of the project, District and local Municipality officials.

#### 2.1.2 FENCING OF CEMETERIES

The Cemetery Project was identified as one of the Premier's 100 days project and is included in the Municipality's Integrated Development Plan. The objective of the project was to assist the District Municipality to specifically deal with the following core issues:

- ❖ Creation of decent work and sustainable livelihoods
- ❖ To ensure that dignity of the cemeteries is maintained

The project was intended for three (3) towns, namely, Koffiefontein; Zastron and Bethulie. However, due to financial constraints only one (1) town benefited which is Bethulie. The project was budgeted for an amount of R600 000.00.

The contract was awarded to Vision Direct /Bethulie Lephoi J.V on the 11th September 2009 and was completed on 13th December 2009.

The project was labour intensive and 20 local residents within the area of Bethulie were employed.

### **2.1.3 MUNICIPAL HEALTH SERVICES**

Municipal Health Services is the responsibility of the District municipality according to the Municipal Structures Act 1998; therefore the Local Municipality's authorisation to provide Municipal Health Services was withdrawn in terms of paragraph 4 of Government Notice no 809 of 13 June 2003 with effect from 1 July 2004. However, due to limited budget the District Municipality could not perform this function as contemplated in the Act.

Xhariep District Municipality started implementing Municipal Health Services in December 2009. A Service Level Agreement for Devolution Process has been entered and signed with Mohokare and Letsemeng Local Municipalities respectively. Kopanong Local Municipality still has to sign the Service Level Agreement and negotiations are still underway.

Nonetheless, a scope of practice was done throughout the district. There were common problems identified in all three local municipalities: Kopanong, Letsemeng and Mohokare local municipalities reported as follows:

#### **(a) FOOD CONTROL MONITORING**

An inspection was done in all food premises guided by Regulation 918 of July 1999, regulation governing general hygiene requirements for food premises and the transporting of food. During inspection Environmental Health Practitioners issued out COA (Certificate issued to food premises meeting R918 General Hygiene requirements). Routine inspections were conducted in all food premises, coupled with health and hygiene education as this prevents food-borne diseases.

During these inspection most of the food premises inspected were found not to be complying with regulation R918 requirements, as a result Environmental Health Practitioners provided guidelines to all the shops, crèches, butcheries and catering companies on food handling practices, steps in proper hand washing and proper storage of food.

Shop owners in some towns were using building structures for food premises as residential areas, they were discouraged to do so as such practices posed a health threat to customers and some promised to find alternative accommodation.

#### **(b) WASTE MANAGEMENT MONITORING**

Implementation of principle stipulated under National Environmental Management Act 107 of 1998, which state that for sustainable development factors such as 'waste is avoided or where it

cannot be altogether avoided be minimized, reused or recycled or where possible and otherwise disposed in a responsible manner.

Environmental Health Practitioners guided by National Waste Management Regulations, monitored the collection, storage and disposal of waste. Different institutions generating waste were inspected since January 2010; Kopanong health facilities were in the forefront as serious challenges where existing, whereby high medical waste was accumulating in all the health facilities. Environmental health practitioners consulted Department of Health on the issue and promised to get a new contractor. As from the 1 of April a new contractor was appointed for collection of waste in all the health facilities.

Waste generated around the community is collected by the municipality from households and disposed in a sustainable manner in designated landfill site. Environmental Health Practitioners, guided by minimum requirements of landfill sites of 1998, inspected all landfill sites, to monitor their compliance to waste management regulations.

All landfill sites around the district were inspected during the Greenest Town Competition and the findings were not impressive as communities were dumping outside the landfill sites.

### **(c) WATER QUALITY MONITORING**

Municipalities are responsible to provide quality drinking water to communities; therefore they must comply with regulations governing the water supply such as National Water Act 36 of 1998 and SANS 241. Water quality monitoring was conducted in all the towns around district and a Boil alert was issued in Jagersfontein as the water was not suitable for human consumption, guided by SANS 241 standards.

Water awareness was conducted to educate the community on waterborne diseases, importance of water and tips on saving water. The main aim for the awareness was to reduce waterborne diseases related to poor quality water.

Learners in the district schools were also encouraged to practice good personal hygiene at all times using the water provided to them, saving water, diseases related to poor water supply, these was done during Water Week celebration held from the 1-5 March 2010 in Springfontein Primary School, Madikgetla Primary School and Bethulie Primary School. The main event which was the District event was held on the 21<sup>st</sup> of March 2010 in Jagersfontein at Boaramelo

Combined School. During these events posters, calendars, calculators and bags were given to learners as promotional materials.

#### **(d) COMMUNICABLE DISEASE CONTROL**

Communicable diseases are infectious diseases transmittable by direct contact with an infected individual or the individual's discharges or by indirect means due to infected vectors such as mosquito's, rodents and the consumption of food products which have been contaminated by infected vectors. These diseases are often infectious and thus often lead to the isolation of infected persons.

Regulations relating to communicable disease and the notification of medical conditions published under government notice no. 2438 of 30 October 1987, which was used to establish a Disease Outbreak Response Team (DORT) consisting of Environmental Health Practitioners, for Municipalities as well as some of the Department of Health professionals to respond to the Rift Valley Fever (RVF) outbreak during the month of April 2010. Within all local Municipalities, there were suspicions and confirmed cases of RVF and people who died due to the Rift Valley outbreak.

As a result health education on Rift Valley fever was conducted in the communities, all the crèches and health facilities situated within affected towns on the mode of transmission, symptoms and prevention of the disease.

Due to commitment by DORT team the outbreak of Rift Valley Fever was contained and no incident cases were reported since May 2010. Farms which were experiencing high abnormal mortality rate in their livestock were also visited. During the outbreak respond visits, workers were given health education on the precautions to take when handling infected livestock, they were issued with questionnaires to determine whether they were infected with Rift Valley fever or not and pamphlets were also distributed to the workers to constantly refer on the information. Farm-workers who were in-contact with suspected livestock and had symptoms of the disease were drawn blood and their blood samples were taken to the laboratory for analysis by the nursing professionals on site.

#### **(e) VECTOR CONTROL**

Vector control is a method used to control vectors or pests (rats, cockroaches and flies) since these pests are responsible for the transmission of diseases. All the food business premises were inspected by the Environmental Health Practitioners under R918 of 1999 regulation, governing general hygiene requirements for food premises and the transportation of food. Most of them were found to be using cats as a pest control method, as the regulation does not allow the keeping of animals within a food premises as it poses a threat to human health, owners were advised to provide an effective and safe pest/vector control method provided by different pest control companies. Education on proper storage food, avoid littering and regular removal of bins were conducted as such condition may attract harbourage of rodent.

#### **(f) CHEMICAL SAFETY**

Hazardous Substances Act 15 of 1973 is used to monitor the transportation and keeping of chemical was used to monitor the keeping of hazardous substances and all the shops which were visited around the district, education was given on the importance of storing chemicals separate from foodstuffs and the dangers of chemical contamination. During routine inspection crèches, all the day care mothers from all the crèches in the district were educated on providing a separate storage area for chemicals to ensure the safety of the children and prevent poisoning.

#### **(g) OCCUPATIONAL HEALTH AND SAFETY**

An incident which appeared to be an occupational health and safety hazard was reported to the Environmental Health Practitioners by the nurses in charge of Lephoi Clinic in Bethulie. During the period where waste was not regularly collected, the clinic ran out of sharp containers and as a result one professional nurse from Lephoi Clinic accidentally injected herself with a used needle. Therefore, as stipulated in the Occupational Health and Safety Act no 85 of 1993, which states that the employer provide personal protective clothing (PPC) and it is the responsibility of the employee to wear the PPC at all times. The clinical staffs were then trained by the Environmental Health Practitioners, on how to handle medical waste and to wear personal protective clothing at all times.

### **2.1.4 DISASTER MANAGEMENT**

#### **(a) ESTABLISHMENT OF THE DISASTER MANAGEMENT**

The Disaster Management Act 57 of 2002 requires that District Municipality establish Disaster Management Framework after consultation with local municipalities. The Xhariep District Disaster Management Unit has already developed the Framework and the Disaster Management Advisory Forum which has its meetings once in a quarter due to financial constraints of the municipality.

One of the critical aspects regarding the District Disaster Management Unit was to promote the recruitment of volunteers in the disaster management. Volunteers were also recruited to take part in the Environmental and Health Management.

**(b) PROGRESS IN THE IMPLEMENTATION OF THE DISASTER MANAGEMENT ACT**

District Disaster Management Unit has drafted and developed a Business Plan in partnership with Development Bank of Southern Africa (DBSA) and Corporative Governance and Traditional Affairs (COGTA). The Business Plan will be submitted to Management for consideration and subsequently to the District Council for approval. After approval it will be submitted to DBSA and COGTA for purpose of funding the establishment of fully functional District Disaster Management Centre.

**(c) SUPPORT BY PROVINCIAL DEPARTMENTS**

Currently COGTA is assisting the Unit by taking part in its activities and programme. It is playing a leading role in ensuring that Disaster Management Unit meets its mandates. The Department of Agriculture is part of the District Disaster Management Advisory Forum.

In terms of the Disaster Management Act, Act 57 of 2002 each Metropolitan and each District Municipality must establish in its administration a disaster management centre for its municipal area. A District Municipality must establish its disaster management centre after consultation with the Local Municipality within its area, and may operate such centre in partnership with those Local Municipalities.

The Development Bank of South Africa (DBSA) is busy developing the business plan for the Disaster Management Centre. Since the Disaster Management unit has been established, three forums have been held on the following dates: 25 February 2010, 20 May 2010 and 08 June 2010.

**(d) TYPES OF DISASTERS THAT OCCURRED IN THE 2009/2010 FINANCIAL YEAR**

*Table 1: Disasters occurred in the District*

<b>TYPES OF DISASTER</b>	<b>PLACE</b>	<b>DATE</b>	<b>SEVERITY</b>
Heavy Rains and Storms	Jagersfontein	18 October 2009	Houses damaged
Heavy Rains and Storms	Fauresmith	18 October 2009	55 Houses were damaged
Heavy Rains and Storms	Reddersburg	11 November 2009	Houses damaged
Drownage of cattle and sheep	Bethulie	13 October 2009	Approximately 300 Sheep and Cattle drowned in the dam in Bethulie. 299

			survived and only one sheep died.
Heavy Rains and Storms	Edenburg	18 November 2009	Houses damaged
Heavy Rains and Storms	Jacobsdal	31 January 2010	Houses damaged
Heavy Rains and Storms	Petrusburg	31 January 2010	Houses damaged
Heavy Rains and Storms	Bethany	25 October 2009	Houses damaged
Heavy Rains and Storms	Zastron	08 October 2009	12 Houses were damaged
Heavy Rains and Storms	Rouxville	08 October 2009	3 Houses were damaged

The Department of Corporate Governance and Traditional Affairs (COGTA) intervened by repairing damaged houses particularly in Jagersfontein and Fauresmith respectively. The Department appointed a local contractor to repair damaged houses in both towns, with the exception of other due to budget constraints. It was reported that other areas will be considered during the financial year 2010/2011.

## 2.2 National Key Performance Area: Local Economic Development

The number of jobs created through municipality's local economic development initiatives including capital projects increased during the 2009/10 financial year to 1 942 jobs opportunities. Creation of temporary employment opportunities brings temporary relief for unemployed people and persons with limited skills; as such employment usually is project-based and stops as soon as the relevant project is complete.

The Xhariep District Municipality has significantly contributed in capacitating SMME's within its area of jurisdiction through various training programmes. The following trainings were conducted in partnership with different Stakeholders and focuses on the broader economic sectors of the District namely: Agriculture, Business Skills, Tourism and Hospitality Industry.

*Table2: Skills Development for SMME's*

<b>Training Conducted 2009/2010 Financial Year</b>	<b>Number of Beneficiaries</b>	<b>Projects from external funding</b>	<b>Number of beneficiaries</b>
		Bethulie Fishery Project	15
Cooperatives Training	13	China-South Africa Demonstration Centre	35 Labourers
Customer Care (Tourism)	9	Routine Road Maintenance Project	49 Emerging Contractors
Formulation of Businesses	10	Bee Keeping project	106

Agricultural Cooperatives Training	16		
Customer Care	16		
Training on Tourism marketing	2		

**(a) Challenges experiences in Local Economic Development**

- For ensuring that tourism becomes a major contribution to the GDP of the District it needs to have a dedicated supporting staff and funding that will ensure that programmes developed are implemented, that becomes difficult due to financial constraints experienced currently.
- Trainings of tourism SMME`s needs to be conducted and regular site visit need to be conducted and this can be attained through the engagement of tourism stakeholders, issue of transportation due to lack of public transport.
- Tourism signage to promote the tourism destinations along routes should get priority.
- Poor tourism infrastructure.
- Provide tourism training to the responsible officials.
- Budget constraints destruct the municipality to implement projects.
- No corporation with other sector departments.

**(b) Assistance from stakeholders**

Tourism Enterprise Partnership: Customer Care training

FSTA: Hosted tourism month

Department of Sports, Arts and Culture: provided training on how to access funding

Karoo Development Foundation: assist with the uplifting of crafters

**(c) Interventions by National and Provincial government**

COGTA: Re-establishing the LED District Forum

Department of Agriculture: Workshop around Commonage Management Plans

DEDTEA: Bee Keeping Project



## 2.3 National Key Performance Area: Municipal Financial Viability and Management

### 2.3.1 Overview of Financial Performance

The bank statement reflects the actual bank balance of the Municipality at a specific date. The cash book balance is the difference between the total accumulated cash receipts up to a given date and the total accumulated cash payments up to the same date. The cash book balance is, therefore, the balance of what the bank balance should be had all payments the Municipality received to the date of the bank statement and all expenses incurred to that date been processed by the Municipality's bank.

It is therefore of the utmost importance to reconcile these two balances with each other on a regular basis which could be weekly. Failure to reconcile may lead to misleading reporting to management and the Council.

The Municipality's bank account opened with positive balance of R 512 487.00. On 1 July 2009 and closed with a positive balance of R 216 505.85 on 30 June 2010. A significant portion of this balance is tied up in grants and state allocations for projects.

*Table3: Bank and Cash Book Balances*

1	Bank Balance 1/7/2009	R 512 487.00
2	Bank Balance 31/06/2010	R 216 505.85

1	Cash Book Balance 1/7/2009	R 504 772.76
2	Cash Book Balance 31/06/2010	R 2 16 255.87

The cashbook balance was R 504 772.76 on 01 July 2009 and closed on 30 June 2010 with a favourable balance of R2 16 255.87.

The following table summarises the overall position on the capital and operating budgets.

*Table 4: Overall Position Capital and Operating Budgets*

	<b>Capital Expenditure</b>	<b>Operating Income</b>	<b>Operating Expenditure</b>
<b>Annual Budget 09/10</b>	<b>R 4,302,556</b>	<b>R 27,815,730</b>	<b>R 31,696,971</b>
<b>Actual (30 June 10)</b>	<b>R 2,826,142</b>	<b>R 29,386,569</b>	<b>R 28,712,930</b>
<b>Under/(Over) perform</b>	<b>R 1, 476,414</b>	<b>R 1, 570,839</b>	<b>R 2,984,041</b>

The above figures are explained in more detail throughout the report.

### 2.3.2. Capital Expenditure

The actual capital expenditure amounts to 66% of the annual budget which led to under spending of R 2, 928,860

### 2.3.3 Operating Expenditure

Table 5: Operating Expenditure

<b>GENERAL EXPENSES</b>	<b>2010</b>	<b>2009</b>
Included in general expenses are the following:-		
Advertising	<b>396 192</b>	282 669
Assets written off	<b>149 771</b>	-
Audit fees	<b>1 749 115</b>	887 676
Bank charges	<b>33 243</b>	19 382
Bursaries	<b>131 860</b>	3 098
Conferences and delegations	<b>16 700</b>	5 250
Consulting fees	<b>570 689</b>	40 026
Donations	<b>528 447</b>	-
Disaster management	<b>196 990</b>	-
Entertainment	<b>414 473</b>	218 486
Fuel and oil	<b>280 805</b>	127 578
Insurance	<b>149 124</b>	145 149
Legal expenses	<b>113 746</b>	158 164
Licence fees – vehicles	<b>4 295</b>	921
Licence fees – computers	<b>16 547</b>	-
Membership fees	-	120 000
Operating grant expenditure	<b>1 638 722</b>	1 004 660
Postage	<b>4 706</b>	1 233
Printing and stationery	<b>310 719</b>	156 093
Professional fees	<b>57 088</b>	686 951
Security costs	<b>8 068</b>	3 035
Telephone cost	<b>702 354</b>	641 280
Training	<b>315 893</b>	51 392
Travel and subsistence	<b>1 521 325</b>	309 406
Water and electricity	<b>66 138</b>	266 070
Other expenses	<b>853 624</b>	617 315
<b>Total general expenditure</b>	<b>10 230 632</b>	5 745 834

<b>REPAIRS AND MAINTENANCE</b>	<b>2010</b>	<b>2009</b>
Furniture and equipment	167 026	47 679
Computer equipment	115 861	36 434
Building	1 488 141	65 458
Motor vehicles	149 504	122 803
<b>Total repairs and maintenance</b>	<b>1 920 532</b>	<b>272 374</b>

<b>FINANCE COSTS</b>	<b>2010</b>	<b>2009</b>
Finance lease liabilities	114 575	3 945
Other	7 171	260
<b>Total Finance Costs</b>	<b>121 746</b>	<b>4 205</b>

### 2.3.4 Operating Income

The following table shows the operating income per revenue source

*Table 6: Operating Income*

<b>RENTAL INCOME</b>	<b>2010</b>	<b>2009</b>
Rental of office space	222 600	222 600
Rental of facilities	2 061	13 176
<b>Total rental income</b>	<b>224 661</b>	<b>235 776</b>

<b>INTEREST EARNED</b>	<b>2010</b>	<b>2009</b>
Current bank account	71 549	6 237
Money market and call accounts	796 020	726 151
Outstanding receivables	56 853	20 654
Electricity deposit	2 951	2 836
<b>Total interest</b>	<b>927 373</b>	<b>755 878</b>

<b>GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>	<b>2010</b>	<b>2009</b>
Proceeds from sale of assets	238 545	-
Less book value of disposed assets	( 175 941)	(4 293 956)
Cost price	( 175 941)	(4 293 956)
Less accumulated depreciation	-	-
<b>Gain/(Loss) on disposal of</b>	<b>62 603</b>	<b>(4 293 956)</b>

<b>assets</b>		
<b>Other Income</b>	<b>4,472</b>	

### 2.3.5 Personnel Expenses

In terms of Section 66 of the MFMA, all expenditure that the Municipality incurred on staff salaries, wages, allowances and benefits must be reported to the Council.

The following table indicates the personnel expenses (Salaries and Allowances)

*Table 7: Personnel Expenses*

<b>EMPLOYEE RELATED COSTS</b>	<b>2010</b>	<b>2009</b>
Employee related costs - Salaries and Wages	<b>9 846 827</b>	5 637 840
Employee related costs - Contributions for UIF, pensions and medical aids	<b>1 572 370</b>	693 668
Travel, motor car, accommodation, subsistence and other allowances	<b>1 192 619</b>	661 480
Housing benefits and allowances	<b>112 298</b>	123 784
Bonuses under remuneration	<b>698 791</b>	304 801
<b>Total Employee Related Costs</b>	<b>13 422 904</b>	7 421 573

### 2.3.6 Debtors

**Centlec Bloemfontein electricity:** R57, 500.00

**Kopanong Local Municipality:** R1, 263,494.07

**Trompsburg Primary School:** R200.00

## 2.3.7 Compliance with the MFMA

MunCode	Municipality Name	Financial Year End	Quarter
DC16	Xhariep	2010	Q4 Apr-June
Ref	Question	Council Use Only	
		Response	Date (if applicable)
<b>1 PREPARING AN IMPLEMENTATION PLAN</b>			
<p>All municipalities are required to prepare an MFMA implementation plan that focuses on what the municipality intends to implement and achieve over the next few years. The plan should contain a list of activities together with target (and actual) dates, with provision to show ongoing (possibly monthly) progress with comments and a responsible councillor / official for each activity.</p> <p>A copy of the MFMA Implementation Plan (Circular 7) must be submitted to the National Treasury by September each year as well as each time it is updated. Note that the MFMA Implementation Plan should include implementation issues to align implementation with amendments to the Municipal Systems Act.</p>			
1.1	Is an MFMA implementation plan prepared that contains realistic and achievable activities together with target dates, responsible councillors or officials and provision to record ongoing progress to meet targeted implementation? (If not, please download the implementation plan template from the NT website).	Yes	
<b>2 ALLOCATING APPROPRIATE RESPONSIBILITIES UNDER THE MFMA TO THE ACCOUNTING OFFICER</b>			
<p>The accounting officer of the municipality (municipal manager) must take on the responsibilities assigned to the position under the MFMA. A full list of these responsibilities is provided in Chapter 8 of the MFMA and throughout the legislation.</p>			
2.1	Has council appointed a person to assume the duties of the municipal manager?	Yes	2009/05/11
2.2	Has a report to the <u>current council</u> been tabled that creates an awareness of the roles and responsibilities of the municipal manager as the accounting officer of the municipality who must exercise the powers and functions of this position in terms of the MFMA, and to provide guidance and advice to council and officials? (s 60).	Yes	
2.3	Are the appropriate systems in place to allow the municipal manager to take responsibility for managing the financial administration of the municipality to ensure compliance with the MFMA. (s 62)	Yes	
2.4	Are the appropriate systems in place to allow the municipal manager to take full responsibility for managing the municipality's assets, liabilities, revenue and expenditure? (s 63, s 64, s 65)	Yes	

2.5	Does the municipal manager ensure that expenditure on staff benefits is reported to council on a regular basis? (s 66) If so, how often is this expenditure reported ie: monthly, quarterly, six-monthly , annually or other?	Qrt	
2.6	Does the municipal manager assist the mayor in carrying out his or her responsibilities under the MFMA? (s 68)	Yes	
2.7	Is the municipal manager provided with the appropriate autonomy and flexibility to implement the budget? (s 69)	Yes	
<b>3 ESTABLISHING A TOP (SENIOR) MANAGEMENT TEAM</b>			
The municipal manager is required to formally establish and maintain a top management team, to include all those senior managers who are responsible for a vote or the budget of a vote. Detail of top management is provided in section 77 of the MFMA. All councils should comply with the provisions of the Municipal Systems Act (as amended) and its regulations in relation to annual staff performance agreements.			
3.1	Has council appointed a person to assume the duties of the Chief Financial Officer (CFO)? (s 77, 80, 81)	Yes	2006/11/01
3.2	Has council appointed persons to assume the duties of other senior managers ie: to form top (or senior) management, with appropriate responsibilities and delegations? (s 77, 78)	Yes	2009/09/01
3.3	Is the CFO able to effectively assist the municipal manager in carrying out his or her duties with respect to financial management generally, in providing financial advice to senior managers and undertaking specific financial management duties? (s 81)	Yes	
3.4	Are other senior managers able to exercise the appropriate financial management responsibilities as required by legislation? (s 78)	Yes	
3.5	Does an appropriate system of delegations exist, that maximises administrative and operational efficiency and provides adequate checks and balances in financial administration within the municipality, within the confines of the MFMA in terms of limits to delegations? (s 79)	Yes	
3.6	Has a report to the <u>current council</u> been tabled that creates an awareness of and endorses the roles and responsibilities of the top (or senior) management team within the municipality? (s 77)	Yes	
3.7	Does council comply with the provisions of the MFMA and the Municipal Systems Act (as amended) and its regulations in relation to the establishment and review of annual staff performance agreements? (MFMA s 53 and Municipal Systems Act s 57)	Yes	
<b>4 IMPLEMENTING APPROPRIATE CONTROLS OVER MUNICIPAL BANK ACCOUNTS AND CASH MANAGEMENT</b>			

Municipalities must establish controls over their bank accounts, cash management and investments. Further details of these requirements are provided in Chapter 3 of the MFMA.

4.1	Does the municipality maintain at least one bank account, designated the primary bank account which receives all allocations (including those for a municipal entity), income from investments and money collected by an entity on behalf of the municipality? (s 8)	Yes	
4.2	During the quarter under review has there been any changes to the details of the primary bank account of the municipality and were such changes reported to the National Treasury and Auditor-General? (s 8(5))	No changes	
4.3	During the quarter under review did the municipality open any new bank accounts and were these reported to the Provincial Treasury and Auditor-General? (s 9)	No changes	
4.4	Does the municipal manager administer all bank accounts and is the municipal manager accountable to council for this? (s 10)	Yes	
4.5	Is an appropriate system of delegation in place in instances where the municipal manager has delegated the administration of a bank account to another officer (or the CFO)? Note limitation on delegations with respect to enforcement of sections 7, 8 and 11 that may only be delegated to the CFO (s 10).	Yes	

## 5 MEETING OF FINANCIAL COMMITMENTS

Municipal managers must ensure that they take the appropriate steps to implement effective systems of expenditure control, and meet their financial commitments to other parties promptly and in accordance with the Act.

5.1	Does the municipality operate and maintain an effective system of expenditure control that includes procedures for approval, authorisation, withdrawal and payment of all funds? (s 65(2)(a))	Yes	
5.2	Is the municipal manager able to confirm that all moneys owing by the municipality are paid within 30 days of receiving the relevant invoice or statement? (s 65(2)(e))	No	
5.3	Does the municipality promptly meet all financial commitments toward other municipalities, national and provincial organs of state? (s 37(1)(c))	Yes	
5.4	Is the municipality currently party to any formal dispute concerning non-payment of monies owing between the municipality and another organ of state? (s 65(2)(g)). Note: formal disputes between organs of state are discussed in s 44 and Circular 21.	No	

## 6 REPORTING REVENUE AND EXPENDITURE

Municipal managers must take steps to put systems in place that ensure that they report on the implementation of the current budget by submitting monthly reports to the mayor and quarterly reports to the council on revenue collected and total spending. Further detail on reporting is contained in sections 71 and 72 of the MFMA.			
The municipality must monthly report on the implementation of the current budget to the National Treasury and to the relevant Provincial Treasury.			
6.1	Has the municipal manager submitted monthly budget statements to the mayor, National Treasury and the Provincial Treasury for each of the months of this quarter? (s 71)	Yes	
6.2	Has the municipal manager submitted a quarterly budget statement to council, reflecting expenditure incurred and income collected? (s 71)	Yes	
<b>7 SUPPLY CHAIN MANAGEMENT (SCM)</b>			
All municipalities must adopt and implement a supply chain management (SCM) policy in accordance with the Municipal Supply Chain Management Regulations and consistent with the "model policy" provided in MFMA Circular No 22.			
7.1	Has council adopted a supply chain management policy that complies with the Supply Chain Management Regulations? (SCM Regulations 2 & 3, Circular No 22) ?	Yes	
7.2	Has council delegated SCM powers and duties to the municipal manager as required in SCM Regulation 4?	Yes	
7.3	Does the municipal manager report at least quarterly to the mayor and at least annually to council on implementation of the supply chain management policy? (SCM Regulation 6)	Yes	
7.4	Has the municipal manager submitted monthly reports on contracts awarded above R100 000 to National Treasury for each of the months of this quarter? (Circular No 34)	Yes	
7.5	If a tender other than one recommended in the normal course of implementing the SCM policy was approved during this quarter, has the municipal manager reported the approval of tenders not recommended and the reasons for deviating from such recommendation to the National Treasury, provincial treasury and Auditor-General? (s 114)	No s 114 instances	
7.6	If there has been any deviation from or breach of the SCM policy during this quarter, has the municipal manager reported the reasons for such deviation from or ratification of minor breaches of procurement processes to council during this quarter? (SCM Regulations 36)	No	



<b>8 IMPLEMENTING REFORMS IN RELATION TO MUNICIPAL ENTITIES AND LONG-TERM CONTRACTS</b>			
Municipalities must ensure compliance with the MFMA and Municipal Systems Act (as amended) where relevant, for any new undertaking relating to a municipal entity, Public-Private Partnership (PPP), long-term contract (LTC) or any borrowings.			
8.1	Has the municipal manager submitted to the National Treasury the Municipal Entity Return Form, for this quarter? (See "Municipal Entity Return Form" under National Treasury Return Forms on website www.treasury.gov.za/mfma).	Yes	
8.2	Has the municipal manager submitted to the National Treasury the Long Term Contract Return Form, for this quarter? (See "Long Term Contract Return Form" under National Treasury Return Forms on website www.treasury.gov.za/mfma).	Yes	
<b>9 COMPLETING FINANCIAL STATEMENTS AND ADVISING NATIONAL TREASURY</b>			
The municipal manager must ensure that financial statements are promptly prepared and submitted to the Auditor-General for audit by 31 August each year. In the case of a parent municipality, the municipal manager must ensure that consolidated financial statements (including all municipal entities) are promptly prepared and submitted to the Auditor-General by 30 September each year (s 126). Also refer MFMA Circular No. 36.			
9.1	Have the 2008/2009 annual financial statements of the municipality been prepared and submitted to the Auditor-General for audit? >If Yes, provide actual date submitted in the space provided for date.	Yes	2009/09/03
9.2	Have the 2008/2009 annual financial statements of the municipality been prepared in compliance with the prescribed accounting framework? > If Yes also indicate in the space provided for date the format (framework) of the annual financial statements.	Yes	IMFO
9.3	In the case of a parent municipality, have the consolidated 2008/2009 annual financial statements of the municipality and all its entities been prepared and submitted to the Auditor-General for audit? >If Yes, provide actual date submitted in the space provided for date.	No entities	
9.4	If the accounting officer did not submit either the 2008/2009 annual financial statements and/or the 2008/2009 consolidated annual financial statements (including all municipal entities) to the Auditor-General for audit on time,  (a) did the mayor table a written explanation in council setting out the reasons for the failure and (b) did the municipal council investigate the matter and take the appropriate steps as required by section 133(1)(c)	3. Yes to both (a) & (b)	

<b>10 COMPLETING AND TABLING ANNUAL REPORT</b>			
The municipal manager must ensure that the annual report of the municipality and the annual reports of all of its municipal entity(s) have been tabled in council by 31 January each year. Refer NT Circulars No 11 and 18.			
10.1	Are the appropriate management systems in place to ensure that the annual report of the municipality and the annual reports of all its municipal entity(s) will be tabled in council by 31 January each year? (s 121 & 127)	Yes	
10.2	Have the 2008/2009 annual report of the municipality and the 2008/2009 annual reports of all of its entities been tabled in council by 31 January?	Yes	
<b>11 COMPLYING WITH PROVISIONS FOR TENDER COMMITTEES, BOARDS OF MUNICIPAL ENTITIES AND IN RELATION TO FORBIDDEN ACTIVITIES</b>			
Municipalities must ensure that there is no councillor that serves on a bid or tender committee or on any board of an entity. Municipalities must also ensure that the composition of all boards of entities comply with the Municipal Systems Act (as amended). Boards of an entity should consist of at least one-third non-executive directors and a non-executive chairperson.			
Municipalities must also ensure that councillors do not engage in any forbidden activities prohibited under section 164 of the MFMA. Refer MFMA Circular No 8 - Forbidden loans - Oct 2004.			
11.1	Does council comply with s 117 which precludes councillors from serving on a bid or tender committee? (s 117)	Yes	
11.2	Does council comply with s 118 which precludes undue interference from any person in relation to the municipal tender process? (s 118)	Yes	
11.3	Does council comply with s 93F of the amended Municipal Systems Act which precludes any councillor of any municipality or official of the municipality, or member of the National Assembly or a provincial legislature or permanent delegate to the NCOP from serving on boards of a municipal entity? (Municipal Systems Act, as amended s 93F)	Yes	
11.4	Does council comply with s 103 which precludes improper interference by any councillor in relation to the financial affairs or responsibilities of the board of directors of a municipal entity? (s 103)	Yes	
11.5	Does council comply with s 164 which precludes loans to councillors or officials of the municipality, directors or officials of a municipal entity or members of the public? (s 164)	Yes	
<b>12 COMPLYING WITH PROVISIONS FOR INTERNAL AUDIT AND AUDIT COMMITTEES</b>			
The municipality and each of its municipal entity(s) must have an internal audit unit and an audit committee. (Refer s165 and 166).			

12.1	Does the municipality have an internal audit (IA) unit (s 165) and indicate whether the function is in-house or outsourced or shared?	1. Yes, in-house IA	
12.2	Does each of the municipality's entity(s) have an internal audit unit? (s 165)	Municipality has no entities	
12.3	Does the municipality have an audit committee (AC)? (s 166) > If Yes, indicate in the space provided for date whether the function is shared	Yes	Shared
12.4	Does each of the municipality's entity(s) have an audit committee (AC)? (s 166)	Municipality has no entities	
<b>13 COMPLYING WITH PROVISIONS FOR BUDGETS</b>			
The municipality may only incur expenditure in terms of an approved budget and within the limits of the amounts appropriated for the different votes in its approved budget. (s15). When a municipality revises an approved annual budget it may do so only through an adjustments budget and within the framework as set-out in s 28.			
13.1	Did the municipality revise its approved annual budget? > If Yes, indicate the number of adjustments budget(s) tabled in council <b>to date</b> in the space provided for date.	Yes	2. 2 adjustments
13.2	If the municipality revised its approved annual budget, were the Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements of the municipal manager and all senior managers (section 57 (Systems Act)) accordingly amended?	Yes	
<b>14 INFORMATION TO BE PLACED ON WEBSITE OF MUNICIPALITY</b>			
The municipal manager must ensure that the documents set out in s75 are placed on the website (refer s 21A of the Systems Act) of the municipality.			
14.1	Does the municipality have a website?	1. Yes	
14.1.1	If <b>Yes</b> in 14.1 or share district website or other website arrangement, provide the website address in the space provided.	<a href="http://www.xhariep.gov.za">www.xhariep.gov.za</a>	
14.2	Is all the information as set-out in s75 displayed on the municipality's / shared district website?	No	

### 2.3.8 Challenges experienced in municipal financial viability

- Debt collection for rental income.
- Few or non-rentals for the facilities e.g. Side Hall and Auditorium.
- Inadequate equitable share and other government grants.

### 2.3.9 Interventions by National and Provincial government and other government agencies.

<b>GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2010</b>	<b>2009</b>
<b>Unconditional Grants</b>	<b>20 699 556</b>	15 476 150
Equitable share	<b>11 499 556</b>	9 614 005
COGTA and Treasury Financial Assistance Grant	<b>9 200 000</b>	5 862 145
As previously stated	-	5 684 236
Correction of error	-	177 909
<b>Conditional Grants</b>	<b>3 613 709</b>	1 718 287
Financial Management Grant	<b>1 000 000</b>	500 000
Municipal Systems Implementation Grant	<b>780 350</b>	603 527
Provincial Infrastructure Grant	<b>1 392 199</b>	-
THETHA Grant	<b>441 160</b>	614 760
<b>Total Government Grant and Subsidies</b>	<b>24 313 265</b>	17 194 437
No grants were withheld due to unfulfilled conditions.		
<b>Equitable Share</b>		
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	<b>11 499 556</b>	9 614 005
Conditions met - transferred to revenue	<b>(11 499 556)</b>	(9 614 005)
<b>Conditions still to be met - remain liabilities</b>	-	-
COGTA and Treasury Financial Assistance Grant		
Balance unspent at beginning of year	-	862 145
Current year receipts	<b>9 200 000</b>	5 000 000
Conditions met - transferred to revenue	<b>(9 200 000)</b>	(5 862 145)
Conditions still to be met - remain liabilities	-	-
Financial Management Grant (FMG)		
Balance unspent at beginning of year	-	-
Current year receipts	<b>1 000 000</b>	500 000
Conditions met - transferred to revenue (operating expenditure)	<b>(1 000 000)</b>	( 500 000)
Conditions still to be met - remain liabilities	-	-
Municipal Systems Infrastructure Grant (MSIG)		
Balance unspent at beginning of year	<b>131 473</b>	-
Current year receipts	<b>735 000</b>	735 000
Conditions met - transferred to revenue	<b>( 780 350)</b>	( 603 527)
Conditions still to be met - remain liabilities	<b>86 123</b>	131 473
Provincial Infrastructure Grant (PIG)		
Balance unspent at beginning of year	-	-

Current year receipts	2 600 000	-
Conditions met - transferred to revenue	(1 392 199)	-
Conditions still to be met - remain liabilities	1 207 801	-
<b>THETHA Grant</b>		
Balance unspent at beginning of year	90 240	-
Current year receipts	387 000	705 000
Conditions met - transferred to revenue	( 441 160)	( 614 760)
Conditions still to be met - remain liabilities	36 080	90 240
<b>Total Grants</b>		
Balance unspent at beginning of year	221 713	862 145
Current year receipts	25 421 556	16 554 005
Conditions met - transferred to revenue	(24 313 265)	(17 194 437)
Conditions still to be met - remain liabilities	1 330 005	221 713

## 2.4 National Key Performance Area: Municipal Transformation and Institutional Development

The highest management levels in the Municipality consist of 4 positions. The Municipal Manager and all Section 56 Managers entered into performance agreements with the Municipality for the 2009/2010 financial year and copies of these documents were submitted to the Office of the MEC of Corporate Governance and Traditional Affairs (COGTA). Only one position of a Director: Planning and Development is still vacant.

### Powers and Functions

Section 156 of the Constitution (1996) assigns executive authority to municipalities in respect of, and the right to administer the local government matter listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matter assigned to it by national or provincial government. This implies that certain functions have been assigned exclusively to local government. As local government comprises both district and local municipalities, it was necessary to differentiate between the functional competencies of district and local municipalities.

This division of functional competencies is governed by the Municipal Structures Amendment Act, No 33 of 2000. However, many district municipalities do not have the administrative capacity to execute their legislative powers and functions and therefore the MEC for Local Government and Housing authorised local municipalities to perform certain of the district functions in terms of section 18(1) of the Local Government Structures Amendment Act (No 33 of 2000). The last adjustments were gazetted in Provincial Gazette No 58 Notice No 126 of 27 June 2003. The following functions and powers of Xhariep District Municipality have been authorised to the respective local municipalities to perform on behalf of the district:

### FUNCTIONS PERFORMED BY LMS ON BEHALF OF THE DM

Section	Function
Section 84(1)(b)	Potable water supply systems

Section	Function
Section 84(1)(c)	Bulk supply of electricity which includes for the purposes of such supply, the transmission, distribution and where applicable, the generation of electricity (mention special arrangements e.g. CENTLEC)
Section 84(1)(d)	Domestic waste-water and sewage disposal systems
Section 84(1)(i)	Municipal health services

The Minister also indicated in Section 84(1)(i) that the Environmental Health Function would from 1 July 2004, be no longer performed by LMs on behalf of the Districts. The district municipality has started to perform the functions of Environmental Health and Disaster Management 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 Boarding emanating from the Boards' annual capacity assessment report.

The MEC has recently re-adjusted powers and functions between category A and B municipalities through a Provincial Gazette No.25 published on 11 April 2008. The said gazette authorize Xhariep District municipality and its local municipalities to perform the functions or exercise the powers set out as follows:

#### **XDM READJUSTED FUNCTIONS FROM 11 APRIL 2008 AS PROMULGATED BY MEMBER OF THE EXECUTIVE COUNCIL (MEC) RESPONSIBLE FOR LOCAL GOVERNMENT AND HOUSING**

Section	District Function	Letsemeng LM	Kopanong LM	Mohokare LM
Section 84(1)(a)	Integrated development planning for the DM, including developing IDP framework incorporating IDP processes of all the LMs.	No	No	No
Section 84(1)(b)	Bulk supply of water that affects a significant proportion of municipalities in the district	Yes	Yes	Yes
Section 84(1)(c)	Bulk supply of electricity that affects a significant proportion of municipalities in the district	Yes	Yes	Yes
Section 84(1)(d)	Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district	Yes	Yes	Yes
Section 84(1)(e)	Solid waste disposal sites in so far as it relates to: determination of a waste disposal strategy, regulation of waste disposal, establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one LM in the district	Yes	Yes	Yes
Section 84(1)(f)	Municipal roads which form an integral part of a road transport system for the entire area of the DM <sup>1</sup>	Yes	Yes	Yes
Section 84(1)(g)	Regulation of passenger transport services	No	No	No
Section 84(1)(h)	Municipal airports serving the entire area of the DM	No	No	No
Section 84(1)(i)	Municipal health services serving the area of the district as a whole	No	No	No
Section 84(1)(j)	Fire fighting services serving the entire area of the DM including: planning, co-ordination and regulation of fire services, specialized fire fighting services such as mountain, veld and chemical fire services, co-ordination of the standardization of infrastructure, vehicles, equipment and procedures, and training of officers.	No	No	No
Section 84(1)(k)	Establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.	No	No	Yes – abattoirs only
Section 84(1)(l)	Establishment, conduct and control of cemeteries and crematoria serving a major proportion of municipalities in the district.	No	No	No

<sup>1</sup> There are currently no roads complying with the definition of Municipal roads.

Section	District Function	Letsemeng LM	Kopanong LM	Mohokare LM
Section 84(1)(m)	Promotion of local tourism for the DM area	No	No	No
Section 84(1)(n)	Municipal public works relating to any of the above functions or any other function assigned to the district municipality.	Yes	Yes	Yes
Section 84(1)(o)	Receipt, allocation and if applicable, distribution of grants made to the district municipality	No	No	No
Section 84(1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the DM in terms of national legislation	No	No	No

**\* Note: Yes - indicates that a particular LM will perform that function on behalf of the DM; No implies that the DM may perform that function.**

It is imperative to note that the said gazette provided for no adjustment/change to Xhariep District Municipality in performing local municipal functions. *The authorization as entailed in the gazette came into effect on 01 July 2008.*

Looking at the efficiency gains, government has reviewed the capital grants flows that historically were disbursed through district municipality's *en-route* to local municipalities. The capital grants flows have been changed since the advent of the Municipal Infrastructure Grant (MIG)<sup>2</sup> and these are routed directly to local municipalities for the provision of infrastructure services. This had a negative impact on the exercise of section 84(1) (o) *receipt, allocation and if applicable, distribution of grants made to the district municipality.*

Subsequently, the repeal of the Regional Service Levy (RSC) by the National Treasury from 01 July 2006 and compensation of the district for the loss of revenue in the short to medium term (up to three years) has made section 84 (1)(p) – *the imposition and collection of taxes, levies and duties as related to the above function or as may be assigned to the district municipality in terms of national legislation* to fall off.

The MDB assessment of capacity for the Xhariep District Municipality of August 2009 indicates that the district is performing the following functions:

- Local Tourism - specifically the maintenance of tourism sites;
- Municipal planning – the development and implementation of district-wide IDP framework;
- Cemeteries, funeral parlours and crematoria – Xhariep district is discharging an inspection function;
- Monitoring of refuse and waste disposal sites, for which it has one available staff member

This assessment indicates that out of 16 district functions, Xhariep district municipality is performing 7.89% of these functions. (*Sources – COGTA Spatial Analysis Framework*)

By the time the Spatial Analysis Framework was drafted, consideration was not given that Xhariep District Municipality has assumed other two functions of Environmental Health and Disaster Management respectively.

<sup>2</sup> MIG is a consolidated capital grant transferred to municipalities for provision of infrastructure services and meeting service delivery targets set by government. For an example, the eradication of buckets by 2007, provision of water 2009; basic sanitation 2010, electricity supply 2012, etc.

### (a) Employment Equity

In terms of complying with Employment Equity Act (Act No.55 of 1998), the municipality has made significant strides in ensuring representation at the different levels within the organisation.

The Employment Equity Act No. 55 of 1998 requires Xhariep District Municipality to prepare an Employment Equity Plan. The Employment Equity Plan has been prepared in terms of the requirements set out in section 20 (1) of the Act.

The Employment Equity Plan covers a 5 year period, namely from 1 October 2009 to 30 September 2014. The Municipality will report on progress each year as prescribed by the Act and will review and update the Plan as required.

It is important that the Employment Equity Plan reflects the shared vision for the Municipality. The Municipality therefore utilizes the Local Labour Forum established by the collective bargaining process at national level to consult with employees and their unions regarding employment equity within the workplace.

The table below shows the employment equity statistics for the municipality as at July 2009- June 2010.

*Table 8: Employment Equity Statistics*

Employment Equity Category	Actual Employee statistics from 1Jul 2009-30 June 2010
% of staff employed in the highest levels of management that are black ( African, Indian and coloured)	100%
%of staff employed in the highest levels of management that are women	0%
% of staff employed in different categories and levels that are people with disabilities	1%
% of staff employed in different categories and levels that are black people( African, Coloured and Indian	98%

As can be seen from the information presented in table 8, employees from designated groups are well represented in the three highest levels of management and in the different employment categories and levels within the municipality, whilst women are not represented at all in the three highest levels of management and people with disabilities are also not presented within the workforce of this municipality these are, however, issues that cannot be addressed overnight as the staff composition can only be changed through the process of filling vacancies as they arise.



Table 9: Employment Equity as at July 2009- 30 June 2010. Statistics with regard to gender representivity as reflected in terms of numbers

	MALES				FEMALES			
	African	Coloured	Indian	White	African	Coloured	Indian	White
<b>Corporate Department</b>	18	0	0	0	17	0	0	0
<b>Finance Department</b>	5	0	0	0	9	1	0	1
<b>Office of the Municipal Manager</b>	3	0	0	0	3	0	0	0
<b>Councillors</b>	6	0	0	1	6	0	0	1
<b>Planning and Development</b>	6	0	0	0	5	0	0	0

### **(b) Representation of Designated Groups**

As can be seen from the information presented in Table 9, employees from designated groups are well represented in the highest levels of management and in the different employment categories and levels within the Municipality.

### **(c) Representation of Women within the Municipality**

There are no women represented in Section 57 positions and only one woman is represented in Management position, The Municipality needs to employ more women in Top Management Positions.

### **(d) Representation of people with Disabilities**

In the previous year's people with disabilities were not represented at all until recently when the Municipality employed one person in November 2009 who is disabled. These are however

issues that cannot be addressed overnight as the staff composition can only be changed through the process of filling vacancies as they arise.

This Municipality employs 49 Permanent employees, 3 Section 56 Employees (The Municipal Manager, the Chief Financial Officer and the Director Corporate Services, all Male), 9 employees employed on contract, 14 Councillors as well as 3 Interns from Budget and Treasury.

### (e) Skills Development

The Skills Development Act (Act No. 97 of 1998) provides an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.

The number of employees trained and the cost involved is shown in the table below as from July 2009 –June 2010.

*Table10: Skills Data*

<b>Name of Training</b>	<b>Training Cost</b>	<b>No of Employees trained</b>
Disaster Management	R 21 954	1
Supply Chain Management	R 10 739	2
Protocol on Diplomacy for Executive Secretaries and PA's	R 65 820	11
Local Economic Development	R 17 782	1
<b>Anti-Corruption and Fraud Management</b>	<b>R 116 295</b>	<b>15</b>
<b>Occupational Health and Safety</b>	<b>R 186 000</b>	<b>68</b>
<b>Delegation of Powers</b>	<b>R 146 922.99</b>	<b>14</b>
<b>Disciplinary</b>	<b>R 183 300</b>	<b>68</b>

<b>Procedures(Labour Law)</b>		
<b>Supply Chain Management</b>	<b>R 47 647</b>	<b>40</b>
<b>Workshop on Upper limits for Councillors</b>	<b>R 32 871</b>	<b>14</b>
<b>Risk Management in the Public Sector</b>	<b>R 24 877.19</b>	<b>2</b>
<b>Trend Micro Certification Programme</b>	<b>R 10 260.00</b>	<b>1</b>

In July 2009 a budget allocation to the amount of R 147 500 was allocated for training purposes, this is giving us a clear indication that the municipality spent R 116 295 on only 15 employees.

#### **(f) Workplace Discipline**

From July 2009 to 30 June 2010 no disciplinary actions has been taken against any employee.

#### **(g) Health and Safety**

Occupational Health and Safety Act (No. 85 of 1993) provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith. Only one (1) permanent employee reported an injury on duty in May 2010.

## **2.5 National Key Performance Area: Good Governance and Public Participation**

Xhariep District Municipality has achieved the following:

Implementation of Performance Management System: The Office of the Municipal Manager has established a Section: Monitoring and Performance Management. The main functions of this Section are:

- fulfilling of legislative requirements
  - facilitate increased accountability
  - provide early warning signs
  - facilitate decision making
- ❖ Implementation of Employee Performance Appraisals System
  - ❖ Functional District AIDS Council

- ❖ Functional Intergovernmental Relations (IGR) Forum: Sector Departments are invited to the IGR Forum to make presentations on projects and programmes they have in the District.
- ❖ Appointed a Mayoral Committee to assist the Executive Mayor to execute his duties.
- ❖ Ward Committees: An induction was held for Ward Committee members of Letsemeng Local Municipality from 15- 19 March 2010. However this training could not be extended to other two remaining Local Municipalities due to financial challenges.
- ❖ Established a Compliance and Monitoring Steering Committee to deal with non-compliances for the betterment of the Municipality

### **Anti –Corruption**

The Municipality recognises that corruption is one of the most serious problems. Corruption impacts negatively on the municipality's ability to deliver services to the community, and to promote development, which are its main tasks. It destroys the trust of the community in its officials and councillors which is necessary for the effective functioning of the municipality. The South African National government has prioritized fighting corruption and building good governance, and requires, through legislation and the national anti-corruption strategy, that municipal governments to do the same.

The national government has enacted a number of specialized laws which are designed to be instrumental in combating corruption

***The Constitution:*** (Act 108 of 1996) sets out the basic values and principles governing public administration (Chapter 10 Section 195) Viz:

- *a high standard of professional ethics*
- *efficient and economic use of resources*
- *services provided impartially, fairly, equitably and without bias*
- *public administration must be accountable*
- *transparency must be fostered*

***Prevention & Combating Corrupt Activities Act*** (No 12 of 2004). Creates a general offence of corruption and defines activities which are corrupt.

***The Promotion of Access to Information Act*** (No 2 of 2000). Sets out how anyone can gain access to information held by the state, in order to promote transparency and good governance.

***The Promotion of Administrative Justice Act*** (No. 3 of 2000). Ensures that decisions that affect the public are taken in a way that is procedurally fair and gives people the right to request written reasons for decisions.

***The Protected Disclosures Act (No. 26 of 2000).*** Encourages employees to disclose information about unlawful and irregular behavior. (Whistle blowing)

***The Municipal Finance Management Act (No 56 of 2003).*** Requires that the municipality develop an Integrated Development Plan which includes an anti corruption strategy.

The municipality is committed to complying with all legislated requirements, and to ensuring that any opportunity for fraud and corruption is minimised and that an effective Anti-Fraud and Corruption Strategy which encourages prevention, promotes detection and identifies a clear path for investigations is pursued.

In carrying out its functions and responsibilities the municipality will promote a culture of honesty and fairness which will ensure that councillors and employees at all levels adopt the highest standards of ethics and accountability. The municipality is committed to communicating Anti-corruption Strategy with its citizens in order to promote awareness of its stance and approach.

The Xhariep District Municipality has also adopted a Fraud Plan Policy. This policy is intended to set down the stance of XDM to fraud and corruption and to reinforce existing systems, policies and procedures of XDM aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption.

Furthermore, the purpose of the policy is to confirm that XDM supports and fosters a culture of zero tolerance to fraud and corruption in all its activities. The Fraud Plan Policy is attached as "Annexure A"

- ❖ Traditional Leadership: There are no Traditional Leaders in the District.

Importantly there is a sound governance relation between municipal administration and Council. Regular reporting is provided to Council and provincial Treasury in terms of legislative requirement.

- ❖ Presidential and Ministerial Izimbizo: The Office of the Premier officially launched the Operation Hlasela in November 2009 in Jacobsdal and Jagersfontein. The main objective of launching this Operation Hlasela Campaign was about the Provincial Government's defining Programme of Action for Government in 2009/2010 and focuses on mass mobilisation, intervention, collaboration and partnerships to fulfil the notion of "Working together, we can do more".

As per the electoral mandate which forms the basis of the 2009-2014 MTSF priorities, the main objectives of Operation Hlasela are the following:

- To improve the living conditions of the people of the Free State province.
  - To turn the tide against poverty
  - To set the province on a higher and sustainable growth trajectory.
  - To foster integrated development across all three spheres of government.
  - To create jobs and expand employment opportunities.
  - To provide social protection
  - To fight against crime and corruption
- ❖ Standard operating procedures and delegations: Policy regarding system of delegations was adopted by Council on the 26<sup>th</sup> of November 2009. Subsequently a workshop was conducted for Councillors and Municipal Officials.

## **CHALLENGES EXPERIENCED IN GOOD GOVERNANCE AND PUBLIC PARTICIPATION:**

Community Development Workers are not submitting monthly and quarterly reports in all three Local Municipalities.

## **INTEGRATED DEVELOPMENT PLAN (IDP)**

The IDP is the principal strategic planning instrument, which guides and informs all planning, budgeting, management and decision making of the municipality. It therefore supersedes all other plans of the municipality.

Accordingly, section 34 of the Municipal Systems Act of 2000 provides for the annual review of the IDP. It says that the municipality must review its IDP:

- Annually in accordance with assessment of its performance measurements. (Agreed performance indicators and targets)
- To the extent that changing circumstances to demand.

As a District Municipality, Xhariep is expected by the regulations (Section 84(1) (a) of the Local Government Municipal Structures Act of 1998 to adopt a process plan and a framework for guiding IDP formulation in the District, including the Local Municipalities of Kopanong, Mohokare and Letsemeng.

According to Section 27(2) of the Systems Act, IDP must be guided by the IDP framework which its purpose is to:

- Identify the plans and planning requirements binding in terms of national and provincial legislation on the district municipality and the local municipalities or on any specific municipality;

- Identify the matters to be included in the integrated development plans of the district municipality and the local municipalities that require alignment;
- Specify the principles to be applied and co – ordinate the approach to be adopted in respect of those matters and determine procedures.

## IDP CAPACITY RANKINGS OF MUNICIPALITIES

For the 2009/10 year, the rankings of our district IDP and that of the locals was between low and medium.

*Table11: IDP Capacity Ranking*

Municipality	IDP Analysis Ranking
<b>Xhariep</b>	Medium
<b>Letsemeng</b>	Low
<b>Kopanong</b>	Medium
<b>Mohokare</b>	Medium

*Table12: The following table represents the municipal needs and as per the provincial analyses report:*

Critical Components of a Credible IDP	Xhariep	Kopanong	Letsemeng	Mohokare
IDP Process Plan		<input type="checkbox"/>		
Spatial Development Framework (aligned to PGDS and NSDP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Infrastructure Investment Plan (EPWP Compliant)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>X</b>
LED Strategy (aligned to National LED Framework, NSDP, PGDS and Asgi-SA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>X</b>
Waste Management Plan	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Land Use Management Framework/Strategy	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Land reform strategy/plan (Area Based Plans)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Plan	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Disaster Management Plan		<input type="checkbox"/>		
Environmental Management Plan		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water Services Development Plan	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Water Resources Plan			<input type="checkbox"/>	<input type="checkbox"/>
Energy Master Plan			<input type="checkbox"/>	<b>X</b>
Electricity Master Plan			<input type="checkbox"/>	<input type="checkbox"/>
Housing Sector Plan		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
District Health Plan				<b>X</b>
Health Sector Plan		<input type="checkbox"/>		
Organizational Performance Management System		<input type="checkbox"/>	<input type="checkbox"/>	<b>X</b>
HR Strategy		<input type="checkbox"/>	<input type="checkbox"/>	<b>X</b>
Financial Plan and SDBIP		<input type="checkbox"/>	<input type="checkbox"/>	<b>X</b>

### Legend

Cross =Funding

Box =Support

### SPATIAL DEVELOPMENT FRAMEWORK

Our Spatial Development Framework was still under review and the 2006/7 was considered for the 2008/9 IDP.

### CHALLENGES EXPERIENCED IN IMPLEMENTING IDP's

1. There was no IDP officials appointed in the District Municipality
2. There was no capacity in the IDP units of local municipalities
3. There was no Up to-date Spatial Development Framework of the district.
4. Sector departmental participation during the IDP processes was non existent



## **NATIONAL AND PROVINCIAL GOVERNMENT SUPPORT FOR IMPROVED MUNICIPAL PLANNING**

Department of the Presidency assisted with the development of the NSDP.

Department of Cooperative Governance, Traditional Affairs and Human Settlement: Learnership in Integrated Development Plan for the IDP Manager.

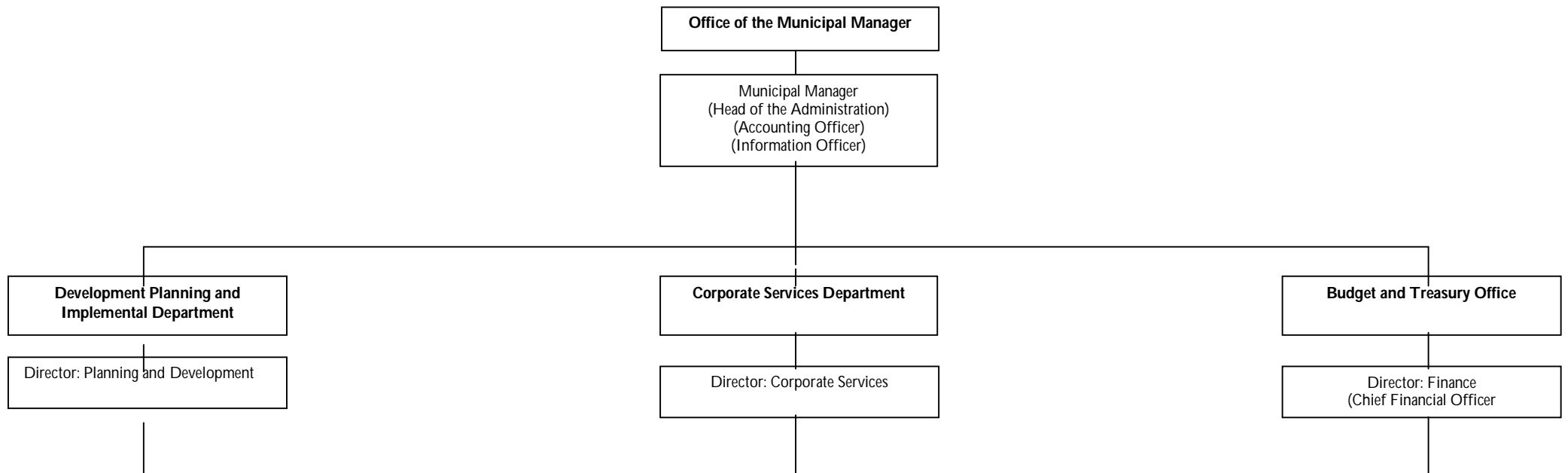
## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

### Internal Capacity

Functional roles that result from the relevant P&F's are performed by different departments at XDM. Shown below is the organisational structure of XDM, followed by a discussion of the P&F's relevant to specific offices within the District.

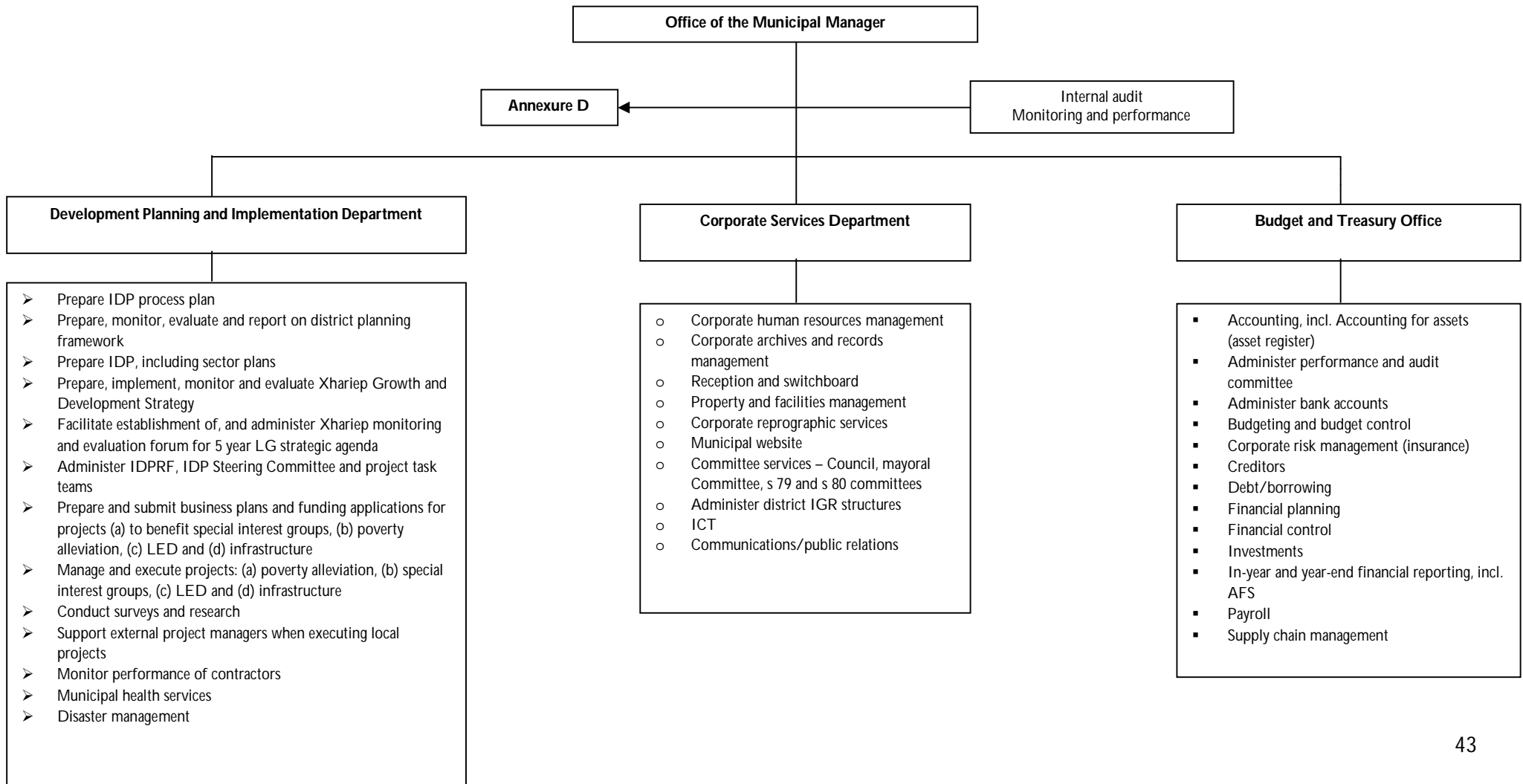
### XDM Organisational Structure

*The organisational structure shown below is developed in compliance with legislative requirements and with a view to ensuring that the District has appropriate and adequate human resource capacity to deliver on its P & Fs.*

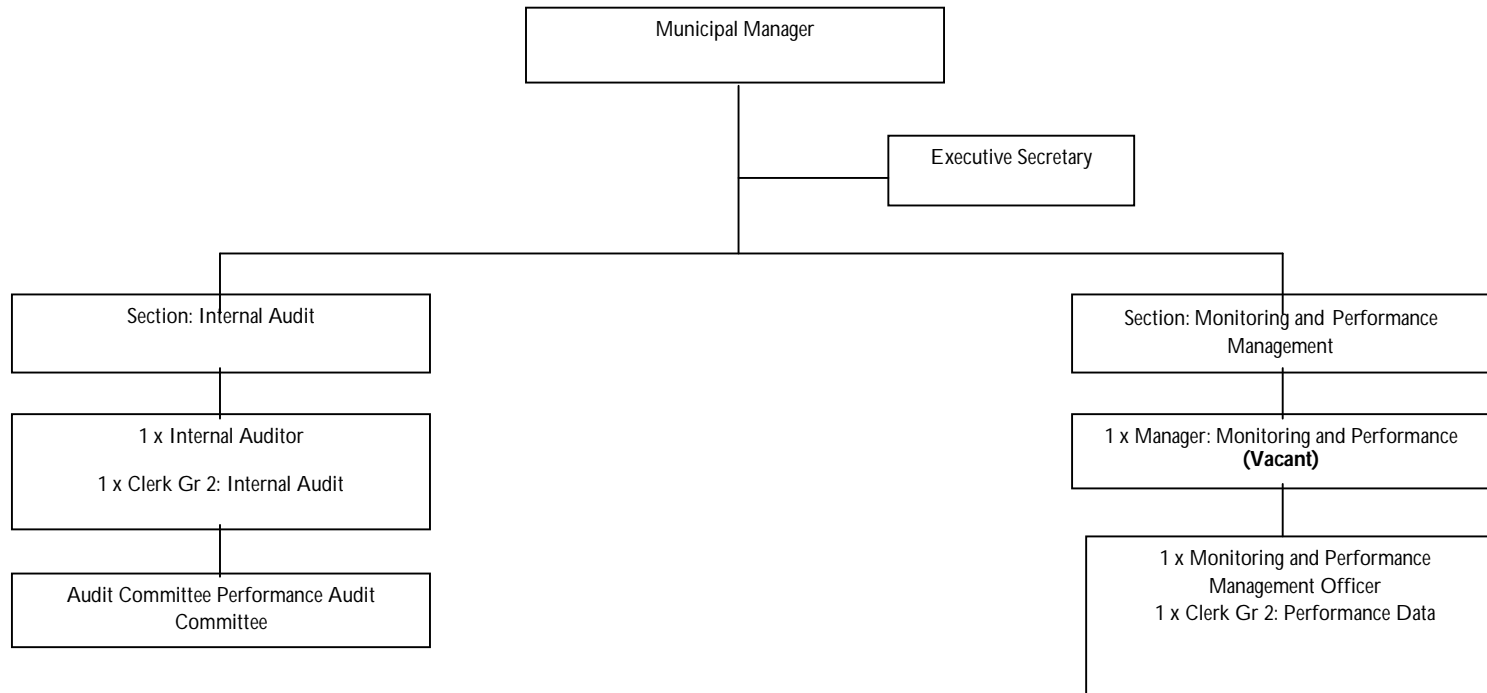


# XHARIEP DISTRICT MUNICIPALITY

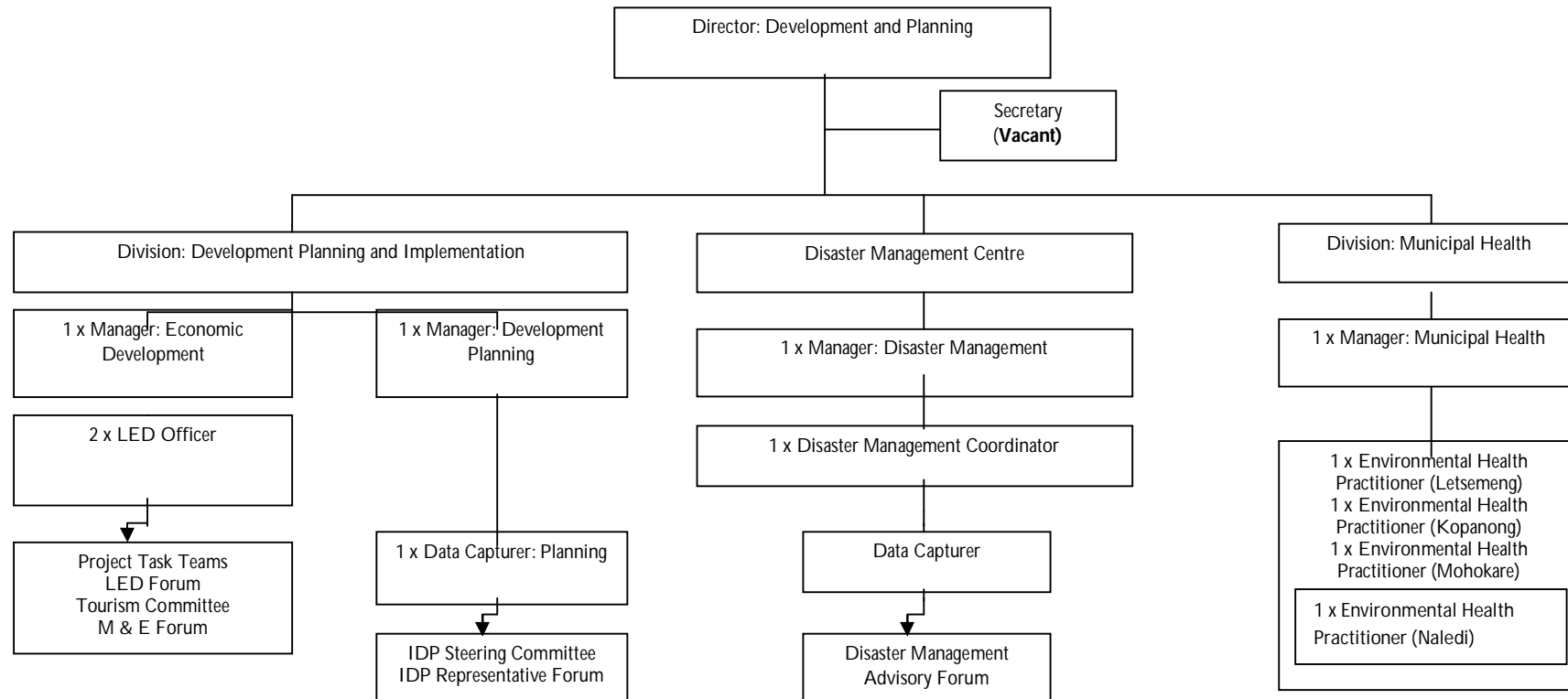
## FUNCTIONAL STRUCTURE



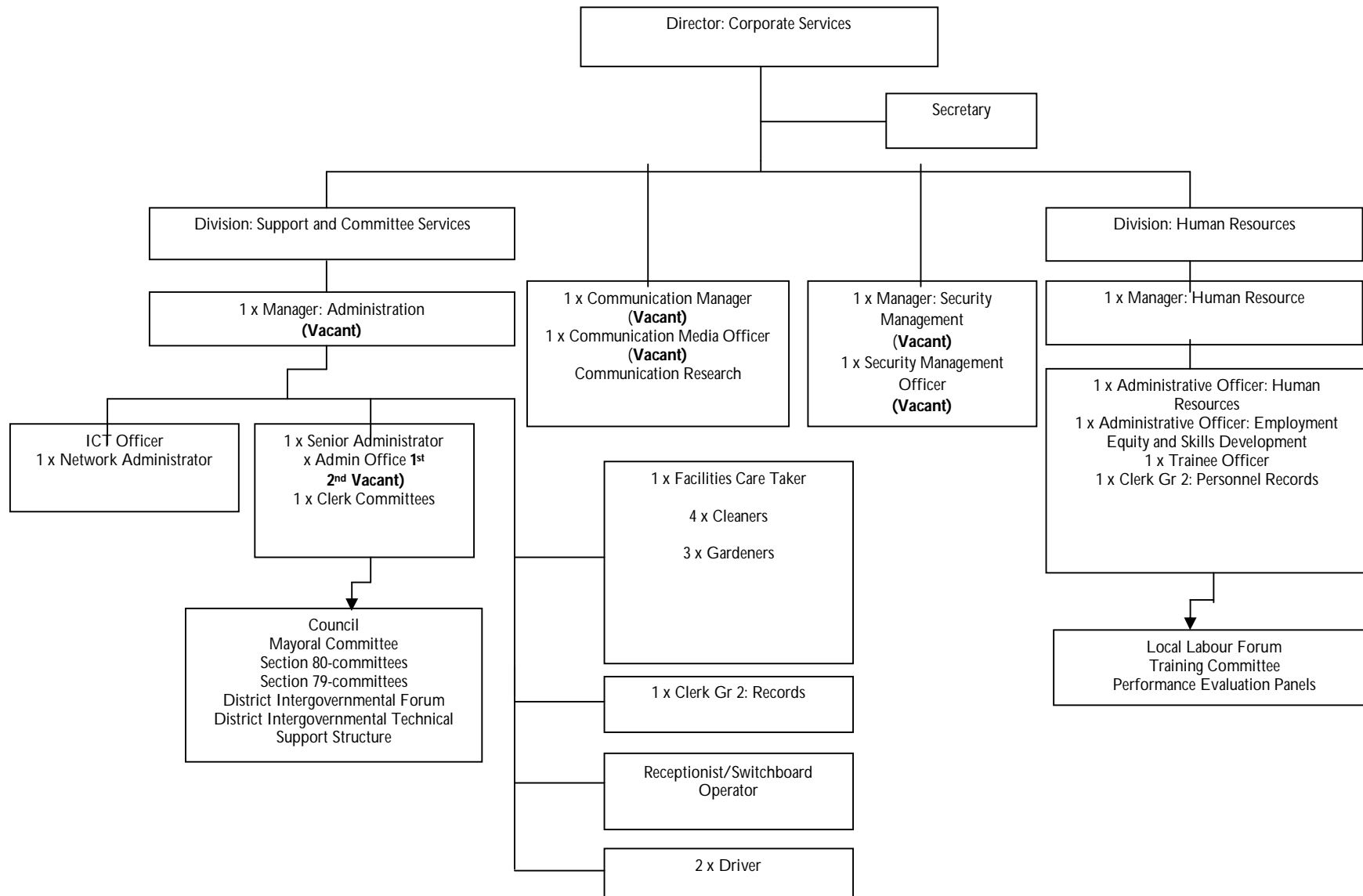
# XHARIEP DISTRICT MUNICIPALITY OFFICE OF THE MUNICIPAL MANAGER



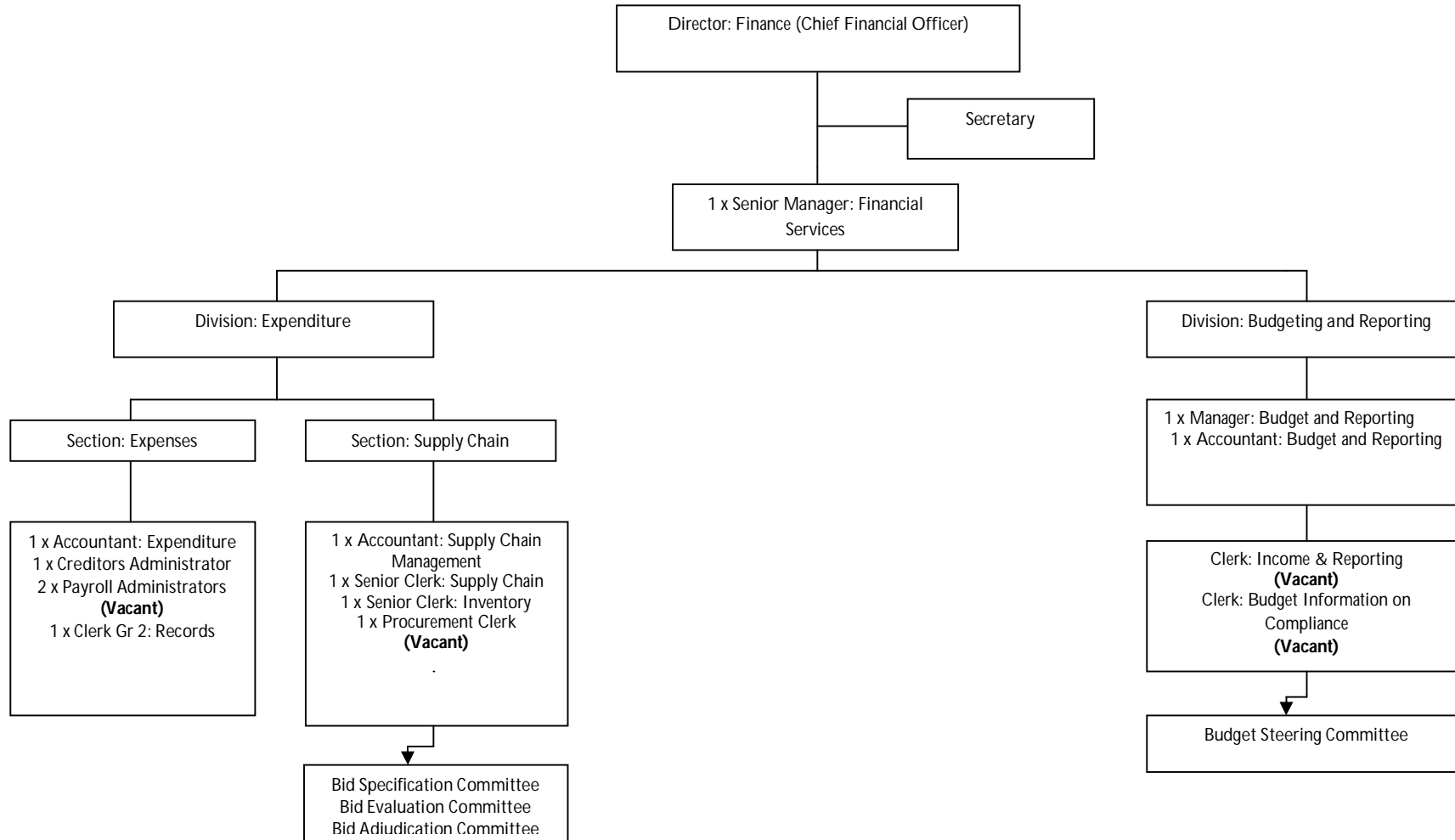
**XHARIEP DISTRICT MUNICIPALITY  
DEVELOPMENT, PLANNING AND IMPLEMENTATION**



# XHARIEP DISTRICT MUNICIPALITY CORPORATE SERVICES



# XHARIEP DISTRICT MUNICIPALITY BUDGET AND TREASURY OFFICE



*The Municipality has managed to develop an organogram that was reviewed on the 26<sup>th</sup> of November 2009.*

**Total number of positions filled:**

- Section 56 managers: **3**
- Total number of permanent employees: **49**
- National Treasury Interns: **3**
- Youth Advisory Centre(YAC): **4**
- Contract Workers: **9**
- Councillors: **14**

**Total number of current vacancies:**

- Vacant Positions: **6**

**Skill or levels of education attained**

- Professionals: **22**
- Unskilled: **8**
- Clerical and Administration: **24**

**Name and Number Medical aid funds:**

There are three medical aid funds currently being used by the Xhariep District Municipality for all employees namely:

- Bonita's
- LA Health
- HOSMED

**Name and Number of Pension or Provident funds**

- Municipal Councillors Pension Fund( MCPF)
- **Free State Municipal Provident Fund(FMPF):** A decision was taken by the board of trustees not to accept anymore members in to the fund and this resulted in newly appointed employees joining the (SNPF)
- **SAMWU National Provident Fund (SNPF):** This Provident Fund is still new and was only opened after the FMPF was closed.



## Arrears owed to the Municipality

As per the Annual Financial Statements of Xhariep District Municipality; an amount of R76 879.87 is included as part of other debtors for salary related monies owed to the municipality.

## Employee related costs

**In total, the total employee cost increased by R7, 209,337 during 2009/2010 financial year**

Table 13: Employee Related Costs Over for the 2009/2010 financial

<b>EMPLOYEE RELATED COSTS</b>	<b>2010</b>	<b>2009</b>
Employee related costs - Salaries and Wages	<b>10 391 992</b>	5 580 401
Employee related costs - Contributions for UIF, pensions and medical aids	<b>1 800 591</b>	751 107
Travel, motor car, accommodation, subsistence and other allowances	<b>1 735 154</b>	661 480
Housing benefits and allowances	<b>100 080</b>	123 784
Bonuses under remuneration	<b>793 316</b>	495 025
<b>Total Employee Related Costs</b>	<b>14 821 133</b>	7 611 796

## Disclosure of Information

The remuneration of XDM's councillors was as follows for the 2009/2010 financial year

Table 14: Councillor Remuneration for the 2009/2010 financial year

<b>REMUNERATION OF COUNCILLORS</b>	<b>2010</b>	<b>2009</b>
Mayor	<b>588 321</b>	254 477
Speaker	<b>466 452</b>	354 415
Mayoral Committee allowances	<b>955 218</b>	343 057
Councillors' allowances	<b>375 768</b>	700 100
<b>Total Councillors' Remuneration</b>	<b>2 385 759</b>	1 652 050

The remuneration of XDM's senior officials for the 2009/2010 financial year was as follows:

Table 15: Senior municipal officials' remuneration for the 2009/2010 financial year

<b>Remuneration of the Municipal Manager</b>	<b>2010</b>	<b>2009</b>
Annual Remuneration	<b>526 832</b>	300 299
Bonuses under remuneration	<b>29 870</b>	-
Travel, motor car, accommodation, subsistence and other allowances	<b>266 300</b>	175 822
Contributions to UIF, Medical and Pension Funds	<b>50 407</b>	31 122

<b>Total</b>	<b>873 409</b>	507 243
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	<b>454 985</b>	366 322
Bonuses under remuneration	<b>37 915</b>	30 527
Travel, motor car, accommodation, subsistence and other allowances	<b>198 400</b>	186 781
Contributions to UIF, Medical and Pension Funds	<b>7 994</b>	1 497
<b>Total</b>	<b>699 294</b>	585 127
<b>Remuneration of the Corporate Director</b>	<b>2010</b>	<b>2009</b>
Annual Remuneration	<b>385 636</b>	529 131
Bonuses under remuneration	<b>12 638</b>	37 528
Travel, motor car, accommodation, subsistence and other allowances	<b>116 558</b>	215 393
Contributions to UIF, Medical and Pension Funds	<b>11 100</b>	1 248
<b>Total</b>	<b>525 933</b>	783 300
<b>Remuneration of the Director: Planning and Development</b>	<b>2010</b>	2009
Annual Remuneration	<b>254 497</b>	-
Bonuses under remuneration	<b>20 397</b>	-
Travel, motor car, accommodation, subsistence and other allowances	<b>63 120</b>	-
Contributions to UIF Medical and Pension Funds	<b>27 970</b>	-
<b>Total</b>	<b>365 984</b>	-

Table16: Permanent /Contract Employee Database

PERMANENT / CONTRACT EMPLOYEE DATABASE

Surname	Initials	Emp Number	Employment Date	Race	Sex	Job Title	Job Type	Occupational Category	Occupational Level	Disabled	Department
Mkhwane	TL	160	2009/05/10	African	Male	Municipal Manager	Contract	Section 57	Top Management	No	Office Of the Municipal Manager
Panyani	CT	39	2006/11/01	African	Male	Chief Financial Officer	Contract	Section 57	Top Management	No	Budget and Treasury
Kubeka	MM	174	2009/09/01	African	Male	Director Corporate Services	Contract	Section 57	Top Management	No	Corporate
Manzana	CK	61	2002/03/01	African	Female	Manager: Human Resources Management( Acting Director P&D)	Permanent	Professionally Qualified and Experienced	Management	No	Corporate
Mohale	MS	57	2005/05/01	African	Male	LED Manager	Permanent	Professionally Qualified and Experienced	Management	No	Planning & Development
Dlomo	PI	44	2001/04/01	African	Male	IDP Manager	Permanent	Professionally Qualified and Experienced	Management	No	Planning & Development
Chabe	TC	62	2002/03/01	African	Male	Disaster Manager	Permanent	Professionally Qualified and Experienced	Management	No	Planning & Development
Tindleni	ZK	186	2009/12/01	African	Female	Environmental Health Manger	Permanent	Professionally Qualified and Experienced	Management	No	Planning & Development
Mokhesuoe	EN	178	2009/10/01	African	Male	Budget and Reporting Manager	Permanent	Professionally Qualified and Experienced	Management	No	Budget and Treasury
Sekonya	LN	170	2009/07/01	African	Male	Internal Auditor	Permanent	Professionally Qualified and Experienced	Professionals	No	Office Of the Municipal Manager
Mekhoe	MJ	158	2008/11/01	African	Male	Senior Manager: Finance	Permanent	Professionally Qualified and Experienced	Professionals	No	Budget and Treasury
Deeuw	TF	49	2004/04/01	African	Male	Senior Administrator	Permanent	Management	Professionals	No	Corporate
Fubu	NP	85	2010/02/09	African	Male	Public Liaison Officer	Permanent	Middle Management	Professionals	No	Corporate
Ngeyakhe	NE	82	2002/09/01	African	Female	PMS Officer	Permanent	Middle Management	Professionals	No	Office Of the Municipal Manager
Matobako	JS	113	2007/09/01	African	Male	Accountant: Supply Chain Management	Permanent	Middle Management	Professionals	No	Budget and Treasury
Moloi	MI	48	2004/10/01	African	Male	ICT Officer	Permanent	Middle Management	Professionals	No	Corporate
Mgudlwa	YS	121	2007/09/01	African	Female	Accountant: Budget & Reporting	Permanent	Middle Management	Professionals	No	Budget and Treasury
May	LM	65	2002/03/01	African	Male	Human Resources Officer	Permanent	Middle Management	Professionals	No	Corporate
Mtabani	NY	110	2006/09/01	African	Female	Administration Officer	Permanent	Middle Management	Professionals	No	Corporate
Lekale	MP	148	2009/10/01	African	Male	Accountant Expenditure	Permanent	Middle Management	Professionals	No	Budget and Treasury
Zinza	PXP	151	2009/10/01	African	Female	Employment Equity and Skills Development Facilitator	Permanent	Middle Management	Professionals	No	Corporate
Busa	NM	150	2009/10/01	African	Female	Training Officer	Permanent	Middle Management	Professionals	No	Corporate
Lwana	Re	176	2009/10/05	African	Female	Trainee Risk Officer	Permanent	Middle Management	Professionals	No	Office Of the Municipal Manager

Ntsala	PF	156	2009/10/01	African	Female	LED Officer	Permanent	Middle Management	Professionals	no	Planning & Development
Molatedi	KE	157	2009/10/01	African	Female	LED Officer	Permanent	Middle Management	Professionals	No	Planning & Development
Dyasi	NI	179	2009/10/05	African	Female	Youth Development Officer	Contract	Middle Management	Professionals	No	Corporate
Matlakala	MK	180	2009/10/05	African	Male	Special programme Officer	Contract	Middle Management	Professionals	No	Corporate
Jika	SM	181	2009/11/01	African	Male	Intergovernmental Officer	Contract	Middle Management	Professionals	No	Corporate
Prince	EFA	182	2009/11/01	African	Male	Disaster Manager Coordinator	Contract	Middle Management	Professionals	No	Corporate
Jafta	MI	163	2009/06/01	African	Female	Personal Assistance to Executive Mayor	Contract	Middle Management	Professionals	No	Corporate
August	SL	162	2009/06/01	African	Female	Personal assistance to Speaker	Contract	Middle Management	Professionals	No	Corporate
Mokhoro	LS	66	2007/06/01	African	Female	Caretaker Facility	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Sedia	MW	86	2002/09/01	African	Male	Communication Researcher	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Koeng	DC	91	2003/01/01	African	Female	Senior: Data Capturer IDP	Permanent	Semi-Skilled-Discretionary decision making		No	Planning & Development
Mphephuka	ZV	63	2002/03/01	African	Female	Senior: Data Capturer PMS	Permanent	Semi-Skilled- Discretionary decision making		No	Office Of the Municipal Manager
Tshabalala	PC	155	2009/10/01	African	Male	Junior: Data Capturer Disaster	Permanent	Semi-Skilled-Discretionary decision making		No	Planning & Development
Mofokeng	PA	159	2009/10/01	African	Female	Creditors Administrator	Permanent	Semi-Skilled-Discretionary decision making		No	Budget and Treasury
Mathebane	MS	177	2009/10/05	African	Female	Secretary to Director Corporate Services	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Sebogodi	GA	194	2009/10/01	African	Female	Senior: HR Personnel Clerk	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Mochochoko	MJM	167	2009/10/01	African	Female	Records Clerk: Budget and Treasury	Permanent	Semi-Skilled-Discretionary decision making		No	Budget and Treasury
Motshabi	IA	154	2009/10/01	African	Male	Network Administrator	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Tsikane	KS	175	2009/10/01	African	Male	Committee Clerk	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Nechefu	TH	161	2009/10/01	African	Male	Archives Registry Clerk	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Mokoaledi	M	183	2009/11/01	African	Female	Executive Secretary to Municipal Manager	Permanent	Semi-Skilled-Discretionary decision making		No	Office Of the Municipal Manager
Taale	DY	165	2009/10/01	African	Female	Receptionist	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Phindo	NV	187	2010/03/09	African	Female	Public Participation Officer	Contract	Semi-Skilled-Discretionary		No	Corporate
Medupe	KD	188	2010/03/09	African	Female	Secretary to Speaker	Contract	Semi-Skilled- Discretionary decision making		No	Corporate
Mthimkhulu	TJ	166	2009/10/01	African	Male	General Worker	Permanent	Semi-Skilled-Discretionary decision making		No	Corporate
Benson	MR	74	2002/05/01	Coloured	Female	Senior Clerk: Supply Chain	Permanent	Semi-Skilled-Discretionary decision making		No	Budget and Treasury
Lesshope	E	45	2001/04/06	African	Female	Senior Clerk: Inventory	Permanent	Semi-Skilled-Discretionary decision making		No	Budget and Treasury
Van Heerden	LS	85	2002/09/01	White	Female	Secretary: CFO	Permanent	Semi-Skilled-Discretionary decision making		No	Budget and Treasury

Serutla	S	171	2009/09/01	African	Male	Treasury Intern	Contract	Semi-Skilled-Discretionary decision making	No	Budget and Treasury
Manyana	N	172	2009/09/01	African	Female	Treasury Intern	Contract	Semi-Skilled-Discretionary decision making	No	Budget and Treasury
Kholong	TR	173	2009/09/01	African	Female	Treasury Intern	Contract	Semi-Skilled-Discretionary decision making	No	Budget and Treasury
Mmola	BM	184	2009/12/01	African	Female	Treasury Intern	Contract	Semi-Skilled-Discretionary decision making	No	Budget and Treasury
Mkololo	DC	90	2003/03/01	African	Female	Secretary to Executive Mayor	Permanent	Semi-Skilled-Discretionary decision making	No	Corporate
Mkololo	TS	84	2003/03/01	African	Female	Assistant/Cleaner	Permanent	Unskilled and Defined Decision Making	No	Corporate
Motshabi	ER	76	2002/06/24	African	Female	Assistant/Cleaner	Permanent	Unskilled and Defined Decision Making	No	Corporate
Moletsane	KJ	143	2007/12/01	African	Female	Assistant/Cleaner	Permanent	Unskilled and Defined Decision Making	No	Corporate
Kraai	LP	67	2002/02/01	African	Male	Driver	Permanent	Unskilled and Defined Decision Making	No	Corporate
Ntlati	MW	56	2005/04/01	African	Male	Driver	Permanent	Unskilled and Defined Decision Making	No	Corporate
Mothibi	J	96	2003/10/01	African	Male	General Worker	Permanent	Unskilled and Defined Decision Making	No	Corporate
Ntsane	DW	98	2000/10/01	African	Male	General Worker	Permanent	Unskilled and Defined Decision Making	No	Corporate
Phepheng	D	112	2007/07/31	African	Male	Out Reach Officer	Contract	Unskilled and Defined Decision Making	No	Corporate
Mohale	NA	104	2006/08/16	African	Male	Career Guidance Adviser	Contract	Unskilled and Defined Decision Making	No	Corporate
Macheli	PD	105	2006/08/16	African	Male	Out Reach Officer	Contract	Unskilled and Defined Decision Making	No	Corporate
Louw	PJ	106	2006/08/16	African	Male	Caree Guidance Adviser	Contract	Unskilled and Defined Decision Making	No	Corporate
Lebaka	TA	107	2006/08/16	African	Male	Career Guidance Adviser	Contract	Unskilled and Defined Decision Making	No	Corporate
Sello	K	197	2010/05/04	African	Female	General Assistant	Permanent	Unskilled and Defined Decision Making	No	Corporate
Plaatjie	S	196	2010/05/04	African	Male	General Assistant	Permanent	Unskilled and Defined Decision Making	No	Corporate
Leselo	OL	199	2010/06/01	African	Female	Payroll Administrator	Permanent	Skilled	No	Budget and Treasury
Velaphi	S	198	2010/05/04	African	Male	Driver to the Executive Mayor	Contract	Unskilled and Defined Decision Making	No	Corporate
Lomo	Q		2010/07/26	African	Male	ICT Officer	Permanent	Skilled	No	Corporate
<b>TOTAL MALES</b>		<b>38</b>								
<b>TOTAL FEMALES</b>		<b>31</b>								

## CONCLUSION

### Municipal Financial Viability and Management

Based on the performance of the municipality as contained in the report in question, the following are noted as measures to improve on the reported performance:

1. Table 4: Overall position Capital and Operating Budgets
  - a. The noted under performance on all three aspects is mainly due to the financial assistance from the Provincial Government, which is always received by the municipality late in the financial year. For the subsequent years, request for additional budget funding, confirmation and receipt thereof must be undertaken by the management way before the start of the budget processes. These additional procedures must also be included in the municipality's budget time schedule that gets approved by Council on or before 31 of August.
2. Debtors Age Analysis:
  - a. The Centlec debtor is a deposit lodged with the service provider for the electricity services rendered to the municipality.
  - b. Kopanong Local Municipality. At year end, the debtor was confirmed by Kopanong Local Municipality in writing. The management has to take the matter forward to agree with the Kopanong Local Municipality on repayment terms.

Trompsburg Primary School debtor was settled subsequent to the financial year end.

## ASSESSMENT REPORT OF MUNICIPAL MANAGER AND SECTION 56 MANAGERS

### Municipal Manager Assessment

#### *Key Performance Area: Municipal Transformation and Organisational Development*

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
1.1	Performance management system (PMS) reviewed and aligned to the IDP and implemented <b>Evidence of performance/achievement: :</b> Mid-Year and Annual performance assessment report submitted to all the relevant stakeholders	31-Dec-08	Council Resolution Item 12.5.2. Council adopted the reviewed PMS framework. Annual Performance assessment report was tabled in Council on 22 Jan 2009 (Item 4.1) as well as the Mid-Year assessment report (Item 4.2)	Achieved	
1.2	Ensure that the review of the IDP is conducted and completed in terms of the budget timetable tabled in the Council <b>Evidence of performance/achievement: :</b> IDP review completed in the timeframe allocated as well in the budget allocated	28-Feb-2010	Draft IDP was submitted to council on 14 May 2009 (Item 10.1)	Achieved	
1.3	Ensure compliance with Council's employment equity strategy and plan by ensuring achievement of the Directorate's targets. <b>Evidence of performance/achievement: :</b> EEA2 and EEA4 reports submitted to DoL	30-Oct-2009	No evidence were submitted	Not Achieved	Employment Equity Plan developed <b>(See attachment)</b> Will be submitted in the next

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
					Council meeting for approval.
1.4	<p>Establish a customer care management system and policy for the Municipality</p> <p><b>Evidence of performance/achievement: :</b> Conduct 2 customer satisfaction surveys and present report to council</p>	30-Jun-2010	No evidence were submitted	Not Achieved	The Municipality did not conduct this survey in 2009/2010, the survey will be conducted in 2010/2011.
1.5	<p>Prepare comprehensive delegated powers for submission to the Council</p> <p><b>Evidence of performance/achievement: :</b> Conduct workshop of Councillors and management regarding proposed delegated powers</p>	30-Jun-2010	Reviewed delegated powers and functions were adopted by council 26 November 2009 and workshops were held for officials and councilors (Item 12.5.1)	Achieved	
1.6	<p>Integrated human resource management systems, procedures and policies introduced and operationalised.</p> <p><b>Evidence of performance/achievement: :</b></p> <ul style="list-style-type: none"> <li>• Employment Equity Plan Reviewed</li> <li>• Workplace Skills Plan Compiled</li> <li>• Occupational Health and Safety compliance</li> <li>• Human Resource Policies reviewed</li> </ul>	30-Jun-2010	<ol style="list-style-type: none"> <li>1. Equity Plan was developed</li> <li>2. WSP was submitted</li> <li>3. HR Policies were reviewed</li> <li>4. No evidence regarding OHSa Compliance</li> </ol>	Partially Achieved	Officials have been trained on OHSa ( <b>Salemane Training conducted the training, See attachment</b> ). A representative



NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
					has been appointed. Quarterly reports will be available in 2010/2011.

***Key Performance Area: Infrastructure Development and Service Delivery***

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
2.1	<p>Ensure the provision of efficient and effective service delivery to the community so that the requirements of the IDP are met</p> <p><b><u>Evidence of performance/achievement: :</u></b></p> <ul style="list-style-type: none"> <li>Establish a monitoring and reporting system/framework for water services providers</li> <li>Ensure the submission of a business plan for the establishment and operation of a district disaster management centre to the Executive Committee</li> </ul>	30-Jun-2010	<ul style="list-style-type: none"> <li>No evidence submitted regarding the development of a monitoring and reporting system for water service providers.</li> <li>No evidence submitted of the submission of a business plan for the establishment and operation of a district disaster management centre to the Executive Committee</li> </ul>	Not Achieved	<p>A draft of the business plan has been prepared.</p> <p><b>See attachment</b></p>
2.2	<p>Establishment of IGR</p> <p><b><u>Evidence of performance/achievement: :</u></b></p> <ul style="list-style-type: none"> <li>Ensure co-operation between district</li> </ul>		Evidence of IGR meetings held on 17 March and 22 April were submitted.	Partially Achieved	The next IGR is scheduled for 27 Sep 2010.

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	municipality and the local municipalities within the Municipality <ul style="list-style-type: none"> <li>• Ensure quarterly consultation with parastatals and other critical stakeholders by holding quarterly meetings with the stakeholders</li> <li>• Ensure proper representation of stakeholders at all meetings</li> <li>• Ensure public attendance of IGR meetings</li> </ul>				
2.3	Mid-year performance report submitted to the Executive Mayor (See s 72, MFMA) <b>Evidence of performance/achievement:</b> Mid-year performance report submitted to the Executive Mayor as prescribed	25-Jan-2010	See nr 1.1 above	Achieved	
2.4	Annual performance report (see s 46 of the Municipal Systems Act) for 2007/08 submitted to the Executive Mayor <b>Evidence of performance/achievement:</b> Annual performance report submitted to the Executive Mayor	30-Nov-09	See nr 1.1 above	Achieved	
2.5	Annual report in respect of 2007/08 submitted to the Executive Mayor <b>Evidence of performance/achievement:</b> Annual report in respect of 2007/08 submitted to the Executive Mayor to be tabled in the Council not later than 31 Jan 2009	15-Jan-2010	No evidence of an annual report for 2007/08 was submitted	Not Achieved	Annual report for 2007/2008 has been tabled before Council 29 Nov 09. <b>See Council resolution attached.</b>
2.6	Ensure auditing of performance measures in	30-Jun-	No evidence were submitted	Not	Annual Performance

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	terms of section 14 of the PMS regulations and submission of quarterly performance reports to the performance audit committee (PMAC) <b>Evidence of performance/achievement:</b> Quarterly reports submitted to the Council	2010		Achieved	Audit Report prepared and submitted to Audit Committee. Report will be forwarded to Council. <b>See attachment</b>
2.7	Prepare and submit annual report on the Municipality's performance in respect of programmes funded or partially funded by a Sch 4 allocation (MIG)	31-Aug-09	No evidence were submitted	Not Achieved	MIG is not applicable to Xhariep District Municipality
2.8	Prepare and submit annual report on the Municipality's performance in respect of programmes funded or partially funded by an Sch 6 allocation (MSIG, FMG, LGRG, DWAF, NER)	31-Aug-09	No evidence were submitted	Not Achieved	See attachment(Interventions by National and Provincial Government or Government Agencies).

**Key Performance Area: Local Economic Development**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	Reason
3.1	Manage external consultants and contractors appointed for technical projects. <b>Evidence of performance/achievement:</b> : <ul style="list-style-type: none"> <li>Project plans and budgets to be in place and available for inspection</li> <li>Progress against plans to be reported</li> </ul>	50% of spending for projects on SMME's	Project plans for the sewerage and cemetery project was available and SMME's were used. Site meetings were held on a regular basis	Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	Reason
	regularly				
3.2	Promote the involvement of SMMEs in projects. <b>Evidence of performance/achievement: :</b> No of SMMES involved	30-Jun-2010	SMME's were trained in various issues	Achieved	
3.3	Build consensus with stakeholders around an LED strategy for XDM with an orientation to maximizing growth, employment, empowerment and poverty reduction	30-Jun-2010	LED Strategy was not available for inspection	Not Achieved	LED strategy available. See attachment
3.4	Comparative and competitive economic advantages of the Municipality identified and incorporated in a credible LED strategy and programmes	30-Dec-09	DTI comparative and competitive analysis were done	Achieved	
3.5	To facilitate partnerships for economic development within the municipality <b>Evidence of performance/achievement: :</b> <ul style="list-style-type: none"> <li>• Attract investment to the Municipality</li> <li>• Establish District Local Economic Forum</li> </ul>	30-Jun-2010	LED Forum was established and met a number of times. Sector Departments as well as the private sector is involved	Achieved	

**Key Performance Area: Municipal Financial Viability and Management**

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
4.1	Sound financial management practices implemented in terms of the MFMA priorities and timeframes, including but not limited to: <b>Evidence of performance/achievement: :</b> <ul style="list-style-type: none"> <li>• 2009/2010 Budget aligned to the approved</li> </ul>	31-May-2010 30-Jun-2010	Sufficient evidence was provided for points 1 -4. The municipality however received a disclaimer from the AG for the 2007/08 Audit Report	Partially Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	IDP <ul style="list-style-type: none"> <li>• Budget and treasury office established</li> <li>• Effective revenue and expenditure management</li> <li>• Meeting the financial reporting requirements of financial legislation, e.g. the MFMA and the annual DORA</li> <li>• Unqualified audit report for 2008/2009 financial year</li> </ul>				
4.2	Comprehensive financial management policies (and by-laws) developed consistent with GRAP/GAMAP, relevant legislation and best practice <b>Evidence of performance/achievement:</b> Financial Management policies and by-laws adopted by Council	31-Jan-2010	Financial and budget related policies were approved by council on 30 Jun 2009. However no evidence were presented regarding the adoption of By-Laws	Partially Achieved	XDM has not yet developed By-Laws as per COGTA`s advice that they have developed standard By-Laws for future considerations.
4.3	Ensure that Procurement system and standards are maintained <b>Evidence of performance/achievement:</b> Workshop SCM policy and procurement procedures with councillors, top and middle management	30-Sept-09	SCM Policy workshop were held on 14 and 15 January 2010	Achieved	
4.4	Municipal financial viability targets set and achieved <b>Evidence of performance/achievement:</b>	30 Jun 09	1. Creditors were paid within 30 days except when proper supporting documents could not be provided by the supplier.	Partially Achieved	XDM does not have debtors except

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	<ul style="list-style-type: none"> <li>Turnaround time for creditor payment improved to 30 days</li> <li>% Personnel cost over the total operational budget reduced to 35%</li> <li>Adequate provision for bad debt and working capital is made consistent with acceptable accounting norms</li> <li>Financial legislation implemented, including the Division of Revenue Act</li> </ul>		2. Personnel cost is still 51.45% 3. No evidence were provided that adequate provision were made for bad debt and that financial legislation is implemented.		for Kopanong Local Municipality.

**Key Performance Area: Good Governance and Public Participation**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	Reasons
5.1	Contract variations are comprehensively documented, approved by the person/body that approved the principal contract and annexed to the principal contract as a properly executed and signed addendum	Ongoing			
5.2	% of capital budget spent <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>95 - 100% = 5</li> <li>90 - 94% = 3</li> <li>85 - 89% = 2</li> </ul>	30-Jun-2010	95% were spent	Achieved	
5.3	Ensure that the procedures for community participation processes as set out in legislation adhered to in terms of: Budgeting	30-Jun-2010	Only two meetings were held <ul style="list-style-type: none"> <li>28 April 2010</li> <li>5 May 2010</li> </ul>	Partially Achieved	IGR is fully functional in XDM. The next IGR

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	Reasons
	<p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>• 6 community meetings</li> <li>• Monitoring and reporting</li> </ul> <p><b>Evidence of performance/achievement:</b> PMS (2 community meetings and 4 meetings of the MPAC)</p>				meeting is scheduled for 27 Sep 2010.
5.4	<p>Capacity-building of councillors to enhance their knowledge and skills to ensure effective participation of all councillors in municipal and community affairs</p> <p><b>Evidence of performance/achievement:</b> One capacity building session every quarter. Topics to be determined by the MM and approved by the Mayor</p>	100% of budget spent	No evidence were submitted	Not Achieved	Capacity building sessions were done for Councillors by SALGA (See attachment).
5.5	<p>An anti-corruption strategy/local integrity system in terms of national strategy is developed for the Municipality and implemented to prevent, detect and effectively deal with corruption and fraud</p> <p><b>Evidence of performance/achievement:</b> Anti-corruption strategy developed and implemented by the MM</p>	30-Jun-2010	Fraud prevention plan were submitted and approved by council	Achieved	
5.6	<p>Mechanisms to ensure disclosure of financial interest by councillors and officials are in place</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>• Form developed for the disclosure of information by councillors and submitted to councillors for completion</li> <li>• Register opened and completed and updated</li> </ul>	01-Nov-09	Disclosure of interests was explained to members during meeting that were held on 29 Oct 2009	Partially Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	Reasons
	quarterly				
5.7	<p>Ensure that a draft communication strategy for promoting communication between the Municipality and local municipalities is submitted to the Council</p> <p><b>Evidence of performance/achievement:</b> Communication strategy approved by council</p>	30-Jun-2010	No evidence submitted	Not Achieved	The Municipality does not have a communication strategy. A draft will be available before end of October 2010.
5.8	<p>External audit queries (including outstanding queries from prior years) and the management letter are dealt with satisfactorily</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>• Issues raised in the audit report, informal audit queries and management letter are responded to comprehensively and truthfully</li> <li>• Response to audit report and management letter submitted to the Audit Committee before submission to the Auditor-General</li> <li>• ProPAC resolutions are implemented satisfactorily</li> </ul>	30-Jun-09	Queries were attended to	Achieved	



## Director Corporate Services

### Key Performance Area: Municipal Transformation and Organisational Development

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
1.1	<p>Prepare Departmental performance assessment reports</p> <p><b>Evidence of performance/achievement:</b> Monthly and quarterly departmental performance reports are submitted to the Municipal Manager</p>	8th day of every month	Only one report dated 16 February 2010 was included in the PoE. No performance information was reported in the report of 16 Feb 2010.	Not achieved	Monthly and quarterly departmental performance reports are submitted to the MM. see attached
1.2	<p>Employee performance management system (EPMS) is implemented in all job categories and job levels across the Municipality</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>Review the current EPMS</li> <li>Prepare and submit to the Management Team, a plan for implementing the EPMS</li> <li>Oversee implementation of the EPMS</li> <li>Report progress with implementation of the EPMS to the MM</li> </ul>	<p>30 Sep 09 31 Oct 09</p> <p>Continuous</p> <p>Monthly</p>	<p>The current EPMS was reviewed and a plan for implementation of the EPMS is available in the PoE.</p> <p>No report regarding the implementation progress in the PoE.</p>	Partially achieved	Report on the implementation EPMS is available. See attached information
1.3	<p>Compliance with the Employment Equity Act</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>EE report submitted to Department of Labour</li> <li>Appointment decisions are made consistent with the targets set in Employment Equity Plan</li> </ul>	<p>31 Oct 09</p> <p>Continuous</p> <p>Quarterly</p>	Employment Equity Plan available for inspection. The EEA2 and EEA4 reports are not in the PoE, and no evidence of submission to the DoL were in the PoE.	Partially achieved	The Employment Equity Plan has been developed and will be tabled before Council in the

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	<ul style="list-style-type: none"> <li>Achievement of employment equity plan reported quarterly to the MM</li> </ul>				next Council for adoption and it will then be submitted to DoL as well as reports.
1.4	<p>Compliance with Skills Development Act</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>Employee training needs are informed by their job descriptions, personal development plans and performance assessments</li> <li>WSP is approved by the Council</li> <li>WSP is submitted to the LGSETA</li> <li>Employees undergo training according to the WSP</li> <li>Annual training report for 2007/08 is approved by the Council</li> <li>Approved annual training report submitted to LGSETA</li> </ul>	<p>30 Aug 09</p> <p>30 Sep 09</p> <p>31 Oct 09</p> <p>Continuous</p> <p>30 Sep 08</p> <p>6. 31 Oct 09</p>	WSP available in PoE. No evidence regarding WSP and Annual Training report approval by council was attached.	Partially achieved	The WSP and Annual Training will be tabled before the next Council
1.5	<p>The Municipality has an effective records management system</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>File plan of the records management system is approved by the Provincial Archive Service</li> <li>At least two personnel members have been trained regarding records management/archiving</li> </ul>	<p>30 Nov 09</p> <p>28 Feb 2010</p>	<p>File plan approved by the Provincial Archive Service is available, however no record of the training of two employees were given.</p> <p>Archives and Records officials have been trained.</p>	Partially achieved	Four Employees who work with filling of documents have been sent to records management training. Attached

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
					please find information as proof
1.6	The Municipality's staff establishment is kept and maintained as an electronic database <b>Evidence of performance/achievement:</b> Comprehensive staff establishment submitted to the HoDs and MM for verification	31 Mar 2010	Evidence of staff establishment is submitted.	Achieved	
1.7	Prepare Departmental performance assessment reports <b>Evidence of performance/achievement:</b> Monthly and quarterly departmental performance reports are submitted to the Municipal Manager	8th day of every month	Repetition of 1.1		

**Key Performance Area: Infrastructure Development and Service Delivery**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
2.1	Newly appointed employees are properly inducted into the Municipality <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• An induction programme for employees submitted to MM</li> <li>• New employees are inducted within the first two working days after they commence working</li> </ul>	1. 28-Feb-10  2. Continuously	New employees are inducted but the program was not submitted to the MM for approval.  Induction programme will be submitted to Management for approval	Partially achieved	The Induction manual will be submitted to the Management for approval
2.2	Suppliers engaged by the Department meet performance standards in terms of quality, budgets and timelines	1. KPIs set as required	Project reports were available for inspection.	Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	<p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>• Set input, output and outcome indicators for each service-provider appointed by the Dept</li> <li>• Measure performance of service-providers in terms of contracts or monthly</li> </ul>	2. Report on supplier performance monthly to the MM			
2.3	<p>Prepare and submit a corporate training strategy for the training of councillors and employees consistent with the WSP</p> <p><b>Evidence of performance/achievement:</b> Comprehensive training strategy submitted to the relevant section 80-committee</p>	30-Nov-2009	<p>Training plans/strategy is available for inspection. No evidence of submission to the section 80 committee provided.</p> <p>Will be tabled before section 80 Committee</p>	Partially achieved	The training plans/Strategy will be tabled before Section 80 Committee in the next committee meeting
2.4	<p>Develop 2009/2010 annual calendar for council and committee meetings and submit to council for approval</p> <p><b>Evidence of performance/achievement:</b> Annual calendar adopted by Council</p>	30-Jul-09	Calendar developed and available in PoE.	Achieved	
2.5	<p>Assets allocated to the Department are systematically maintained</p> <p><b>Evidence of performance/achievement:</b> Multi-year plan for the maintenance, repair and replacement of assets assigned to the Department</p>	31-Jan-10	<p>Assets register available in PoE, however no plan for the maintenance of equipment and assets provided.</p> <p>Maintenance Plan will be developed and submitted to Council in October</p>	Not achieved	The maintenance plan will be developed and submitted to Council in November 2010.

**Key Performance Area: Local Economic Development**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
3.1	Promote the involvement of SMMEs in projects <b>Evidence of performance/achievement:</b> Reports indicating number of assignments awarded to SMMEs	Ongoing	SMME's were supported and trained by the municipality. No report was provided on the number of projects awarded to SMME's.  updated data on SMME'S is available. Is attached	Partially achieved	Trainings were conducted for SMME' by the Municipality. Attached please find the information as evidence
3.2	Manage external consultants and contractors appointed for projects in the Directorate. <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• Project plans and budgets to be in place and available for inspection</li> <li>• Progress against plans to be reported regularly</li> </ul>	Ongoing	Project plans available and progress reports regarding projects completed	Achieved	

**Key Performance Area: Municipal Financial Viability and Management**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
4.1	The Department's draft budget for 2010/2011 is based on the approved IDP and its annual business plan <b>Evidence of performance/achievement:</b> The department's draft budget for 2009/09 gives	28-Feb-2010	The approved departmental budget is available.	Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	effect to its business plan				
4.2	<p>The Department's approved budget for 2009/10 is managed soundly</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>No irregular, unauthorized or fruitless and wasteful expenditure is incurred</li> <li>Expenses are not more than 10% less than the approved budget allocation per vote</li> </ul>	30-Jun-2010	No evidence available.	Not achieved	Few instances of over-spending were noted and reported to Council. Some with instances of irregular expenditure. Attached please find information as evidence.
4.3	<p>Internal and external audit enquiries and variance reports relating to the department is dealt with expeditiously</p> <p><b>Evidence of performance/achievement:</b></p> <p>Written response to audit queries and variance reports are submitted within 10 working days after receipt</p>	Within 10 days after receipt	No evidence available	Not achieved	All queries were addressed timeously and expediently. Proof is the fact that AG never complained about the turn-around time pertaining to the responses to the queries.

**Key Performance Area: Good Governance and Public Participation**

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	
5.1	<p>Contract variations are comprehensively documented, approved by the person/body that approved the principal contract and annexed to the principal contract as a properly executed and signed addendum</p> <p><b>Evidence of performance/achievement:</b> Documented contract variations</p>	Ongoing	No project variations were reported and contracts completed as stipulated by the contract.	Achieved	
5.2	<p>The department complies with all relevant reporting requirements</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>• Written reports, in agreed format and providing agreed information, submitted to Municipal Manager</li> <li>• Reports in terms of applicable legislation (MFMA, MSA) submitted regularly to Management Team</li> <li>• Not more than 10% of reports submitted to relevant committees deferred for lack of Rinformation</li> </ul>	As prescribed	Reports submitted available for inspection	Achieved	
5.3	<p>The municipality has a comprehensive report indicating the risks associated with the Department, indicating each risk's frequency and likelihood of occurrence as well as risk mitigation, risk avoidance and risk transfer strategies</p> <p><b>Evidence of performance/achievement:</b> Risk analysis, assessment and proposed risk treatment strategies implemented and report</p>	30-Jun-2010	Comprehensive risk assessment for the departments was done and available in the PoE.	Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	
	indicating risks prevented during the financial year				
5.4	<p>The Municipality complies with the Occupational Health and Safety Act 1993 and relevant regulations</p> <p><b>Evidence of performance/achievement:</b></p> <ul style="list-style-type: none"> <li>• Report of a compliance audit submitted to the relevant committee</li> <li>• A strategy (including target dates and milestones) for achieving and maintaining compliance</li> </ul>	30-Sep-09	<p>No evidence of compliance provided. The health and safety representative however was appointed.</p> <p>All Municipal officials have been trained on OHS and reports will be prepared as the Safety Rep. has been appointed.</p>	Partially achieved	All municipal officials have been trained on OHSA and reports will be prepared as the Safety Representative has been appointed
5.5	<p>Minutes of committee (Mayoral, Sec 80 and Sec 79 committees) and council meetings are finalised expeditiously</p> <p><b>Evidence of performance/achievement:</b></p> <p>Minutes of meetings are circulated to the Municipal Manager and departmental heads within 4 days after closing of the meeting</p>	On-going	No complaints lodged with regard to late submission of minutes.	Achieved	
5.6	<p>Ensure the maintaining of the Municipality's website in compliance with the relevant legislation</p> <p><b>Evidence of performance/achievement:</b></p> <p>An official website for the Municipality</p>	On-going	Website functional.	Achieved	
5.7	<p>Implementation, execution and monitoring of the adopted Communications Plan of MDM to ensure effective and efficient communication with all stakeholders</p> <p><b>Evidence of performance/achievement:</b></p> <p>Monthly reports of performance submitted to the MM</p>	On-going	One report regarding the radio station was available for inspection.	Partially achieved	Communication strategy will be developed and submitted to Council before the end of October 2010
5.8	Manage and control communication processes	30-Jun-	Report dated 12 July 2010 was available for	Achieved	



NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	
	regarding special programs/venues as organised/initiated by MDM <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• Monthly progress reports</li> <li>• No of complaints received regarding communication of special programs/events.</li> </ul>	2010	inspection.		
5.9	Develop and coordinate system security, backups, quality assurance and disaster recovery plans to prevent the loss of data and unauthorized access. <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• 0% loss of data and</li> <li>• 0% unauthorised access.</li> </ul>	30-Jun-2010	No data loss was reported and no unauthorized access was reported.	Achieved	

## Chief Financial Officer

### Key Performance Area: Municipal Transformation and Organisational Development

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
1.1	The Department's draft budget for 2010/11 is based on its annual business plan, which is informed by the financial plan in the IDP <b>Evidence of performance/achievement:</b> Draft annual business plan for 2010/11 submitted to the Executive Mayor	31-Jan-2010	Evidence of the budget developed is available for inspection..	Achieved	Budget and IDP are aligned
1.2	The Department complies with relevant legislation, including the MFMA, DORA, Municipal Systems Act and PPPFA etc. <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>Report indicating current level of compliance with relevant legislation</li> <li>A plan (including target dates and milestones) to achieve compliance with relevant legislation submitted to relevant section 79 or 80-committee</li> </ul>	30-Nov-09	No evidence was submitted.	Not achieved	Non-compliances are identified and reported to the relevant Sec 80 committee and council
1.3	The IDP incorporates a financial plan <b>Evidence of performance/achievement:</b> Draft financial plan consistent with reg. 2(3) of the Local Government: Municipal Planning and Performance Management Regulations 2001 submitted to the relevant section 80-committee and IDP Steering Committee	30-Jun-2010	Financial plan available for inspection.	Achieved	
1.4	Procedure manual for executing each activity conducted in the Department	30-Jun-2010	A written procedure manual for all activities in the Department is available for inspection. No	Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	<b>Evidence of performance/achievement:</b> A written procedure manual for all activities in the Department is submitted to the Management Team		evidence provided of submission to Management team.		
1.5	The Municipality's assets are managed in accordance with a written asset management policy <b>Evidence of performance/achievement:</b> Asset management policy submitted to the Executive Mayor	30-Nov-09	Policy was submitted to the EM.	Achieved	
1.6	Handbook of internal control measures <b>Evidence of performance/achievement:</b> Document containing internal control measures, based on comprehensive risk analysis, submitted to the Audit Committee	31-May-2010	Document containing internal control measures was submitted, however no proof of submission to the Audit Committee was provided.	Partially Achieved	The Document is available but it was only not submitted to the Audit Committee. Will be submitted in the due course
1.7	Documented financial management policies <b>Evidence of performance/achievement:</b> Report, incorporating proposed changes to current policies and proposed new policies, submitted to the Mayor	30-Nov-09	Report, incorporating proposed changes to current policies and proposed new policies, submitted to the Mayor was provided and available for inspection.	Achieved	
1.8	The corporate SDBIP for 2009/10 is consistent with the relevant requirements and approved as prescribed	31-Jul-2010	SDBIP was provided for inspection. No proof of submission to Mayor within 14 days.	Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	<b>Evidence of performance/achievement:</b> Draft SDBIP for 2009/10 is submitted to the Mayor within 14 days after approval of the budget				
1.9	The Municipality's AFS for 2008/09 is prepared in GRAP/ GAMAP accounting standard <b>Evidence of performance/achievement:</b> Implementation plan for conversion of AFS to GRAP/GAMAP accounting standard submitted to the Mayor	31-Aug-09	Implementation plan available for inspection. No proof of submission to Mayor.	Achieved	

**Key Performance Area: Infrastructure Development and Service Delivery**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
2.1	Service providers engaged by the Department meet performance standards in terms of quality, budgets and timelines <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• Input, output and outcome indicators are set for each contract awarded</li> <li>• Supplier performance are measured against the agreed KPIs and reported on regularly</li> </ul>	1. KPIs set as required 2. Report on supplier performance monthly to the MM	No evidence provided.	Not Achieved	The current status is SLA's are used and relied upon to ensure acceptable standards
2.2	The Municipality complies with the prescribed financial reporting requirements <b>Evidence of performance/achievement:</b> Reports required in terms of the MFMA and DORA are submitted on time	31-Jan-2010	All reports submitted.	Achieved	

**Key Performance Area: Local Economic Development**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
3.1	The financial plan contained in the IDP, includes a realistic infrastructure investment plan <b>Evidence of performance/achievement:</b> Infrastructure investment plan approved by Mayor	31-Mar-2010	No evidence provided.	Not Achieved	Due to the fact that we do not have any infrastructural projects we do not have the plan
3.2	A reporting framework to monitor progress with the implementation of the financial plan is established <b>Evidence of performance/achievement:</b> Reporting framework approved by Mayor	31-Mar-2010	No evidence provided.	Not Achieved	The Municipality relies solely on the GRAP reporting framework. Weekly budgeted v/s. actual spending are used for management accounting.

**Key Performance Area: Municipal Financial Viability and Management**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
4.1	The Municipality's budget for 2010/11 follows the Government Finance Statistics (GFS) functional classification <b>Evidence of performance/achievement:</b> Report regarding the restructuring of budget votes and general ledger submitted to the Executive Mayor	31-Jan-2010	No evidence provided	Not Achieved	Our budget is according to the budget reforms prescribed by the NT.
4.2	The Department's draft budget for 2010/11 is based on its annual plan <b>Evidence of performance/achievement:</b> Report indicating how the department's draft budget for 2009/10 gives effect to its business plan	28-Feb-2010			The budget is informed by the IDP of the Municipality
4.3	The Department's approved budget for 2009/10 is managed soundly <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• No irregular, unauthorised or fruitless and wasteful expenditure is incurred</li> <li>• Expenses are not more than 10% less than the approved budget allocation per vote</li> </ul>	Monthly	No evidence provided.	Not Achieved	There had been no monthly registers for irregular, fruitless and unauthorized expenditure. This is implemented in 2010/2011
4.4	AFS for 2008/09 are completed on time <b>Evidence of performance/achievement:</b> AFS for 2008/09 submitted to the Auditor-General	31-Aug-09	AFS was not submitted on time (3 days later). Reasons for late submission was provided and reported to the Council and the AG.	Achieved	AFS submitted but late. Situation

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
					improved in 2009/10.
4.5	Draft budget for 2010/11 and supporting documentation finalised on time <b>Evidence of performance/achievement:</b> Draft budget for 2010/11 submitted to the Executive Mayor in time to be tabled in the Council not later than 2 April 2010	20-Mar-2010	No evidence provided	Not Achieved	
4.6	The Municipality's cash flow and liabilities are managed properly <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• Cash flow forecasts are prepared monthly and submitted to the Municipal Manager</li> <li>• Actual income and expenditure do not vary more than 5% from cash flow forecast</li> <li>• No expenditure that may exceed the cash flow projection is incurred</li> </ul>	Monthly	No evidence provided.	Not Achieved	

**Key Performance Area: Good Governance and Public Participation**

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NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
5.1	Budget preparation process allows adequate time for public participation in terms of the MFMA and the Municipality's Rules and Orders <b>Evidence of performance/achievement:</b> <ul style="list-style-type: none"> <li>• Draft budget and supporting resolutions are published in terms of s 22 of the MFMA</li> </ul>	31-May-2010	Public participation processes were held and complied with. No evidence of publication of budget as required by S22 of the MFMA was provided.	Partially Achieved	

NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	<ul style="list-style-type: none"> <li>One or more public hearings regarding the budget are held in terms of rule 9 of the Rules and Orders</li> <li>The public participation processes is completed on or before 15 May 2009</li> </ul>				
5.2	<p>Creditors are paid within 30 days of the Municipality receiving their invoices</p> <p><b><u>Evidence of performance/achievement:</u></b> No creditors complain about late payment</p>	Monthly	Creditors were not always paid on time. However report was submitted regarding reasons for late payment. Most of late payments were not due to the fault of Finance Department.	Achieved	
5.3	<p>External audit queries (including outstanding queries from prior years) and the management letter are dealt with satisfactorily</p> <p><b><u>Evidence of performance/achievement:</u></b></p> <ul style="list-style-type: none"> <li>Issues raised in the audit report, informal audit queries and management letter are responded to comprehensively and truthfully</li> <li>Response to audit report and management letter submitted to the Audit Committee before submission to the Auditor-General</li> <li>ProPAC resolutions are implemented satisfactorily</li> </ul>	<ol style="list-style-type: none"> <li>Within 15 days of receipt</li> <li>Before annual report is tabled in Council</li> </ol>	Audit query action plan and report was submitted in the PoE.	Achieved	
5.4	<p>The Municipality has a comprehensive report indicating the risks associated with the Department, indicating each risk's frequency and likelihood of occurrence as well as risk mitigation, risk avoidance and risk transfer strategies</p> <p><b><u>Evidence of performance/achievement:</u></b> Risk analysis, assessment and proposed risk</p>	31-Mar-2010	Risk assessment available for inspection.	Achieved	



NO	KEY PERFORMANCE INDICATOR	TARGET	4 <sup>th</sup> QUARTER ASSESSMENT OF EVIDENCE	SCORE	REASONS
	treatment strategies submitted to the Executive Mayor				

**CHAPTER 4: KHARIEP DISTRICT MUNICIPALITY AUDITED ANNUAL FINANCIAL  
STATEMENTS 2009/2010**

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**AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE XHARIEP DISTRICT MUNICIPALITY**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the accompanying financial statements of the Xhariep District Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 83-137

**Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009) (DoRA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor-General's responsibility**

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Basis for qualified opinion*

#### **Irregular expenditure**

7. The following irregular expenditure totalling R2 122 637 was not disclosed in note 30.3 to the financial statements as required by section 125(2)(d) of the MFMA:
  - Contrary to the supply chain management policy, the required number of quotations or evidence of a valid deviation was not available for payments totalling R287 124.
  - Information concerning the preconditions that must be complied with in terms of the supply chain management policy was not obtained for quotations and bids amounting to R1 139 139.
  - Contrary to the supply chain management policy, evidence could not be obtained that the preference point system had been used for payments totalling R696 374.
8. The supply chain management policy also states that the accounting officer must record the reasons for any deviations and include this in a note to the annual financial statements. Deviations amounting to R237 580 were not disclosed in a note to the financial statements.

#### **Accumulated surplus**

9. Included in the accumulated surplus of R27 034 508 at 30 June 2010, as presented in the statement of financial position, are appropriations from the prior year's annual financial statements amounting to R491 622. Sufficient appropriate audit evidence could not be obtained to confirm the existence, valuation, allocation and completeness of the appropriation amounting to R491 622 relating to the write-off of suspense accounts. The municipality's accounting records did not permit the application of reasonable alternative audit procedures, as there was no system of control over suspense accounts.

### *Qualified opinion*

In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the Xhariep District Municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended in accordance with the SA Standards of GRAP are prepared, in all material respects and in the manner required by the MFMA and DoRA.

### *Emphasis of matters*

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

**Restatement of corresponding figures**

10. As disclosed in note 28 to the financial statements, the corresponding figures for 30 June 2009 have been restated as a result of errors discovered during the 2009-10 financial year in the financial statements of the Xhariep District Municipality at, and for the year ended, 30 June 2009.

**Irregular expenditure**

11. As disclosed in note 30.3 to the financial statements, irregular expenditure to the amount of R1 753 005 was incurred, as proper procurement processes had not been followed.

### **Unauthorised expenditure**

12. As disclosed in note 30.1 to the financial statements, unauthorised expenditure to the amount of R2 934 185 was incurred, as the actual expenditure incurred exceeded the budget vote.

### ***Additional matters***

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

### ***Unaudited supplementary schedules***

13. The appendices set out on pages 129-137 do not form part of the financial statements and are presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

### **Supplementary explanations of budget variances presented outside the financial statements**

14. The supplementary explanations of budget variances contained in the supplementary schedules as referred to in note 41 to the financial statements do not form part of the financial statements. I have not audited these explanations and accordingly I do not express an opinion thereon.

### ***REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS***

As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the MFMA, DoRA, and the Local Government: Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA), and financial management.

### **Predetermined objectives**

#### **Non-compliance with regulatory and reporting requirements**

#### **Internal auditing of performance measurements**

15. The internal audit section did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits as required by section 45 of the MSA.

#### **Performance audit committee did not review performance measurements**

16. The performance audit committee did not review the quarterly reports of the internal auditors on their audits of the performance measurements of the municipality and submit an audit report to the council regarding the performance management system at least twice during the financial year, as required by regulation 14(4) of the Municipal Planning and Performance Management Regulations, 2001.

**Development priorities and objectives**

17. The integrated development plan did not reflect the council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs, as required by section 26 of the MSA.



### **Key performance indicators and targets**

18. The integrated development plan of the municipality did not include the key performance indicators and performance targets in terms of its performance management system, as required by sections 26(i) and 43(1) of the MSA.

### **No strategic plan**

19. The municipal council did not within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality as required by section 25(1) of the MSA.

### **Compliance with laws and regulations**

#### **The audit committee was not functioning properly**

20. It could not be confirmed whether the audit committee had advised the council on matters relating to internal financial control and internal audits as required by section 166(2)(a) of the MFMA.
21. Contrary to the requirements of section 166(2)(c) of the MFMA, the audit committee did not respond to the council on the audit findings raised in the prior financial year.

#### **Expenditure was not paid within the parameters set by the MFMA**

22. According to section 65(2)(e) of the MFMA, the accounting officer of a municipality must ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure. In respect of payments totalling R331 365, I was unable to confirm that payments had been made within the prescribed period.

#### **The accounting officer did not adhere to his statutory responsibilities**

23. Contrary to the requirements set out in section 62(1)(d) of the MFMA, the accounting officer did not comply with his legislative responsibilities of managing the financial administration of the municipality, as he did not take reasonable steps to ensure that irregular expenditure was prevented.

#### **Financial statements submitted for auditing were not a fair reflection of the transactions**

24. The municipality did not prepare financial statements that fairly presented the state of affairs of the municipality; its performance against its budget; its management of revenue, expenditure, assets and liabilities; its business activities, its financial results; and its financial position as at the end of the

financial year as required by section 122(1) of the MFMA, as several amendments had to be made to the financial statements that were submitted on 31 August 2010.

**Expenditure was incurred in contravention of, or not in accordance with, applicable legislation, resulting in irregular expenditure**

25. Expenditure of R3 875 642 was incurred which was not in accordance with the requirements of the municipality's supply chain management policy, resulting in irregular expenditure as defined in section 1 of the MFMA.

### **Expenditure was incurred otherwise than in accordance with section 15 of the MFMA resulting in unauthorised expenditure**

26. Contrary to section 15 of the MFMA expenditure of R2 934 185 was not incurred in accordance with the approved budget of the municipality and exceeded the limits of the amounts appropriated for the different votes in the approved budget of the municipality.

### **INTERNAL CONTROL**

27. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA, MSA and DoRA, but not for the purpose of expressing an opinion on the effectiveness of internal control.
28. The matters reported below are limited to the significant deficiencies regarding the Basis for qualified opinion paragraphs, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

### ***Leadership***

29. The accounting officer did not prioritise and take appropriate action to address the lack of discipline in the finance and supply chain management directorates, resulting in non-compliance with applicable legislation and inadequate budget control measures. This, in turn, resulted in irregular, fruitless and wasteful as well as unauthorised expenditure.

### ***Financial and performance management***

30. The financial statements were subject to material corrections resulting from the audit process, which are attributable to weaknesses in the design and implementation of internal control in respect of financial management and financial reporting and weaknesses in the information systems of the municipality.
31. The work of the third party that completed the financial statements was not reviewed for completeness and accuracy prior to submission for auditing.

### ***Governance***

32. The risk assessment performed for the 2009-10 financial year was not approved by the municipal manager and therefore management could not respond to assessed risks through determining a risk strategy and action plan to manage identified risks. Consequently, internal controls were not selected and developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives.

Bloemfontein

30 November 2010



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**AUDIT QUERIES' ACTION PLAN**

**REPORT OF THE AUDITOR-GENERAL ON THE REGULARITY AUDIT AND THE AUDIT OF THE PERFORMANCE INFORMATION  
OF XHARIEP DISTRICT MUNICIPALITY FOR THE YEAR ENDED**

**30 JUNE 2010**

**MATTERS AFFECTING THE AUDIT REPORT**

**12 JANUARY 2011**

**CONFIDENTIAL**

**SUMMARY OF DETAILED AUDIT FINDINGS**

No.	CATEGORY	EXCEPTION NO	DETAILED AUDIT FINDING	PROPOSED REMEDIAL ACTION	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	IMPLEMENTATIO N STATUS AND OTHER COMMENTS
<b><u>AUDIT REPORT QUALIFICATION MATTERS</u></b>							
1	Governance	1	C1:Control Environment: Audit Committee: Shortcoming in the Audit Committee <b>(EX.1)</b>	(a) Audit Committee charter will be submitted to council meeting for approval.	Internal Auditor	26 May 2011	<b>Not yet started</b>
				(b) The audit committee will advise council accordingly once it is operational.	Internal Auditor	26 May 2011	<b>Not yet started</b>
				(d) The audit committee will respond to council accordingly once it is operational.	Internal Auditor	26 May 2011	<b>Not yet started</b>

No.	CATEGORY	EXCEPTION NO	DETAILED AUDIT FINDING	PROPOSED REMEDIAL ACTION	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	IMPLEMENTATION STATUS AND OTHER COMMENTS
2	Non compliance	179	C13: Accounting officer did not adhere to his statutory responsibilities <b>(EX.179)</b>	All irregular and unauthorised expenditure incurred are populated, investigated and corrective measures applied.	SCM Accountant  Budget and Reporting Accountant	26 May 2011	<b>Not yet started</b>
				A system is put in place to prevent, identify and correct any such instances for the subsequent financial years.	SCM Accountant  Budget and Reporting Accountant	Monthly	<b>In progress and ongoing</b>
3	Non compliance	180	C13: Financial statements submitted for audit is not a fair reflection of the transactions <b>(EX.180)</b>	For the subsequent years, a need for an external assistance will be established earlier so as to enable timely completion of financial statements of acceptable quality.	Manager Budget and Reporting	31 January 2011	<b>Not yet started</b>
4	Irregular expenditure	140	C10: Irregular Expenditure: Supply Chain Management Policy not followed for expenditure payments between R10 000 and R30 000 <b>(EX.140)</b>	The entire population of the transactions will be investigated and corrective action implemented where necessary.  A system is put in place to	SCM Accountant	28 February 2011	<b>In progress and ongoing</b>



No.	CATEGORY	EXCEPTION NO	DETAILED AUDIT FINDING	PROPOSED REMEDIAL ACTION	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	IMPLEMENTATIO N STATUS AND OTHER COMMENTS
				prevent, identify and correct any such instances for the subsequent financial years.	SCM Accountant	Monthly	<b>PPPF. SCM, Tender policy are currently being reviewed</b>
<b>5</b>	<b>Irregular expenditure</b>	<b>143</b>	<b>C10:</b> Irregular Expenditure: SCM Policy and Preferential Procurement Regulation not followed for payment between R30 000 and R200 00 ( <b>EX.143</b> )	The matters will be investigated further and reported to council for consideration and further action.  A system is put in place to prevent, identify and correct any such instances for the subsequent financial years.	SCM Accountant  SCM Accountant	31 March 2011  Monthly	Not yet started.  In progress and ongoing.  SCM Policy, Tender Policy and PPPFA

No.	CATEGORY	EXCEPTION NO	DETAILED AUDIT FINDING	PROPOSED REMEDIAL ACTION	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	IMPLEMENTATION STATUS AND OTHER COMMENTS
							currently being reviewed on 80/20 preference points system for awards above R30 000 to R200 000.
<b>6</b>	<b>Irregular expenditure</b>	166	C10: Irregular expenditure: Inadequate quotations obtained for the purchase of fixed assets <b>(EX.166)</b>	The matters will be investigated further and reported to council for consideration and further action.  A system is put in place to prevent, identify and correct any such instances for the subsequent financial years.	SCM Accountant  SCM Accountant	31 March 2011  Monthly	<b>Not yet started</b>  <b>In progress and ongoing</b>
<b>7</b>	<b>Unauthorised expenditure</b>	164	C10:Financial statements:	The matters will be investigated	SCM Accountant	30 April 2011	<b>Not yet started</b>

No.	CATEGORY	EXCEPTION NO	DETAILED AUDIT FINDING	PROPOSED REMEDIAL ACTION	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	IMPLEMENTATIO N STATUS AND OTHER COMMENTS
			Deviations not reported to council and not disclosed in the financial statements <b>(EX.164)</b>	further and reported to council for consideration and further action.  A system is put in place to prevent, identify and correct any such instances for the subsequent financial years.	SCM Accountant	Monthly	<b>In progress and ongoing</b>
<b>8</b>	<b>Movable assets</b>	84	C8:Property, plant and equipment: Invoices not paid within 30 days <b>(EX.84)</b>	The matter will be investigated and a comprehensive report will be provided.  All the corrective measures will be applied to clear the matter and prevent recurrence of the matter.	Expenditure Accountant  Expenditure Accountant	28 February 2011  28 February 2011 and ongoing	<b>Not yet start</b>  <b>In progress and ongoing</b>
<b>9</b>	<b>Operating expenditure</b>	129	C10: Irregular expenditure: Inadequate quotations obtained for expenditure	The matters will be investigated further and reported to council for consideration and further	SCM Accountant	30 April 2011	<b>Not yet started</b>

No.	CATEGORY	EXCEPTION NO	DETAILED AUDIT FINDING	PROPOSED REMEDIAL ACTION	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	IMPLEMENTATION STATUS AND OTHER COMMENTS
			incurred <b>(EX.129)</b>	action.  A system is put in place to prevent, identify and correct any such instances for the subsequent financial years.	SCM Accountant	Monthly	<b>In progress and ongoing</b>
<b>10</b>	<b>Operating expenditure</b>	186	Accumulated Surplus - Prior year error not corrected <b>(EX.186)</b>	The matter will be investigated and corrected appropriately.	Budget and Reporting Accountant	26 May 2011	<b>Not yet started</b>
<b>11</b>	<b>Operating expenditure</b>	117	C9: Expenditure: Payments not made within 30 days <b>(EX.117)</b>	The matter will be investigated and a comprehensive report will be provided.  All the corrective measures will be applied to clear the matter and prevent recurrence of the matter.	Expenditure Accountant  Expenditure Accountant	28 February 2011  28 February 2011 and ongoing	<b>Not yet started</b>  <b>In progress and ongoing</b>
<b>12</b>	<b>Performance</b>	118	C8: Performance Information: No strategic plan for the	The said findings will be investigated further and where	IDP Manager	31 May 2011	<b>Not yet started</b>

No.	CATEGORY	EXCEPTION NO	DETAILED AUDIT FINDING	PROPOSED REMEDIAL ACTION	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	IMPLEMENTATION STATUS AND OTHER COMMENTS
	information		development of the municipality <b>(EX.118)</b>	necessary, corrective measures will be implemented per the auditors' recommendations.			
13	Performance information	12	C2:Performance Information: Non-compliance to Municipal Planning and Performance Management <b>(EX.12)</b>	The matter will be investigated and corrective measures will be implemented accordingly.	Internal Auditor	30 June 2011	<b>Not yet started</b>
				The internal audit plan will be amended to include the procedures to evaluate reliability of the performance information.	Internal Auditor	30 June 2011	<b>Not yet started</b>
14	Performance information	120	C8: Performance Information: IDP do not reflect council's development priorities and objectives for its elected term <b>(EX.120)</b>	The said findings will be investigated further and where necessary, corrective measures will be implemented per the auditors' recommendations.	IDP Manager	31 May 2011	<b>Not yet started</b>
15	Performance information	122	C8: Performance Information: No key performance indicators and performance targets set in the IDP <b>(EX.122)</b>	The matter has since been corrected in the 2010/11 IDP.	IDP Manager	31 December 2010	<b>Completed</b>

