

2012/2013

XHARIEP DISTRICT MUNICIPALITY

ANNUAL REPORT

Volume I

Version 4:23 July 2012

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Preface

PROPOSED REVISED ANNUAL REPORT TEMPLATE

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

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

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

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

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

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

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

MFMA Implementation Unit, National Treasury

October 2009

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

I have great pleasure to introduce the 2012/2013 Annual Report of the Xhariep District Municipality, which is both a legislative and accountability requirement. In terms of Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003, the Municipality must prepare an annual report for each financial year and the Executive Mayor must table such report in Council within seven months after the end of each financial year. This Annual Report is a culmination of the implementation of the Council’s adopted Integrated Development Plan and Budget and Service Delivery and Budget Implementation Plan for the 2012/13 financial year.

This Report presents the institution’s achievements and challenges in working smarter and better in improving service delivery and development also in line with our vision:

“To realize a district municipality that is financially viable with political and administrative sound capacity and be able to provide sustainable, efficient, effective and affordable service delivery in relation to developmental and governance principles”

The Municipality’s progress in achieving its objectives in all five key performance areas will be outlined in this Annual Report. The key performance areas are as follows:

- Basic service delivery and infrastructure development
- Municipal financial viability and management
- Municipal transformation and organisational development
- Local economic development
- Good governance and public participation

Key achievements over the past financial year(2011/2012) period include the following:

- Received an unqualified auditopinion (with matters of emphasis) from the Auditor-General
- Developed good and sound financial systems (Internally)

Chapter 1

- Managed to recruit high quality and qualified staff
- Developed and capacitated municipal employees at all levels
- Aligned municipal organisational structure with powers and functions of the Municipality
- Well developed institutional policies
- Supported and promoted Small Medium Micro Enterprises (SMME's)
- Established corporatives with the District
- Established LED forums
- Created labour intensive projects (fencing of cemeteries, renovations, cleaning and greening of towns etc)
- Sound administrative and political environment
- Established all Section 79 and 80 Committees
- Established shared service functions (Audit Committee and Risk Management)
- Consulted communities on IDP and Budget processes

Despite the notable progress made during the 2012/13 financial year, the Municipality is acutely aware of the many challenges that await, as listed below.

- Establishment of fully functional Disaster Management Centre
- Full operation of Arts and Craft Centre
- Improvement of Audit Opinion
- Improvement of the Internal Streets
- Food Security
- Waste Management

I would like to express my sincere gratitude to all Councillors, officials, the communities of Xhariep District Municipality and stakeholders for their contribution to the progress made for the year under review.

(Signed by :) _____

Mayor/Executive Mayor

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

This annual report draws a curtain on the 2012/2013 financial year of the Xhariep District Municipality. It accounts for the performance of the Municipality against the strategic plan (Integrated Development Plan) for 2012 - 2016, during the first year of implementation.

The report reflects the key milestones achieved by the Municipality in its quest to improve the living conditions of the populace of Xhariep District, through the delivery of good quality services, support of local municipalities and co-ordinations of programmes within the District. Most importantly, the report also reflects the Municipality limitations and constraints encountered during the reporting period, which will have to be addressed going forward.

The trust that the citizenry of Xhariep District have placed in the municipal health system cannot be betrayed. Hence the Municipality spares no effort in ensuring that the municipal health sector continuously enhances the quality of the services it offers. At a legislative level, key pieces of by-laws were developed in collaboration with the Free State Provincial Department of Cooperative Governance, Traditional Affairs and Human Settlement in 2012/13, with the intention to promote municipal health and to strengthen the functioning of the system. These include the Standard District Municipal Environmental Health By-Law, Standard Environmental Health By-Law and Dumping and Littering By-Law.

Despite the financial challenges that the Municipality is faced we managed to assist some members of the community to establish a cooperative and purchase for them shoe making machinery which is located at the Xhariep District Municipal Arts and Craft Centre. The intention of the project is to empower our people with skills in order for them to create work opportunities for themselves. The Municipality further implemented the following Local Economic Development (LED) related projects which were embedded in the Integrated Development Plan (IDP) i.e. agricultural projects and Expanded Public Work Projects.

We will continue to improve our IDP to ensure that it is reflective of community needs and is credible. Furthermore, we will also continuously review our organizational structure to ensure that it is in line with the new political and legislative mandate and our service delivery targets. Interventions have been initiated to ensure that our municipality and indeed the functionality of the whole administration constantly improve. Appropriate administrative systems, structures and procedures are being improved so that we can make an even bigger dent in poverty and unemployment, in line with national service delivery targets. We will continue to work together with all other spheres of government in finding solutions to the challenges confronting us.

For the Municipal Council to pass we had to mandate the Executive Mayor and the Municipal Manager to request the Provincial Government, in particular, the Department of Cooperative Governance, Traditional and Human Settlement to grant us extra funding so that we could approve a budget without a deficit. It would be desirable and appreciated if the formula of funding local sphere of government is changed in order to favour municipalities who are in similar situation like Xhariep District Municipality – who are poor and depended on National Government grant.

My gratitude goes to the Municipal Council, the Executive Mayor, Heads of Department as well as to all employees who assisted the Municipality to steer the ship to provide quality services to our community.

Chapter 1

(Signed by :) _____

Municipal Manager

T1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Out of 16 district functions, Xhariep district municipality is performing 7.89% of these functions.

Xhariep District was estimated at a population of approximately 164 000 people in 2007. According to the 2011 Census statistics, its population size has declined with a lesser average of 2.21% per annum since 2007 to 2011,). The current district's populations is at 145 742 people as per the 2011 census survey statistics.

During the economic summit that was organized by the Xhariep Municipality in order to pull together different stakeholders and to collaborate on a shared vision and programme to address regional economic development challenges. The following key economic priority sectors were identified to have potential and needing to be further developed to support objectives of economic growth and job creation in the district:

- Agriculture & Farming
- Winery
- Mining
- Tourism
- SMME development

The summit resolved on the following key points. In order to sustain economic growth and development, the following activities would have to be pursued: The municipality will strive to engage all Sectors, Public and Private Partners to enhance agricultural activities, especially for emerging farmers.

Local municipalities will avail land for agricultural purposes with the involvement of the Departments: Agriculture, Land Affairs and the Land Bank. Local Economic Desk Coordinators will be appointed to support communities with Local Economic Development matters.

Municipalities will liaise with SETA's and various government departments, like the Department of Labour, Gogta, etc. to capacitate/ train communities, including personnel in various sectors on various Local Economic Development related fields. Municipalities will lobby for and access funding from various government departments, (like the Department of Cooperative Governance and Traditional Affairs, Economic, Environmental Affairs and Tourism), including the private sector (e.g. banks, NGO's and other funding organizations)

Chapter 1

[Municipalities to lobby for funding continuously, Municipalities will lobby for and access funding from various government departments, (like the Department of Cooperative Governance and Traditional Affairs, Economic, Environmental Affairs and Tourism), including the private sector (e.g. banks, NGO's and other funding organizations) - [Municipalities to lobby for funding continuously, especially after prioritization of projects in the IDP, which should take place by October each year]; and

Municipalities will ensure that information is disseminated to various communities, with the involvement of Community Liaison Officers and GCIS – [Municipalities to disseminate information (e.g. Newsletters) to communities once a month.

In order to build capacity of SMMEs and to provide them with effective support, the following responsibilities will have to be performed by the various stakeholders:

- Xhariep Municipality will ensure that coordinated activities are carried out monthly in strengthening capacity of SMMEs in the region [LED Forums will be established in each municipality and monthly meetings held].

- Funding will be accessed and secured from relevant departments and the private sector (Banks, Ntsika, Khula, NYDA, etc.) to capacitate SMMEs [A District Funding Facilitation Team will be established and monthly meetings held to monitor progress].

- Negotiations will be made by municipalities and the Department of Agriculture to access land for agricultural activities and Land Bank for funding.

- The Marketing Strategy for the district will be implemented to ensure community and business involvement in Local Economic Development initiatives [LED Forums to sit monthly to ensure coordination and functionality of various businesses, especially SMMEs and NGOs].

Municipalities will ensure that a percentage of all business ventures/ tenders is awarded to SMMEs – [Quarterly meetings to be held by the Procurement or Tender Committees to assess impact and monitor progress in terms of this resolutions, including implementations of Procurement Policies of the municipalities].

Xhariep Municipality will ensure that a Youth Chamber is established and functional

T 1.2.1

Chapter 1

POPULATION AND ENVIRONMENTAL OVERVIEW

The tables below illustrates population demographics in the Xhariep District

Population Details									
Age	Year - 1			Year 0			Year 1		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Age: 0-14	25 189	25 022	50 211	26 189	26 241	52 430	22 734	22 250
Age: 15-64	42 333	43 860	86 193	49 859	50 762	100 621	45 309	46 692	92 001
Age: 65+	3 304	5 117	8 421	3 699	5 976	9 676	3 615	5 658	9 273

Source: Statistics SA T1.2.2

SOCIO ECONOMIC STATUS: Economically Active Population per local municipality

Local Municipality	Number	Percentage (%)
Kopanong	19472	29.54
Letsemeng	16639	30.53
Mohokare	12110	32.63
Naledi	8067	27.38

T.124

Data Source: STATSSA (Census 2011 Survey)

Chapter 1

OVERVIEW OF NEIGHBOURHOODS WITHIN (NAME OF MUNICIPALITY)

Type of dwellings	FS161: Letsemeng	FS162: Kopanong	FS163: Mohokare	FS164: Naledi
House or brick/concrete block structure on a separate stand or yard or on a farm	9016	13904	9027	6309
Traditional dwelling/hut/structure made of traditional materials	17	57	74	34
Flat or apartment in a block of flats	63	80	62	35
Cluster house in complex	12	11	5	42
Townhouse (semi-detached house in a complex)	36	31	1	9
Semi-detached house	76	20	97	106
House/flat/room in backyard	133	197	103	15
Informal dwelling (shack; in backyard)	634	475	838	662
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	1179	739	483	436
Room/flat let on a property or larger dwelling/servants quarters/granny flat	22	51	55	10
Caravan/tent	5	6	9	-
T1.2.6				

Chapter 1

Natural Resources	
Major Natural Resource	Relevance to Community
Water (Gariiep Dam)	Supply of water to households and generation of electricity.
Diamonds(Jaggersfontein and Koffiefonten	Job creation, Revenue enhancement, Economic development, human settlement.
Uranium(Edenburg	Job creation, Revenue enhancement, Economic development, human settlement
Land	Job creation through farming and settlement of communities
Sun (Radiation energy)	Job creation through erection of solar hubs
T1.2.7	

COMMENT ON BACKGROUND DATA:

The District faces various challenges ranging from widespread poverty to service delivery and infrastructure backlogs. It is estimated that almost 80% of the District residents live in poverty; worsened by a high unemployment rate of approximately 26.80%. Backlogs in service delivery are experienced in the following areas: water delivery and sanitation. The main contributors to the area's economy are agriculture, which generates approximately 28% of GVA; public service and administration 26%; services and retail 17%; and construction 8%.

T1.2.8

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

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.

T1.3.2

Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality at large does not have a revenue base as it solely depends on grants from other spheres of government and that is putting a strain on the finances of the municipality as only a few projects can be carried out in a financial year. T1.4.1

Chapter 1

Financial Summary						
R' 000						
Description	Year 0	Current Year: Year 1			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates					%	%
Service charges					%	%
Investment revenue	731	165	256	284	71,57%	10,92%
Transfers recognised - operational	88 276	64 875	69 319	40 588	-37,44%	-41,45%
Other own revenue	1 871	485	526	505	4,08%	-3,93%
Total Revenue (excluding capital transfers and contributions)	90 879	65 526	70 101	41 377		
					-36,85%	-40,97%
Employee costs	24 586	32 057	29 672	30 159	-5,92%	1,64%
Remuneration of councillors	2 895	3 114	3 010	3 318	6,56%	10,25%
Depreciation & asset impairment	2 317	-	-	14 426	100,00%	100,00%
Finance charges	308	106	86	287	170,28%	231,54%
Materials and bulk purchases					%	%
Transfers and grants					%	%
Other expenditure	37 956	26 492	35 148	22 556	-14,86%	-35,83%
Total Expenditure	68 061	61 769	67 917	70 745	14,53%	4,16%
Surplus/(Deficit)	22 817	3 757	2 184	(29 368)	-881,63%	1444,52%
Transfers recognised - capital					%	%
Contributions recognised - capital & contributed assets					%	%
Surplus/(Deficit) after capital transfers & contributions	22 817	3 757	2 184	(29 368)	-881,63%	1444,52%
Share of surplus/ (deficit) of associate					%	%
Surplus/(Deficit) for the year	22 817	3 757	2 184	(29 368)	%	%
Capital expenditure & funds sources						
Capital expenditure	-	-	-	-	%	%
Transfers recognised - capital	-	-	-	-	%	%

Chapter 1

Public contributions & donations					%	%
Borrowing					%	%
Internally generated funds					%	%
Total sources of capital funds	-	-	-	-	%	%
Financial position						
Total current assets	29 898	-	-	3 729	%	%
Total non current assets	22 497	-	-	20 822	%	%
Total current liabilities	7 181	-	-	8 521	%	%
Total non current liabilities	673	-	-	879	%	%
Community wealth/Equity	-	-	-	-	%	%
Cash flows						
Net cash from (used) operating	16 283	61 418	73 485	886) (11	-119,35%	-116,17%
Net cash from (used) investing	(6 181)	-	-	3 095	%	%
Net cash from (used) financing	(398)	-	-	(452)	%	%
Cash/cash equivalents at the year end	11 062	-	-	1 819	%	%
Cash backing/surplus reconciliation						
Cash and investments available	16 062	-	-	1 819	%	%
Application of cash and investments	-	-	-	-	%	%
Balance - surplus (shortfall)	16 062	-	-	1 819	%	%
Asset management						
Asset register summary (WDV)	-	-	-	-	%	%
Depreciation & asset impairment	2 317	-	-	14 426	100,00%	100,00%
Renewal of Existing Assets	-	-	-	-	%	%
Repairs and Maintenance	2 125	1 927	1 941	1 271	-34,02%	-34,50%
Free services						
Cost of Free Basic Services provided	-	-	-	-	%	%

Chapter 1

Revenue cost of free services provided	-	-	-	-	%	%
Households below minimum service level						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%

*Note: surplus/(deficit)

T1.4.2

Operating Ratios	
Detail	%
Employee Cost	42.63
Repairs & Maintenance	1.8
Finance Charges & Impairment	15.64

T1.4.3

COMMENT ON OPERATING RATIOS:

Employee cost is excessively above the expected norm of 30%, repairs and maintenance significantly lower than the 20% norm and finance charges considerably lower than the 10% benchmark.

T1.4.3

Chapter 1

Total Capital Expenditure: Year -1 to Year 1					
					R'000
Details		Year 0	Year 1		
		Actual	Original Budget (OB)	Adjustment Budget	Actual
Source of finance					
	External loans	0	0	0	0
	Public contributions and donations	0	0	0	0
	Grants and subsidies	88276020	64875444	69319153	40588152
	Other	2602621	650767	781687	788956
Total		90878641	65526211	70100840	41377108
<i>Percentage of finance</i>					
	External loans	0.00%	0.00%	0.00%	0.00%
	Public contributions and donations	0.00%	0.00%	0.00%	0.00%
	Grants and subsidies	97.10%	99.00%	98.90%	98.10%
	Other	2.90%	1.00%	1.10%	1.90%
Capital expenditure					
	Water and sanitation	0	0	0	0
	Electricity	0	0	0	0
	Housing	0	0	0	0
	Roads and storm water	0	0	0	0
	Other	7479589	4757606	7522892	1457514
Total		7479589	4757606	7522892	1457514
<i>Percentage of expenditure</i>					
	Water and sanitation	0.00%	0.00%	0.00%	0.00%
	Electricity	0.00%	0.00%	0.00%	0.00%
	Housing	0.00%	0.00%	0.00%	0.00%
	Roads and storm water	0.00%	0.00%	0.00%	0.00%
	Other	100.00%	100.00%	100.00%	100.00%
					T1.4.4

Chapter 1

COMMENT ON CAPITAL EXPENDITURE:

Capital expenditure is minimal and very insignificant (less than 10% of the budget) as the municipality does not have infrastructure assets under its jurisdiction by virtue of being a district municipality.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

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

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

T1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT YEAR 1

The municipality obtained a qualified audit opinion due to issues pertaining to commitments and the property, plant and equipment.

Non- compliance with Municipal Budget and Reporting Regulation Section 18(1) & 30(1)

Non- compliance with the provision of MFMA 32(4)

Non- compliance with municipal budget and reporting regulation section 26(1)

Non- compliance with municipal investment regulation 9(1)

T 1.6.1

Chapter 1

1.7. STATUARY ANNUAL REPORT PROCESSES

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

Chapter 1

19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
		T1.7.1

COMMENTON THE ANNUAL REPORT PROCESS

It is very important for the municipality to abide to statutory requirements regarding annual reporting.

The objectives of performance reporting are-

To foster accountability for performance

To facilitate systematic review of performance in order to ensure rational decision-making about improvement actions and to provide a historical record of progress made with achieving the Municipality's development objectives. Xhariep District Municipality is not foreseeing any failure of complying with statutory requirements regarding the compilation of the annual report.

T1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Municipal Council uses a governance system that applies executive mayoral system. It is consisted of fourteen (14) Councillors with an Executive Mayor, Speaker and three (3) Mayoral Committee members are full time.

The Speaker presides over Ordinary and Special Council meetings and is also designated as a full time Councillor. The administration dispatch notices and agendas to Councillors forty eight (48) hours before the commencement of the council meeting as determined in the Standard Rule and Orders.

The Executive Mayor has executive powers and attends to day to day duties of the Municipal Council; and the three Mayoral Committee Members assist him in executing some of his responsibilities. One of the responsibilities of the Executive Mayor is to present the Mayoral Committee reports before Council.

The Municipality has appointed the Municipal Manager who is the head of the administration. He is responsible for day to day operations of the organization and accounts to the Executive Mayor. . Other managers who have been appointed in terms of section 56 of the Municipal Systems Act, 2000 reports directly to the Municipal Manager. It is important to highlight that the Municipality is composed of three departments, excluding the office of the Municipal Manager i.e. Corporate Services, Budget and Treasury Office and Planning and Social Development. These departments are headed by the section 56 Managers.

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Municipal Council uses a governance system that applies executive mayoral system. It is consisted of fourteen (14) Councillors with an Executive Mayor, Speaker and three (3) Mayoral Committee members who are full time.

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T2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Note: MFMA S52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

The Council has established the following Committees in terms of the Municipal Structures Act and the Municipal Finance Management Act:

Three Section 80 Committees that process items before they could be forwarded to the Mayoral Committee and eventually to Council i.e. Corporate Services Committee, Planning and Development Committee and Budget and Treasury Committee. Three Section 80 Committees that process items before they could be forwarded to the Mayoral Committee and eventually to Council i.e. Corporate Services Committee, Planning and Development Committee and Budget and Treasury Committee.

The different Departments of the Municipality prepare reports that are then submitted to the Section 80 Committees for deliberation. After the aforementioned Committees have processed the reports presented before them, they are forwarded to the Mayoral Committee for further processing. Thereafter these reports are taken to Council for consideration and adoption. Important to note is that the Section 80 Committees, Mayoral Committee and Council sit as per schedule of Council meetings that was adopted by the Council.

The Municipal Council has established an Oversight Committee, which is composed of three members, one non executive Councillor, one community member and one member of the Internal Audit Committee; and the Council by playing an Oversight role in the activities that are performed by the Municipality.

The Annual Report is prepared by the Performance Management Unit in collaboration with other departments. When the management is satisfied with this report it is then submitted to the Council for noting before the 25th of January of each year. Subsequent to this process it is forwarded to the Oversight Committee before the 31st March of each year for assessment and thereafter it is presented before the Council with the Committee comments and recommendations. The Annual Report and the Oversight Committee report are submitted to Departments of Treasury and Cooperative Governance and Traditional Affairs for comments. Furthermore, these reports are separately published to the community for comments.

Chapter 2

The Internal Audit Unit conducts audit throughout the year in terms of their audit plan and prepares Audit packs/reports that are then submitted to the Internal Audit Committee. After consideration of these reports the Audit Committee forwards its recommendations to Council for considerations. Council then resolves on the findings of the Shared Audit and Performance Committee with the intention to order the administration to remedy the findings revealed by the aforesaid Committee.

T2.1.1

POLITICAL STRUCTURE

Photos

Function

MAYOR

Clr M.G Ntwanambi

DEPUTY MAYOR

N/A

SPEAKER

Clr M.J Sehanka

CHIEF WHIP

Clr V.A Mona

Photos (optional)

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Clr V.A Mona: Chairperson of the Budget and Treasury Committee

Clr MG Modise: Chairperson of the Corporate Services Committee

Clr NI Mehlomakhulu: Chairperson of Planning & Social Development Committee

T2.1.1

COUNCILLORS.

The Municipal Council of Xhariep District Municipality is consisting of sixteen (16) Councillors. Seven of the sixteen Councillors are directly elected and nine are seconded from the four local municipalities that fall within the jurisdiction of Xhariep District. The local municipalities have seconded the councillors to represent them at the Xhariep District Municipality, proportionate to the size of their municipal councils – they are represented as follows:

Kopanong Local Municipality - three Councillors

Chapter 2

Letsemeng Local Municipality - two Councillors

Mohokare Local Municipality - two Councillors

Naledi Local Municipality - two Councillors

Five Councillors are full time i.e. the Executive Mayor, Speaker and three (3) Mayoral Committee members. Three members of the Mayoral Committee are designated as Chairpersons of Section 80 Committees. Both Budget and Treasury Committee and Planning and Social Development Committee are composed of five (5) members which includes the Chairperson of the Committee. The Corporate Services Committee is composed of four (4) members. Furthermore, it has established an oversight committee which is composed of five members, i.e. three Council members, one Community member and the Chairperson of the Shared and Performance Audit Committee.

T2.1.2

POLITICAL DECISION-TAKING

The Section 80 Committees sit as per schedule of Council meeting to process the items placed before them and make recommendations to the Mayoral Committee. These items are further processed by the Mayoral Committee and forwarded to the full sitting of Council with recommendations. Then the Council pronounces itself on the issues presented before it. The decisions are taken by majority of members present at the meeting. Where members share a different view on an item under consideration, they vote on the matter, either by show of hands or through a secret ballot as stipulated in the Standing Rules and Orders of Council. All the Resolutions passed by the Council are implemented by the administration.

T2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA s60(b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act topolitical structures; political office bearers, and officials of the municipalityand any entity under the sole or shared control of the municipality.

The Municipal Manager and managers directly accountable to the municipal manager organize administration in a manner that enables the Municipality to be responsive to the needs of the community within its jurisdiction. The Municipal Manager is the accounting officer who accounts to the political head, Executive Mayor as well as Council. He further provides guidance and advice to the political structures and manage the administration of the institution.

Chapter 2

The Director: Corporate Services administers the Department of Corporate Services and advises the Municipal Manager that relate to administration, human resources and information technology. The Chief Financial Manager on all matters that relates to human resources, governance/administration and information technology. Chief Financial Officer administers Budget and treasury Office and advice the Municipal Manager on matters that relate to the finances of the Municipality. The Director: Planning and Social Development is responsible for the affairs of the Department of Planning and Social Development and she advises and assists the Municipal Manager on all matters that relates to this department, i.e. planning, disaster management, local economic development and social services.

The Management meetings which are attended by top managers are convened from time to time to discuss administrative matters and get progress reports on the implementation of the Council resolutions. Extended Management meetings which are for top managers and middle managers are also called when there is a need.

T2.2.1

TOP ADMINISTRATIVE STRUCTURE		
<i>Photo</i>	TIER 1	Function
	MUNICIPAL MANAGER	
	Mr Tshemedi Lucas Mkhwane(Seconded to COGTA in February 2013)	
	Acting MUNICIPAL MANAGERS: Mr	
	N.E Mokhesuoe	
<i>Photo Executive Directors</i>	Mr MM Kubeka	
	DEPUTY MUNICIPAL MANAGER: Title	
	N/A	
	TIERS 2 AND 3	
<i>Directors Optional</i>	EXECUTIVE DIRECTOR: Mr	
	Mazondi Martiens Kubeka	
	DIRECTOR: Corporate Services	
	EXECUTIVE DIRECTOR: Mr	
	Nkoebele Elias Mokhesuoe	
	Director: Chief Financial Officer	
	EXECUTIVE DIRECTOR: Mrs	
	Makhotso Marjorie Seekoei	
	Director: Planning & Social Development	

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Note: MSA S3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution S41.

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

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The District does not participate in any national forums except participating in meetings when invited by national department.

T2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

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

T2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The role of a district is to serve as a consultative forum for the district municipality and the local municipalities to discuss and consult each other on matters of mutual interest including, the matters arising in the Premiers intergovernmental forum affecting the district. The provision of service delivery in the district. Coherent

Chapter 2

planning and development in the district. Any other matters of strategic importance which affect the interests of the municipalities in the district. This include the information sharing ,best practice and capacity building.

T2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

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

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

Technical Support Committee

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

T2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSAS15 (b): requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance.S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The municipality has developed a comprehensive public participation strategy which is integrated in the development of the IDP and the Budget, the Municipal website is often used to publicise all the developments in the municipality including calls for public participation and comments on the IDP and Budget. After the adoption of the annual report the municipality also avail this document for public scrutiny as recommended by the MSA act 32 of 2000.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

SCOPE OF THE IDP AND BUDGET PRESENTATION

The presentation to the public and both stakeholders was structured in such a way that it summarises both the Budget and the IDP, the presentation covered topics such as

- Background of the Municipality
- Demographics
- Economic Analysis
- IDP projects
- Municipal Budget
- Equitable share comparison

In consideration with the mechanisms of effective public participation, the following processes and aspects were taken in consideration and were implemented as required were taken in consideration and were

Chapter 2

implemented as required

CONTEXT OF PUBLIC PARTICIPATION AS IMPLEMENTED

Four major functions can be aligned with the public participation process namely:

- ◆ Needs identification;
- ◆ Identification of appropriateness of proposed solutions;
- ◆ **Community ownership and buy-in; and**
- ◆ Empowerment.

MECHANISMS FOR PARTICIPATION

The following mechanisms for participation were utilized:

a) IDP Representative Forum (IDP RF)

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organizations into the IDP RF and ensure their continued participation throughout the process.

b) Media

Local newspapers were used to inform the community of the progress of the IDP and the Community consultation dates.

c) Information sheets

These were prepared in English and be distributed to communities prier the start of all the meetings

The DM's Website

The DM's website was also utilized to communicate and inform the community. Copies of the IDP and Budget were placed on the website for people to download

T2.4.1

Chapter 2

Public Meetings					
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Public consultation on Meetings	16-Apr-13	4	5	50+	IDP and Budget presentations
Public consultation on Meetings	18-Apr-13	3	5	50+	IDP and Budget presentations
Public consultation on Meetings	23-Apr-13	3	5	50+	IDP and Budget presentations
Public consultation on Meetings	25-Apr-13	1	5	50+	IDP and Budget presentations
					T2.4.3

Chapter 2

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

As per the requirements of the Municipal Systems act and the Municipal Finance Management Act the municipality has a series of outreach consultations including the IDP and Budget consultative sessions with the communities of the Xhariep District. The Municipal council has also adopted public participation strategy

The Local Government Municipal Management Act (MFMA, Act 56 of 2003) puts at the centre of this process the voice of the people. The MFMA calls for active participation and input from the public in the budgeting process as well as the alignment of the budget to the IDP

In order to ensure public participation in local governance, government has over time put in place various pieces of legislation and policies. The following are some of the legislative and policy provisions aimed at fostering public participation at local government level:

The Constitution – 1996

Municipal Structures Act & White Paper on Local Government – 1998

Municipal Systems Act-2000

Municipal Finance Management Act-2003

Municipal Property Rates Act-2004

Municipal Finance Management Act-2003

Guidelines for Operation of Ward Committees-2005

T2.4.3.1

Chapter 2

2.5 IDP PARTICIPATION AND ALIGNMENT

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

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

As the head of administration the Municipal Manager is responsible for the following tasks:

- The formation and development of an economical, effective, efficient and accountable administration.
- The management of the municipality's administration in accordance with legislation applicable to the municipality.
- The implementation of the municipality's integrated development plan.
- The management of the provision of services to the local community in a sustainable and equitable manner.
- The appointment of staff subject to the Employment Equity Act, 1998.

Chapter 2

- The management, effective utilisation and training of staff.
- The maintenance of discipline of staff. The promotion of sound labour relations and compliance with labour legislation. Advising the political structures and political office bearers of the municipality.
- Managing communications between the municipality's administration and its political structures and political office bearers.
- Carrying out the decisions of the political structures and political office bearers of the municipality.
- The administration and implementation of the municipality's by-laws and other legislation.
- The exercise of any powers and the performance of any duties delegated by the municipal council.
- Facilitating participation by the local community in the affairs of the municipality.
- The implementation of national and provincial legislation.

T2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The Xhariep District Municipality is committed to the effective risk management and treatment of risk in order to achieve its objectives. Management of risk is the responsibility of all Executive, Senior Management and employees and Section 62(1) (c) (i) of the MFMA requires that:

The municipality has and maintains: Effective, efficient and transparent systems of financial and risk management and internal control.

Treasury Regulations section 3.2.1 further prescribes that the Accounting Officer must ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution.

The embedding of Risk Management within the municipality is a proactive approach in mitigation of events that will have a negative impact in the achievement of municipal goals and objectives; risk management thus assist Xhariep District Municipality in:

1. Supporting the efficient use of resources (Risk Based decision making),

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2. Promoting continuous improvement
3. Minimizing surprises,
4. Reassuring stakeholders
5. Rationalization of capital and financial resources,
6. Helps internal audit to comply with Internal Audit Framework and IIA standards
7. Continuity of service delivery

T2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Notes: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T4.3.6). MSA 2000 S83(c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

The municipality developed Fraud and Corruption Plan, Fraud and Corruption response Plan including Policy. Conduct workshop for all employees on the Fraud and corruption Plan and Policy. Conduct workshop on code of conduct.

T2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Note: MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

Our current SCM policy has been reviewed to address Auditor-General queries and be in line with the National Treasury model. Workshop on the policy was conducted to employees on the 14th of February 2013 and should be approved by council in December 2013. As far as the processes are concerned, a **MEMO** for **DEMAND** and

Chapter 2

ACQUISITION has been developed by the municipality to **manage, control** and **monitor** procurement of goods and services. The **MEMO** is signed by the responsible manager to confirm the need of the service or product, the manager for Budget and Reporting Unit confirms the budget availability, relevant HOD recommends as well as the CFO and the Accounting Officer/Municipal Manager finally approves the **MEMO** for **DEMAND** and **ACQUISITION**. Attached find a report on the **SCM implementation checklist (circular 40)** which indicates **were the municipality is currently not complying**. Remedial actions to correct the above: **(a)** Development of Supply Chain Management Implementation Plan for the current financial year, **(b)** Development of the Demand Management Plan/Procurement Calendar for the 2013/14 financial year approved by the Accounting Officer, **(c)** Development of Procurement Procedure Manual once the draft SCM Policy has been adopted by Council in December 2012.

T2.8.1

2.9 BY-LAWS

By-laws introduced during year 1					
Newly developed	Revised	Public participation conducted prior to adoption of by-laws (Yes/No)	Date of public participation	By-law gazette Yes/No	Date of publication
Standard District Municipal Environmental Health		No	No	No	N/A
Standard Environmental Health By-Law		No	No	No	N/A
Dumping and Littering By-Law.		No	No	No	N/A
	Standard Rules and Orders	No	No	No	N/A

COMMENT ON BY-LAWS:

The Provincial Department of Cooperative Governance, Traditional Affairs and Human Settlement has developed Standard By-Laws for all municipalities within Free State Province. Xhariep District Municipality has identified four By-Laws that are relevant to the District Municipality and were placed before the Municipal

Chapter 2

Council for noting. The administration then conducted public participation on the selected by-laws. The process of public participation has been concluded in August 2013; and the by-laws with comments from the communities would be placed before Council before December 2013 for consideration and finally for approval.

T2.9.1.1

2.10 WEBSITES

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The website of the Municipality was functional, however some documents were not placed on the website as dictated by MFMA. The people could access the Municipal website as it was functional.

T2.10.1.1

Chapter 3

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

INTRODUCTION

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 Board emanating from the Boards' annual capacity assessment report.

T3.0.1

Employees: Local Economic Development Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	3	0	0%
7 - 9	1	1	1	0	0%
Total					%

T3.11.

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Tourism in Xhariep is currently limited to a small number of domestic visitors from other parts of the country. The tourism location quotient (1.1) indicates that more tourism activities are evident in Xhariep compared to the rest of the Free State. The majority of tourists (65.9%) in Xhariep are visiting friends and family with only a small portion visiting the District for leisure (14.0%) and business (4.0%). Tourists are mainly residents of the Free State (50.1%) and Gauteng (19.6%) spending approximately R280 per trip.

Tourism is expected to grow through the construction of Mayor Projects that are currently underway like Trompsburg Hospital, Fish Demonstration Centre, upgrading of Tussen de Reviere, development of park and installation of machinery for shoe production at Arts and Craft Centre, this projects will influence other projects to be implemented like shopping complex and taxi rank as there will be a need in future. Maintenance of internal streets

New strategy for marketing the FS was developed and launched at Tourism Indaba 2013 Tourism Awareness Campaigns were conducted quarterly with the aim to educate and provide knowledge of opportunities within the tourism industry.

The performance of the utilities and construction sector reflects the provision of infrastructure within the District. The utility sector has grown on average at approximately 2.9% per year with the annual growth of the construction sector at approximately 0.4%. The location quotient of the utility and construction sector is relatively high at 1.1 and 1.2 respectively indicating that the district is has the required potential economic mass to render development in this sector viable.

T3.11.1

Economic Activity by Sector			
			R '000
Sector	Year -1	Year 0	Year 1
Agric, forestry and fishing		400 000	400 000
Mining and quarrying			0
Manufacturing		650	800
Wholesale and retail trade			0
Finance, property, etc.			0
Govt, community and social services			0
Infrastructure services	800 000	400 000	2m
Tourism			425 000

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Total			
			T3.11.2

COMMENT ON LOCAL JOB OPPORTUNITIES:

Job opportunities that have been created were through the construction of Agricultural Demonstration Centre and fish ponds at the District level. The District has budgeted for infrastructural project out of the RRAMS grant allocation. Investments opportunities are solar hub project and pomegranate project.

T3.11.4

Jobs Created during Year 1 by LED Initiatives (Excluding EPWP projects)

Jobs Created during Year 1 by LED Initiatives (Excluding EPWP projects)

Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -1	2600	2300	300	Projects
Year 0	688	681	7	Projects
Year 1	83	0	83	Projects

T3.11.5

Chapter 3

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
Year -1	2	51
Year 0	3	60
Year 1	4	65
<i>* - Extended Public Works Programme</i>		T3.11.6

Chapter 3

Financial Performance Year 1: Local Economic Development Services					
					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees		2 028 973.85	2 039 656.98	2 169 414.95	129 757.97
Repairs and Maintenance		0	0	0	0
Other		4 580 000	5 585 000	1 603 279	3 981 721
Total Operational Expenditure		6 608 973.85	7 624 656.98	3 772 693.95	4 111 478.97
Net Operational Expenditure					
					T3.11.9

Capital Expenditure Year 1: Economic Development Services					
					R' 000
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All			2.642		2.642
Arts and Craft Centre	800	70	870	63	933
Agricultural Projects	400		0	-	400 000
EPWP Projects	2.3m		2.3	580 000	2.8m
					T3.11.10

Chapter 3

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

District municipality is better positioned to provide a coordinating and supporting role to the local municipalities within their broad geographic areas. Local municipalities on the other hand are the key LED implementation agencies of government. They have a more direct impact on LED in terms of their potential influence on issues and factors such as by-laws, tender and procurement procedures and other regulations. They also have a more direct influence on access to land, the necessary infrastructure and services, promoting a positive image of their area, making the environment more appealing and welcoming for investors and visitors, facilitating skills development.

T3.11.11

Chapter 3

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

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABBATOIR LICENSING AND INSPECTIONS, ETC

One of the key roles of EHP's is to conduct inspections of food premises and government premises to ensure compliance with R926, Foodstuffs, Cosmetics and Disinfectants act 1972 (Act no. 54 of 1972), National health act, 2003 (Act no 63 of 2003). District EHP's issue out compliance notices to food premises if there is non-compliance and issue certificate of acceptability for compliant premises. Certificate of health are issued to compliant ECD's and old age homes. Licences for operations are not issued by EHP's.

Surveillance of premises is also conducted to insure vector control and to monitor health and hygiene standards of premises

Set out your top 3 service delivery priorities and the impact you have had on them during the year.

The following activities are measured: These ensure that there is constant monitoring of compliance.

No. of COA's issued

No. of non-compliance notices issued

No. of health inspections conducted.

Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

Bimonthly raids are conducted with the assistance of SAPS to curb non-compliance by shop owners and seize expired foods.

T3.64.1

Chapter 3

3.67 OTHER (DISASTER MANAGEMENT)

INTRODUCTION TODISASTER MANAGEMENT

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

Top three Service Delivery Priorities:

1. Community Safety
2. Preparedness
3. Recovery and Rehabilitation

The DM Unit main role is to ensure a safe and unwavering environment to the Xhariep district community. Through proper planning the Unit will be able to build resilient communities through the Disaster Management Activities within the district Municipality. A budget for the review of the DM Plan, DM training and DM relief was approved to enhance the previous achievements and to implement the plan for mitigation through education, awareness and training. The DM Unit played a vital role to assist disaster stricken victims throughout the district in rebuilding of houses and rehabilitation.

T3.67.1

Chapter 3

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

The Disaster Management Plan and Disaster Management Framework were reviewed as compelled by the Disaster Management Act (57/2002). Regular Disaster Management Advisory Forum meetings are held. Assistance with Disaster Management in general is given to all Local Municipalities in the District. We are trying to educate the communities through awareness campaigns and with Disaster Management Programs at the primary schools. This, in a way will help us to prepare for and minimizes the impact of disastrous incidents in the area. Training and workshop for Councillors, Ward Committees, Disaster Management Forums and Volunteer Groups are planned to enhance our Disaster Management educational program.

The Disaster Management Unit attends to most of the incidents within the District to record the incident and report to the authorities and the respective relevant parties. Due to financial constraints, the Unit cannot support all the victims financially. The Disaster Management Unit had several engagements with Sector Departments and Stakeholders on the establishment of the Disaster Management Centre. An established Centre will play a fundamental role in managing disasters in the District.

T3.67.7

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

The Municipality has developed required policies as per directive of legislations that govern the local sphere of government for all aspects of the Municipality, i.e. finance, Human Resources, performance management, risk management, disaster management, Local Economic Development, Municipal Health Services and internal audit.

T3.69.0

3.69 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

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

The Environmental Health Services Division that is also located within the Department of Planning and Social Development is checking the quality of water from different local municipalities that fall within its jurisdiction on frequent intervals as required by applicable legislations and policies. Furthermore this division inspect businesses that sell food and local municipalities' landfill sites – check whether they comply with appropriate Municipal Health Services legislations and policies.

T3.69.1

Chapter 3

Employees: The Executive and Council					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

T3.69.4

Chapter 3

Financial Performance Year 1: The Executive and Council					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11,814,223.00	8,368,113.00	8,131,740.74	4,899,625.55	-71%
Expenditure:					
Employees	3,196,132.00	3,113,646.85	3,009,700.66	3,948,794.93	21%
Repairs and Maintenance	276,208.00	88,855.00	188,855.00	191,866.14	54%
Other	5,375,616.00	3,439,000.00	3,582,560.00	5,056,220.91	32%
Total Operational Expenditure	8,847,956.00	6,641,501.85	6,781,115.66	9,196,881.98	28%
Net Operational Expenditure	-2,966,267.00	-1,726,611.15	-1,350,625.09	4,297,256.43	140%
					T3.69.5

Capital Expenditure Year 1: The Executive and Council					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	85,000.00	113,099.00	117,632.90	28%	
					T3.69.6

Chapter 3

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

The Capital budget of the municipality was R5 120 465 and it mainly comprises of furniture and fittings, computer equipment and general equipment. The municipality under-budgeted for capital expenditure on the Executive and Council vote. The variance was 28% between the budgeted and actual amounts.

T3.69.7

3.70 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Budget and Treasury Office is responsible for the financial administration and management of the municipality.

T3.70.1

Employees: Financial Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	1	33%
4 - 6	7	7	7	0	0%
7 - 9	6	6	6	0	0%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	16	16	16	1	33.33%

T3.70.4

Chapter 3

Financial Performance Year 1: Financial Services					
					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17,266,942.00	13,282,729.43	21,463,829.63	7,861,650.00	-69%
Expenditure:					
Employees	4,671,270.00	7,835,420.22	7,484,863.82	6,725,151.14	-17%
Repairs and Maintenance	403,688.00	100,000.00	100,000.00	101,032.63	1%
Other	62,986,244.00	3,498,234.16	6,879,881.00	6,615,412.97	47%
Total Operational Expenditure	68,061,202.00	11,433,654.38	14,464,744.82	13,441,596.74	15%
Net Operational Expenditure	50,794,260.00	-1,849,075.05	-6,999,084.81	5,579,946.74	133%
					T3.70.5

Capital Expenditure Year 1: Financial Services					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	472,605.72	472,606.00	274,322.42	-72%	
					T3.70.6

Chapter 3

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The BTO under-spending of 72% largely emanates from furniture and computer equipment that was budgeted for and not purchased.

T3.70.7

3.71 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The purpose of Human Resources Services at the institution is cater for human resource development needs of the employees, remuneration and benefits of employees, labour relations and human resources information that relates to leave management and employee personal information.

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

Purify leave management

Provide accurate inputs– information to payroll

Recruit people with required competencies

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

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

The Human Resources Division advertises all vacant positions as required by the Human Resources Policy Manual and set competencies that are needed from the interest individuals. It is important to highlight that the Municipality appoints only incumbent who meet minimum competency requirements as place on the advertisement and who perform well during the interviews.

T3.71.1

Chapter 3

Employees: Human Resource Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	6	6	6	6	100%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	#DIV/0!
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	8	8	8	6	#DIV/0!

T3.71.4

Financial Performance Year 1: Corporate Services					
Details	Year 0	Year 1			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	38,169,029.00	26,829,277.45	26,109,972.57	17,378,385.00	-54%
Expenditure:					
Employees	10,325,965.00	11,656,735.59	10,622,337.83	11,446,147.18	-2%
Repairs and Maintenance	533,951.00	1,440,000.00	1,530,000.00	465,944.31	-209%
Other	17,725,789.00	7,899,087.00	13,145,472.00	17,800,911.51	56%
Total Operational Expenditure	28,585,705.00	20,995,822.59	25,297,809.83	29,713,003.00	29%
Net Operational Expenditure	-9,583,324.00	-5,833,454.86	-812,162.74	12,334,618.00	147%

T3.71.5

Chapter 3

Capital Expenditure Year 1: Corporate Services					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2,270,000.00	4,682,994.00	1,570,630.68	-45%	
					T3.71.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The Human Resource Services did not spent as budgeted for due to projects that were held back and were deferred to the new financial year.

T3.71.7

3.72 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Information Technology provides ITC related services to the entire institution, i.e. internet, website and emails. Most importantly maintains ITC infrastructure, namely, servers, computers, telephones etc.

T3.72.1

Chapter 3

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

T3.72.4

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The Municipality experienced few instances of IT problems for the period in review. When problems surface the IT personnel was able to attend to them immediately as they were petite mishaps. Overall, the municipality was able to executive its work without experiencing major interruption in terms of IT related functions.

T3.72.7

Chapter 3

Employees: Risk Management Services					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	1	1	1	100%

T3.73.4

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

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

MUNICIPAL MANAGER

Indicator/vote	Unit of measurement	Annual target	Actual	Variance	Prior Target	Prior Actual	Prior Variance	Corrective Measure
Contract Management	Appropriate performance indicators and performance targets are set for supplier performance for each contract awarded through the supply chain management system	Reports on performance of Projects(1)	1	0	1	0	(1)	-
Good Governance	No of reports submitted to Council regarding the execution of council decisions	4	4	0	4	9	5	-
Performance Management	Annual performance agreements for 2012/2013 entered into	31- Jul-2012	25-Jul-2012	6 days	31-Jul-2011	15-Jul-2011	16 days	-

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	with each of the managers who are directly accountable to the municipal manager							
Internal Auditing	Internal audit reports on the functionality of the PMS, compliance of the PMS with relevant legislation and the reliability of performance measurements submitted to the audit committee/performance audit committee [MPPMR, r 14(1)(c)]	31/10/2012	12/10/2012	19 days	31/10/2011	25/08/2011	67 days	Departments to stick to deadlines as to give the IA Unit enough time to consolidate their reports.
		31/01/2013	13/02/2013	(13 days)	31/01/2012	27/03/2012	55 days	
		30/04/2013	13/05/2013	(13 days)	30/04/2012	20/06/2012	81 days	
	31/07/2013	06/08/2013	(06 days)	31/07/2012	0	(0)		
	Availability and Implementation of risk based Internal Audit plan.	1	1	0	1	1	0	-
	Availability of quarterly audit reports (internal controls, financial and compliance)	4	4	0	4	4	0	-

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	Follow-up on AG recommendations	1	1	0	1	3	2	-
Risk assessment	Review Risk Management Strategy, Policy and Framework	1	1	0	1	1	0	-
	Risk register	1	1	0	1	1	0	-
	Risk Management Reports	4	1	(3)	4	4	0	Filling in of the vacancy of the Chief Risk Officer in the 2013/2014 financial year.
	Approved Fraud Prevention Plan	1	1	0	1	1	0	-
	Audit/performance audit committee's audit reports submitted to the Council [MPPMR, r. 14(4)(a)]	31/01/2013 31/07/2013 (2 reports)	04/06/2013 3 (3 reports)	1	31/01/2012 31/07/2012 (2 reports)	27/03/2013 (0)	(1 report)	-
	AFS for 2011/2012 submitted to the audit	30/09/2012	31/08/2012	1 month	30/09/2011	25/08/2011	30 days	-

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	committee for review [MFMA, s 166(2)(b)]							
	No of audit committee meetings held	4	4	0	4	5	1	-
Performance Management	Corporate performance report for 2011/2012 submitted to the Auditor-General	31-Aug-2012	31-Aug-2012	0	31-Aug-2011	31-Aug-2011	0	-
	Mid-year budget and performance report for the period 01/07/2012 to 31/12/2012 submitted to the executive mayor	25-Jan-2013	23-Jan-2013	2days	25-Jan-2012	23-Jan-2012	2 days	-
	Annual report 2011/2012 submitted to the executive mayor	15-Jan-2013	31/08/2012	168 days/4 months 15 days	15-Jan-2012	31/08/2011	168 days/4 months 15 days	-
	PMS reports	4	4	0	4	4	0	-
	Quarterly feedback reports regarding implementation of the IDP	4	4	0	4	4	0	-

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	and PMS (PPMR Sec 15)							
	Months without unauthorized expenditure as indicated in MFMA 32(1)(b)	12	9	(3)	12	9	(3)	Department to stick to its initial budget.
	% of council resolutions implemented that were referred to the HOD	100%	100%	0	100%	100%	0	-

FINANCIAL SERVICES

Indicator/vote	Unit of measurement	Annual target	Actual	Variance	Prior Target	Prior Actual	Prior Variance	Corrective Measure
Financial Viability	Monthly budget statements submitted to the MM [MFMA, s 71]	12	12	0	12	12	0	-
	Compilation of annual financial statements for 2010/2011	31-Aug-2011	31-Aug-2011	0	31-Aug-2012	31-Aug-2012	0	-
	Realistic and comprehensive draft	28/02/2	28/06/	(04	28/02/	28/02	0	Review of process plan

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	financial plan prepared and incorporated in the IDP for 2013/2014	013	2013	Months)	2012	/2012		2013/2014.
	R value of rent collected from Kopanong LM	R337 760	R353 014.35	R15 254.35	R2700 00.00	R1 391 782.60	R112 1782.60	-
SDBIP reporting to council and MM	Section 52(d) reports(MFMA)	4	4	0	4	4	0	-
Supply Chain Management	No of queries received from the IA and AG regarding non-compliance with the supply chain management policy	0%	9%	(9%)	10%	The AG did raise queries but the Department was unable to quantify them	The AG did raise queries but the Department was unable to quantify them	User departments should submit their demand management plans on time.
Good Governance	% of council resolutions implemented that were referred to the HOD for execution	100%	99%	(1%)	100%	100%	0%	The execution list will be given to all finance officials so that they also know which resolutions should be implemented.

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	%Management of external audit queries by ensuring that all queries are answered within 14 days	100%	100%	0%	100%	100%	0%	-
Performance Management	No of performance reports submitted to the MM	4	4	0	4	4	0	-
Financial Viability	Months without unauthorised spending by accounting officer as indicated in MFMA 32(1)(b)	12	0	(12)	12	3	(9)	Unauthorised expenditure should be investigated and money should be recovered if the expenditure incurred was a result of negligence.
Performance management	No of performance appraisals conducted in the department	2	1	(1)	4	1	(3)	The appraisals will be conducted in the new financial year.
Contract Management	Monitor projects undertaken by the municipality by setting performance indicators for each projects (PPMR Sec 9(2)(b))	2 Project Performance Reports	2	0	N/A	N/A	N/A	-

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Financial Viability	95% of total conditional grants spent in compliance with set conditions	90%	95%	5%	N/A	N/A	N/A	-
Financial Viability	% of total conditional grants spent	100%	96%	(4%)	N/A	N/A	N/A	The remaining grant was committed at year end, therefore it was basically 100% spent.
Development of Asset Register	GRAP compliant asset register	31 August 2012	31-Aug-2012	0	N/A	N/A	N/A	-
Cash flow Management	Cash Flow Management Reports	Monthly	12	0	N/A	N/A	N/A	-
Monitoring and implementation of the AG's action plan	Updated action plan	Continuous	4	0	N/A	N/A	N/A	-

COUNCIL

Indicator/vote	Unit of measurement	Annual target	Actual	Variance	Prior Target	Prior Actual	Prior Variance	Corrective Measure
Council meetings	No. of meetings held	4	7	1	4	4	0	-

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Mayoral Committee meetings	No. of meetings held	6	6	0	8	6	(2)	-
Section 80 committees	No. of meetings held	6	6	0	N/A	N/A	N/A	-
Agendas to Council and committees	Issue agenda in time	Within 48 hours before the sitting of meetings	Within 48 hours before the sitting of meetings	0	N/A	N/A	N/A	-
Good Governance	% of council resolutions (internal) executed by management	100% implementation (before the next ordinary council meeting)	94.1%	(5.9%)	100%	100%	100%	Quarterly monitor the implementation of Council resolutions
	Budget and IDP process plan tabled in Council	31 – Aug-2012	31- Aug-2012	0	31 – Aug-2011	26 – Aug-2011	3 days	-
Performance Management	Review of performance management system and monitoring of compliance (MSA Sec 39)	31-Jul-2012	29 -Jun 2012	31 days	31-Jul-2011	26-Aug-2011	(26 days)	-
	Report to the Executive Mayor on performance reviews/assess	31/10/2012 31/01/20	4	0	31/10/2011 31/01/	0	(4)	-

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	ment of top management	13 30/04/2013 31/07/2013			2012 30/04/2012 31/07/2012			
Financial Viability	Mayor's report on the implementation of the budget and the financial state of the affairs of the municipality to Council (MFMA Sec 52(d))	31/10/2012 31/01/2013 30/04/2013 31/07/2013	4	0	31/10/2011 31/01/2012 30/04/2012 31/07/2012	4	0	-
Public Participation	IDP	4(1 per local municipality)	4	0	N/A	N/A	N/A	-
Approval of the first Draft of the IDP and Budget by Council	IDP	1	1	0	N/A	N/A	N/A	-
Approval of the final budget and IDP	Approved budget and IDP	1	1	0	N/A	N/A	N/A	-
Mid-year budget and performance report tabled in Council	Mid-year budget and performance report	31-Jan - 2013	23-Jan-2013	8	31-Jan -2012	25-Jan -2012	06 days	-
Draft Annual report for submission to AGSA	Draft Annual report	31-Aug-2012	1	0	31-Aug-2012	1	0	-

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Good Governance	Annual report for 2011/2012 tabled in Council (MFMA 127(2))	31-Jan-2013	23-Jan-2013	0	31-Jan-2012	25-Jan-2012	06 days	-
	Oversight report on the annual report adopted by Council	31 Mar-2013	31-Mar-2013	0	31 Mar-2012	31 Mar-2012	0	-
Approval of the SDBIP	SDBIP	Within 28 days after approval of the Budget	27 July 2012	(29 days)	Within 28 days after approval of the Budget	20 Jun 2011	9 days	Calendar days will be considered to approve the SDBIP going forward.
Good Governance	Annual performance agreements for 2012/2013 entered into with the Municipal Manager	31- Jul - 2012	27 July 2012	3	31- Jul -2011	15- Jul -2011	9 days	-
Mayor's social responsibility	Paying Registration fees for prospective (tertiary students)	16 students	8	(8)	N/A	N/A	N/A	Proper budgeting in the new financial year.
Special Programs	District AIDS Council meeting	2	1	0	N/A	N/A	N/A	Develop a schedule for the sitting of District AIDS Council

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								meetings.
Outreach Programs	Youth month	1	1	0	N/A	N/A	N/A	-
	Women's Day	1	1	0	N/A	N/A	N/A	-
	Heritage month	1	1	0	N/A	N/A	N/A	-
	Moral Regeneration	1	1	0	N/A	N/A	N/A	-
IGR Forum	No. of meetings	4 political	2	2	N/A	N/A	N/A	Develop schedule of IGR Meetings and sent it to Departments and stakeholders who will form part of the meeting
		4 Technical	2	2	N/A	N/A	N/A	Develop schedule of IGR Meetings and sent it to Departments and stakeholders who will form part of the meeting

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PLANNING AND SOCIAL DEVELOPMENT

Indicator/vote	Unit of measurement	Annual target	Actual	Variance	Prior Target	Prior Actual	Prior Variance	Corrective Measure
Contract Management	Monitor projects undertaken by the municipality by setting performance indicators for each projects (PPMR Sec 9(2)(b))	4 Project Performance report	5	1	4 Project Performance report	2	(2)	Contracts will be aligned to municipal financial position
Environmental Health	No of environmental support meetings attended with local municipalities	8	9	1	8	12	4	Achieved
	Number of air quality related complaints received	2	4	(2)	9	2	(7)	No. of complaints are depended on complaints received.
	Number of incidents of illegal dumping	0	16	(16)	15	98	(83)	Local Municipalities will be made to made written commitment to eradicate this illegal activities
	No of persons attending health education programmes/p	800	1 113	28	400	1320	920	-

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	rojects							
Disaster Management	Disaster management plan reviewed	30/06/2013	31/08/12	10 months 1 day	30/06/2012	24/04/2012	67 days/2 months 7 days	-
	No of municipal disaster management advisory forum meetings held (section 51 of the Disaster Management Act 2002)	4	5	0	4	4	0	-
	No of disaster management progress reports submitted to Council	4	8	4	4	8	4	-
	No of Disaster Management awareness sessions held in the District	4	1	(3)	4	4	0	Partnerships will be formed with other sectors to avoid non compliance
Water Quality Monitoring	Blue drop compliant water quality achieved by June 2013	30/06/2013	30/06/2013	0	30/06/2012	29/03/2012	93 days/3 months 3 days	Water samples will be taken monthly and results will be communicated to Local Municipalities for corrective actions.
	No of water awareness campaigns conducted	4	4	0	4	4	0	-
	No of	4	3	(1)	4	4	0	Ensures

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	quarterly water quality reports submitted to Council							that reports are constantly submitted to council
Basic Services	No of monthly sanitation quality reports submitted to Management	4	10	6	8	7	(1)	Reports are only submitted to management to address contravention of the law by Local municipalities and for municipalities to address the problems
	No of quarterly sanitation quality reports submitted to Council	4	3	(1)	4	5	1	Reports are only submitted to council to inform it of contravention of the law by Local municipalities.
Local Economic Development	No of District LED forums held by 30 June 2013	4	3	(1)	4	4	0	Partnerships will be formed with other sectors to avoid non compliance.
	No. Of LED implementation reports submitted to Management	8	11	3	4	16	12	-

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Good Governance	% of Council resolutions implemented that was referred to the HOD for execution	100%	99,5%	(0, 5%)	100%	100%	100%	Full implementation of Council Resolutions in 2013/2014
Performance Management	No of performance appraisals conducted in the Department	2	1	(1)	4	1	(3)	Training of Supervisors on EPAS.
Performance Management	No of performance reports submitted to the MM	4	4	0	4	4	0	-
Sample results taken: micro-biological, chemical and physical aesthetical determinants	No. of Samples taken	48 Naledi	17	(31)	N/A	N/A	N/A	Municipalities to be involved and encouraged to take their own samples
		152 Kopanong	171	19	N/A	N/A	N/A	
		48 Mohokare	84	36	N/A	N/A	N/A	
		72 Letsemeng	40	(32)	N/A	N/A	N/A	
To monitor and control acceptable food quality and safety	No of Site inspections Compliance and Notices	200	112	(88)	N/A	N/A	N/A	Employ more human resources to address non compliance
Reduced illegal dumping and littering	Public participation campaigns	10 towns	2 towns	(8 towns)	N/A	N/A	N/A	Local municipalities will be issued with notices
	By-laws	1	0	(1)	N/A	N/A	N/A	Bi-laws have already been developed , Council will approve

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								them in the new financial year
	No of Inspections	10 towns	11 towns	1 town	N/A	N/A	N/A	-
Funeral parlours to comply with R237 of 8 February 1985	No of site inspections	80% current base	63,75 %	(16, 25%)	N/A	N/A	N/A	Issue notices and close funeral parlours which are not complying .
Awareness programs for community on Disaster Management	No of campaigns	5	2	(3)				Partnerships will be formed with other sectors to avoid non compliance
Educational programs for schools on Disaster Management	No of educational programs	20	2	(20)	N/A	N/A	N/A	Partnerships will be formed with other sectors to avoid non compliance
No of marketing brochure produced	Marketing brochure	120	100	(20)	N/A	N/A	N/A	Proper budgeting going forward
Promotion & marketing of XDM	XDM exhibition stalls at MACUFE & Tourism Indaba	2 exhibitions	2	0	N/A	N/A	N/A	-
Animal/plant production training for SMME's	Training for 30 people	1	0	(1)	N/A	N/A	N/A	Partnerships will be formed with other sectors to avoid non compliance

Chapter 3

								e
SMME's on marketing	25 B&B/ guesthouse training	1	0	(1)	N/A	N/A	N/A	Partnerships will be formed with other sectors to avoid non compliance
Tourisms campaigns	Awareness campaigns	4	4	0	N/A	N/A	N/A	-
Support Co-ops	Irrigation system in Reddersburg.	1	0	(1)	N/A	N/A	N/A	The project will not be implemented in the new financial year.
	Upgrading piggery stalls in Dewetsdorp	1	0	(1)	N/A	N/A	N/A	The project will be implemented in the new financial year
	Registration of co-ops for waste recycling	1	0	(1)	N/A	N/A	N/A	The project will be implemented in the new financial year -
	Stipends for 30 people	R388 800	R0.00	(R388 800)	N/A	N/A	N/A	The project will be implemented in the new financial year
	Appointment of people (labour intensive)	100 people	170	70	N/A	N/A	N/A	-
Greening & cleaning of	Planting of trees	250 trees	100	(150)	N/A	N/A	N/A	Trees will be

Chapter 3

towns								planted in the new financial year
	Updated supplier database	1	1	0	N/A	N/A	N/A	-

CORPORATE SERVICES

Indicator/vote	Unit of measurement	Annual target	Actual	Variance	Prior Target	Prior Actual	Prior Variance	Corrective Measure
Contract Management	Monitor projects undertaken by the department by setting performance indicators for each projects (PPMR Sec 9(2)(b))	4	3	(1)	4	2	(2)	Spread projects to cover all four quarters
Upload and update municipal website regularly and comply with s 21B of the Systems Act and s 75 of the MFMA	Fully functional website at all times	4	4	0	100%	99%	(10%)	-
Development of Intranet Policy	Intranet policy	1	0	(1)	N/A	N/A	N/A	Policy developed but not yet approved by

Chapter 3

								Council. Will be submitted to Council for approval in the new financial year
Development of IT master plan	ICT Master plan	1	0	(1)	N/A	N/A	N/A	The Municipality has appointed a service provider who will assist in developing this plan in the new financial year.
Employment Equity	% of female employees in the municipality	50.59%	40.66	(9.93)	N/A	N/A	N/A	The Municipality will prioritise previously disadvantage people during 2013/14 financial year
	% of differently able employees in the municipality	0.8%	1.4%	0.6%	N/A	N/A	N/A	The Municipality will prioritise differently able people during 2013/14 financial year
Skills Development Plan	No of employees attending skills development interventions	50	19	(31)	N/A	N/A	N/A	Target could not be achieved due to financial constraints

Chapter 3

Good Governance	% of council resolutions implemented that were referred to the HOD for execution	100%	81.42	(18.58)	100%	100%	0	All employees who were not trained will be prioritised 2013/2014 financial year
Performance Management	No of performance reports submitted to the MM (MSA Sec 38 and 39)	4	4	0	4	4	0	-
Skills Development	Submission of employment equity report to Department of Labour	Manually 31-Oct-2012 Electronically 31-Jan-2013	Electronically 01-02-2013 was rejected by the DOL system	(2 days)	30 Sep 2011	03 Oct 2011	(3 days)	The DOL system was overloaded to accept all the EERs before 12h00 on the 31/01/2013. The EER will be submitted by the 01/10/2013 manually
	Percentage of skills development levy claimed back from skills development fund (SDL Act & Reg)	1%	63,45 %	62,45%	1%	10,07 %	9%%	-
	Workplace Skills Plan	30/06/20	26/06/	4 days	30/06/	30/06/	0	-

Chapter 3

	(WSP) submitted to LGSETA	13	2013		2012	2012		
Good Governance	No queries received from AG regarding incompleteness of employee records	0	0	0	0	0	0	No queries received from AG regarding incompleteness of employee records-
Occupational Health and Safety	No of health and safety inspections carried out in terms of the Occupational Health and Safety Act 55 Of 1995	2	2	0	2	2	0	-
	Compliance with all aspects regarding work related injuries as required by the Occupational Health and Safety Act 55 Of 1995	100%	100%	0	100%	100%	0	-
Labour Relations	No of LLF meetings	12	8	(5)	10	2	(8)	Meetings will sit as per the schedule of LLF.
Performance Management	No of performance	2	2	(2)	4	2	(2)	EPAS appraisals will

Chapter 3

	appraisals conducted to employees in the department							be conducted as per the policy.
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*NB: ALL SHADED INDICATORS BELOW ARE PERFORMED BY LOCAL MUNICIPALITIES HENCE THERE IS NON REPORTING ON THEM

ORGANISATIONAL INDICATORS AND TARGETS

Indicator/vote		Annual target	Actual	Variance	Prior Target	Prior Actual	Prior Variance	Corrective Measure
Basic Services	The percentage of households with access to basic level of water							-
	The percentage of households with access to basic level of sanitation							-
	The percentage of households with access to basic							-

Chapter 3

	level of electricity							
	The percentage of households with access to basic level of solid waste removal							-
	The percentage of households earning less than R1100 per month with access to free basic services							-
Financial Viability	The percentage of the capital budget actually spent on capital projects identified in the Integrated Development Plan	100%	68,8%	(31,2%)	100%	44% (Fencing of Cemeteries) 68 % (Refurbishment of the Smithfield Hall).	The Municipality under spent in the two projects.	The Municipality not to budget for projects where funding promised by National/Provincial Governments is not yet transferred into XDM's account.

Chapter 3

Good Governance	No of public hearings held during the formulation of the IDP for 2012-2017	4	4	0	4	4	0	-
	No of public hearings and consultation sessions held during review of the KPI's and performance targets for 2012/2013	4	4	0	4	4	0	-
	No of public hearings and consultation sessions held during preparation of the budget for 2013/2014	4	4	0	4	4	0	-
Local Economic Development	The number of jobs created							

Chapter 3

	through the municipality's local economic development initiatives including capital projects							
Financial Viability	Debt coverage ratio	>1	>1	4.11	3.11	>1	>1	-
	Outstanding service debtors to revenue ratio		-	-	-	-	-	-
	Cost coverage ratio	>1	>1	-	-	-	-	The department is unable to calculate this.
	Liquidity ratio	>1	>1	2.08	>1	>1	>1	-
	Solvency ratio	>1	>1	-0.26	>1	>1	>1	Depreciation of assets (Municipal Vehicles, furniture and office equipment).
Good Governance	No of audit queries received regarding	0%	0%	0	10%	The Department could	The Department could not	Audit has not yet been conducted for the 2012/2013

Chapter 3

	irregular, unauthorised and fruitless and wasteful expenditure					not quantify queries raised by the AG regarding irregular, unauthorised and fruitless and wasteful expenditure	quantify queries raised by the AG regarding irregular, unauthorised and fruitless and wasteful expenditure	financial regarding irregular, unauthorised, fruitless and wasteful expenditure
Financial Viability	% variance from approved budget allocation per vote	10%	62,66 %	(52,66%)	10%	0%	0%	Departments to avoid irregular and unauthorized expenditure.
Operation clean Audit 2014	Unqualified audit opinion without findings	All Departments	-	-	Unqualified audit opinion with findings	Unqualified audit opinion with findings	Unqualified audit opinion with findings	Audit Outcomes will only be released after the Audit of the AG.
Municipal Transformation and Institutional Developm	The number of people from employment equity	35,29%	35,29 %	35,29%	95%	60%	(35,9%)	-

Chapter 3

ent	target groups employed in the three highest levels of management							
	The percentage of a Municipality's budget actually spent on implementing its workplace skills plan	1%	63,45 %	62,45%	1%	<1%	(1%)	-

Chapter 3

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

The Municipality reviewed its organizational structure in April 2012 for 2012/2013 financial year with the intention to prepare and organize the Municipality to implement new political mandate and; ever changing and increasing scope of work that is assigned to the Municipality. Few new positions were created, others were abolished and some were shifted to other departments or units of the institution.

The Municipality is constituted of four departments, namely, the Office of the Municipal Manager, Corporate Services, Planning and Social Development and Budget and Treasury. The Office of the Municipal Manager comprises of four units i.e. Internal Audit, Risk Management, Performance Management and Communication. The Department of Corporate Services consists of three units, i.e. Administration, Human Resources and IT. The Department of Planning and Social Development is composed of four units, namely Local Economic Development, Development Planning, Disaster Management and Municipal Health. The Budget and Treasury Office comprises of three units, namely, Expenditure and Payroll, Supply Chain Management and Budget and Reporting.

T4.0.1

Chapter 3

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Vacancy Rate: Year 1			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	2	1	50.00
Other S57 Managers (Finance posts)	0	0	0.00
Police officers			
Fire fighters			
Senior management: Levels 13-15 (excluding Finance Posts)	10	1	10.00
Senior management: Levels 13-15 (Finance posts)	3	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	14	1	7.14
Highly skilled supervision: levels 9-12 (Finance posts)	5	0	0.00
Total	36	4	11.11

T4.1.2

Chapter 3

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2012/2013	10	15	1.5
2011/2012	9	8	0.88
2010/2011	13	15	1.15
			T4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The Municipality using its Human Resource Policy has always filled positions within 3 months after they have been vacant, this principle is used both on senior and junior positions. In filling senior vacant positions the Municipality promotes from within because of its successful career development plan that exist in the Municipality. All Section 57 vacant positions were filled within the required time.

T4.1.4

Chapter 3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has put proper municipal workforce management systems and procedure in place in order to entrench transparent personnel administration. A Human Resources Policy Manual was developed and presented before Council for approval. Furthermore, the Municipality has developed Employment Equity Plan which is used guide the Municipality on how to implement its recruitment strategy. An Employment Equity Report which shows whether the municipality has recruited employees in accordance with its Employment Equity Plan is then compiled and submitted to the Department of Labour on annual basis.

Every year before the end of June, the Municipality conduct skill audit for each every employee with the intention to identify skill gaps in the institution. The Skills Report in then submitted to the Local Government Sector Education and Training Authority together with the Works Place Skills Plan (WSP). The Officials are then sent to trainings based on the WSP.

The Municipality has developed other numerous policies that governs the activities that are taking place within the institution, namely, Records Management Policy, Fraud and Corruption Prevention Policy, Risk Management Policy, Delegation System Policy, Disaster Management Policy, Audit Charter, Performance Management Framework, Integrated Development Framework and budget related policies etc. These policies and procedures are meant to regulate the activities undertaken by the employees of the Municipality.

T4.2.0

Chapter 3

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%	100%	24 April 2012
2	Attraction and Retention	100%	100%	24 April 2012
24 April 2012	Code of Conduct for employees			24 April 2012
4	Delegations, Authorisation & Responsibility	100%	100%	24 April 2012
5	Disciplinary Code and Procedures			24 April 2012
6	Essential Services	100%	100%	24 April 2012
7	Employee Assistance / Wellness			24 April 2012
8	Employment Equity	100%	100%	24 April 2012
9	Exit Management			24 April 2012
10	Grievance Procedures	100%	100%	24 April 2012
11	HIV/Aids			24 April 2012
12	Human Resource and Development	100%	100%	24 April 2012
13	Information Technology			24 April 2012
14	Job Evaluation	100%	100%	24 April 2012
15	Leave			24 April 2012
16	Occupational Health and Safety	100%	100%	24 April 2012
17	Official Housing			24 April 2012
18	Official Journeys	100%	100%	24 April 2012
19	Official transport to attend Funerals	100%	100%	24 April 2012
20	Official Working Hours and Overtime			24 April 2012
21	Organisational Rights	100%	100%	24 April 2012
22	Payroll Deductions			24 April 2012
23	Performance Management and Development	100%	100%	24 April 2012
24	Recruitment, Selection and Appointments			24 April 2012
25	Remuneration Scales and Allowances	100%	100%	24 April 2012
26	Resettlement			24 April 2012

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27	Sexual Harassment	100%	100%	24 April 2012
28	Skills Development			24 April 2012
29	Smoking			24 April 2012
30	Special Skills	100%	100%	24 April 2012
31	Work Organisation			24 April 2012
32	Uniforms and Protective Clothing	100%	100%	24 April 2012
33	Other:			

The Municipality created a Human Resource Policy that entails all issues raised in the table as referred to. The Human Resource Policy is reviewed annually and was reviewed for the 2012/2013 financial year

T4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All necessary policies that enable the Municipality to conduct its business in a fair and transparent manner has been developed and submitted before Council for adoption.

T4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0.00%	0	0
Temporary total disablement	0	0	0.00%	0	0
Permanent disablement	0	0	0.00%	0	0
Fatal	0	0	0.00%	0	0
Total	0	0	0.00%	0	0

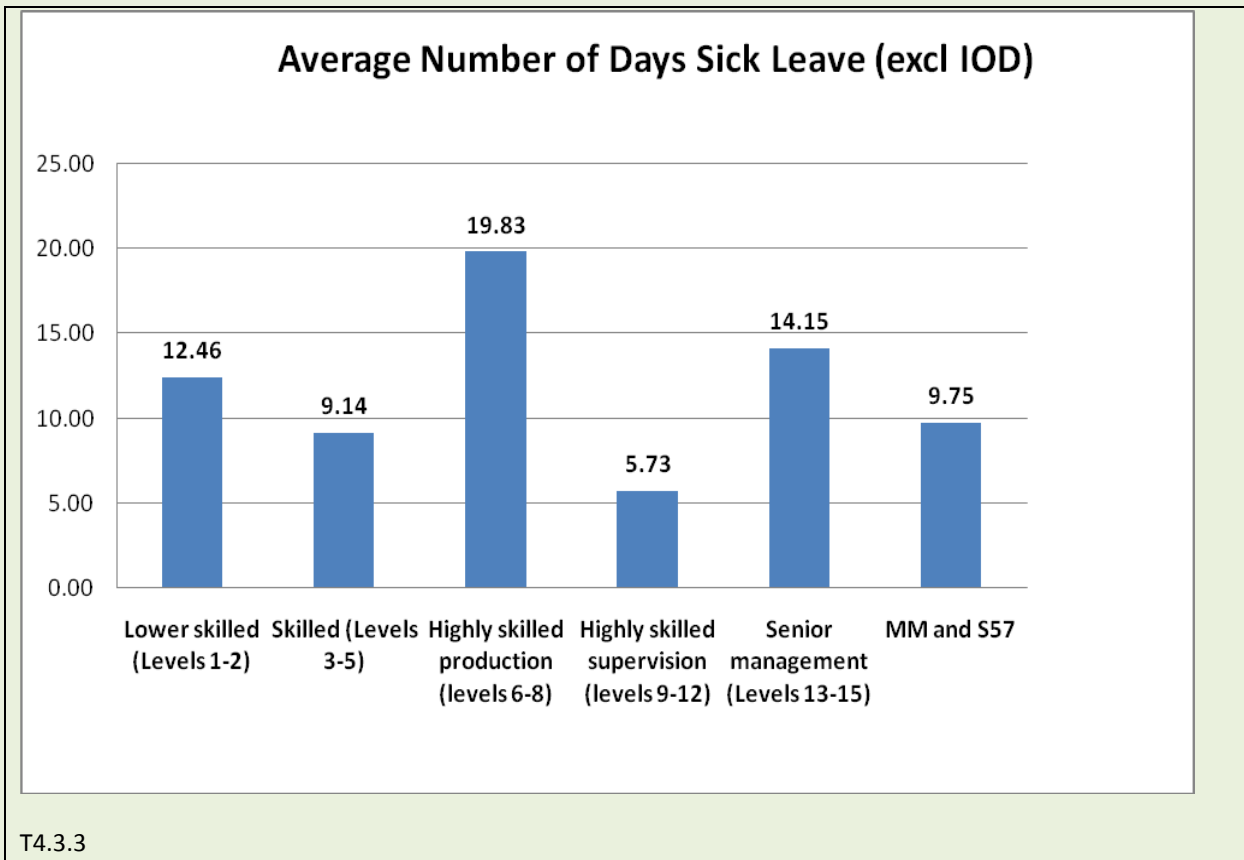
T4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)

Chapter 3

Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	63	0%	5	7	12.60	25,882.92
Skilled (Levels 3-5)	128	0%	14	17	9.14	87,968.00
Highly skilled production (levels 6-8)	238	0%	12	13	19.83	181,962.90
Highly skilled supervision (levels 9-12)	90	0%	16	21	5.62	79,433.10
Senior management (Levels 13-15)	283	0%	20	20	14.15	591,880.35
MM and S57	39	0%	4	3	9.75	147,375.93
Total	841	0%	71	81	71.09	1,114,503.20
						T4.3.2

Chapter 3



COMMENT ON INJURY AND SICK LEAVE:

The Municipality for the past financial year has not experienced any occupational injuries

T4.3.4

Chapter 3

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Communications Officer	Absenteeism	Termination of Contract. However the case is at the level of Labour Court	6-Nov-13
IGR Officer	Gross Insubordination	Termination of Contract. However the case is at the level of Labour Court	24-Jan-13
Special Programmes Officer	Gross Dereliction of duties	Termination of Contract, however after the SALGBC processes the Arbitrator resolved that the employee's dismissal was substantively unfair and ordered reinstatement with cost.	1-Mar-13
			T4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The Municipality has suspended three employees during the period in review and all those cases were concluded. One employee has been reinstated and the Municipality has decided to take the other two cases for review at the Labour Court as it feels that it has a case against the two incumbent.

T4.3.7

4.4 PERFORMANCE REWARDS

The Municipality has developed Employee Performance Assessment System (EPAS) which is used as a tool to assess the performance of the employees for a particular period. However, there is no system that regulate how should the officials be rewarded for their outstanding work, except for section 54A and section 56 employees.

Chapter 3

At this point no performance rewards were paid out to any municipal employee, including Top Managers due to budget constraints.

T4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Every year before the end of June, the Municipality conduct skill audit for each every employee with the intention to identify skill gaps in the institution. The Skills Report in then submitted to the Local Government Sector Education and Training Authority together with the Works Place Skills Plan (WSP). The Officials are then sent to trainings based on the WSP. Over and above this intervention the employees may apply for financial assist to further their studies with their institutions of their choice.

T4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 1	Number of skilled employees required and actual as at 30 June Year 1											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual : End of Year 0	Actual : End of Year 1	Target	Actual : End of Year 0	Actual : End of Year 1	Target	Actual : End of Year 0	Actual : End of Year 1	Target	Actual : End of Year 0	Actual : End of Year 1
MM and s56	Female	1		1							1		1	1
	Male	3							1	2		1	2	
Councillors, senior officials and managers	Female	15		6		5				3		11	3	
	Male	16		3		2		3	4		8	4		
Technicians and associate professionals*	Female	0		0		0			0	0		0	0	
	Male	0		0		0			0	0			0	
Professionals/Office rs	Female	16		3		10				6		13	6	
	Male	9		3		2		1	2		2	2		
Sub total	Female	32		10		15				12		25	12	
	Male	28		6		4				17		11	17	
Total		60		16	0	19	0		0	29		36	29	

*

T4.5.1

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	0	0
<i>Chief financial officer</i>	1	0	1	0	0	0
<i>Senior managers</i>	2	0	2	0	0	0
<i>Any other financial officials</i>	14	0	14	0	0	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	0	0	0
<i>Supply chain management senior managers</i>	1	0	1	1	1	1
TOTAL	20	0	20	1	1	1
*						T4.5.2

Chapter 4

Skills Development Expenditure										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	1	0	0	2000	0	0	0	2000	0
	Male	3	0	0	2000	0	0	0	2000	0
Legislators, senior officials and managers	Female	15	96	96		21835.4			96	117835.4
	Male	16	48	48		5964.91			48	53964.91
Professionals	Female	16	48	48		30564.9			48	78564.91
	Male	9	48	48		8280			48	56280
Technicians and associate professionals	Female	0	0	0		0			0	0
	Male	0	0	0		0			0	0
Clerks	Female	16	96	96		52490			96	148490
	Male	7	64	64		17080			64	81080
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female	0	0	0		0			0	0
	Male	0	0	0		0			0	0
Elementary occupations	Female	3	16	16					16	16
	Male	4								
Sub total	Female	48	256	256	2000	104890	10	20	225601	360910.3
	Male	35	16	16		31324.9	20	25	160020	191349.9
									0	5
Total		83	416	416	2000	136215	30	45	241603	552260.2
									%*	*R
T4.5.3										

Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The Municipality has budgeted for skill development of the councillors and officials. It is only few employees who were sent to trainings due to financial challenges experienced by the Municipality. The employees who are from trainings are expected to submit their certificates or obtained qualifications to the Human Resources Division, Skill development Officer. The budget for training would be dramatically reduced in 2013/2014 financial year due to financial constraints.

T4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Before the beginning of the next financial year the Municipality make necessary estimates for the workforce expenditure. The Municipality then filled only vacant positions that are budgeted for. The Municipality strive all times to appointed only suitably qualified employees for the vacant posts.

T4.6.0

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded

Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	1
	Male	0
Skilled (Levels 3-5)	Female	1
	Male	1
Highly skilled production (Levels 6-8)	Female	3
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	3

Chapter 4

	Male	1
Total		10

T4.6.2

DISCLOSURES OF FINANCIAL INTERESTS

The Municipality has developed disclosure of interest forms which are completed by the Councillors, senior managers and all officials who serve in bid committees. They are required to disclose their financial interest at the beginning of each financial year.

T4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

The capital expenditure of the Municipality is insignificant. It amounts to less than ten percent of the total budget. It comprise mainly of furniture and computers purchases. The District Municipality's capital budget tends to be minimal where the local municipalities incur major capital expenditure such as infrastructure.

T5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The municipality's financial statements are in line with the applicable legislation in order to ensure that municipal state of affairs are fairly represented.

T5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
Description	Year 0	Current Year: Year 1			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates					%	%
Service charges					%	%
Investment revenue	731	165	256	284	71,57%	10,92%
Transfers recognised - operational	88 276	64 875	69 319	40 588	-	-41,45%
Other own revenue	1 871	485	526	505	4,08%	-3,93%
Total Revenue (excluding capital transfers and contributions)	90 879	65 526	70 101	41 377	-	-40,97%
Employee costs	24 586	32 057	29 672	30 159	-5,92%	1,64%
Remuneration of councillors	2 895	3 114	3 010	3 318	6,56%	10,25%
Depreciation & asset impairment	2 317	-	-	14 426	100,00%	100,00%
Finance charges	308	106	86	287	170,28%	231,54%
Materials and bulk purchases					%	%
Transfers and grants					%	%
Other expenditure	37 956	26 492	35 148	22 556	-	-35,83%
Total Expenditure	68 061	61 769	67 917	70 745	14,53%	4,16%
Surplus/(Deficit)	22 817	3 757	2 184	(29 368)	-	-
Transfers recognised - capital					881,63%	1444,52%
Contributions recognised - capital & contributed assets					%	%
Surplus/(Deficit) after capital transfers & contributions	22 817	3 757	2 184	(29 368)	-	-
Share of surplus/ (deficit) of associate					881,63%	1444,52%
					%	%

Chapter 5

Surplus/(Deficit) for the year	22 817	3 757	2 184	(29 368)	%	%
<u>Capital expenditure & funds sources</u>						
Capital expenditure	-	-	-	-	%	%
Transfers recognised						
- capital	-	-	-	-	%	%
Public contributions & donations					%	%
Borrowing					%	%
Internally generated funds					%	%
Total sources of capital funds	-	-	-	-	%	%
<u>Financial position</u>						
Total current assets	29 898	-	-	3 729	%	%
Total non current assets	22 497	-	-	20 822	%	%
Total current liabilities	7 181	-	-	8 521	%	%
Total non current liabilities	673	-	-	879	%	%
Community wealth/Equity	-	-	-	-	%	%
<u>Cash flows</u>						
Net cash from (used) operating	16 283	61 418	73 485	(11 886)	119,35 %	-116,17%
Net cash from (used) investing	(6 181)	-	-	3 095	%	%
Net cash from (used) financing	(398)	-	-	(452)	%	%
Cash/cash equivalents at the year end	11 062	-	-	1 819	%	%
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	16 062	-	-	1 819	%	%
Application of cash and investments	-	-	-	-	%	%
Balance - surplus (shortfall)	16 062	-	-	1 819	%	%
<u>Asset management</u>						
Asset register summary (WDV)	-	-	-	-	%	%
Depreciation & asset	2 317	-	-	14 426	100,00	100,00%

Chapter 5

impairment					%	
Renewal of Existing Assets	-	-	-	-	%	%
Repairs and Maintenance	2 125	1 927	1 941	1 271	34,02%	-34,50%
Free services						
Cost of Free Basic Services provided	-	-	-	-	%	%
Revenue cost of free services provided	-	-	-	-	%	%
Households below minimum service level						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%
						T5.1.1

Chapter 5

5.2 GRANTS

GRANT PERFORMANCE						
						R' 000
Description	Year 0	Year 1			Year 1 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
-						
Operating Transfers and Grants						
National Government:	22,629	26,052	26,052	25,589	1.8%	1.8%
Equitable share	20,600	22,802	22,802	22,762	0.2%	0.2%
Finance Management	1,204	1,250	1,250	893	28.6%	28.6%
Municipal Systems Improvement	743	1,000	1,000	889	11.1%	11.1%
EPWP Incentive	46	1,000	1,000	1,045	4.5%	4.5%
Other transfers/grants [insert description]	-	-	-	-	0%	0%
Provincial Government:	30,000	15,000	15,000	15,000		
FS Provincial Government Financial Assistance	30,000	15,000	15,000	15,000	0%	0%
Provincial Infrastructure grant	-	-	-	-	0%	0%
Ambulance subsidy	-	-	-	-	0%	0%
Sports and Recreation	-	-	-	-	0%	0%
Other transfers/grants [insert description]	-	-	-	-	0%	0%
District Municipality:	35,683	-	-	-	0%	0%
Motheo Asset Share	35,683				0%	0%
Other grant providers:	-	-	-	-	0%	0%
[insert description]						
Total Operating Transfers and Grants	88,276	41052	41052	40,588	0	0

T5.2.1

Chapter 5

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The largest portion of the Municipality's expenditure is on salaries as a support Municipality. The procurement therefore is not prone to severe inflationary pressure; however where necessary and inflation is expected to rise higher than the one taken into account when the budget was drafted early procurement is preferred. The consultancy arrangements includes the compilation of annual financial statements and the budget thereof is in the region of R 600 000. The internal capacity was in the process of being built and it is anticipated that in the next financial year the exercise will be done internally and will be reviewed externally at a significantly lower cost. The annual financial statements were successfully drafted by the consultants although there was a regress in the audit opinion.

T5.2.2

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The asset management policy was drafted within the prescripts of the applicable legislations. Asset verifications are done monthly to ensure that assets are safeguarded properly. Stock counts are performed bi-annual by the asset management officials and once a year with the Office of the Auditor-General. In terms of key delegations, the Accounting Officer is the principal custodian who should ensure that the said policy is scrupulously applied and adhered to. The Chief Financial Officer is the assets registrar. The key elements of the asset management policy are classification, recognition, identification, write-off, depreciation, capitalization criteria, amendment of useful lives, and maintenance of assets.

T5.3.1

COMMENTON ASSET MANAGEMENT:

As Xhariep is a District Municipality and its major assets are a building, security system, furniture and equipment. The Municipality revenue is via inter-governmental transfer and the tariffs and taxes are not applicable. The evaluation of all expenditure is in terms of the Supply Chain Management Policy of the Municipality, Regulations and applicable legislation.

T5.3.3

Chapter 5

Repair and Maintenance Expenditure: Year 1				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	1,926,855	1,940,855	(1,271,312)	-34.5%
				T5.3.4

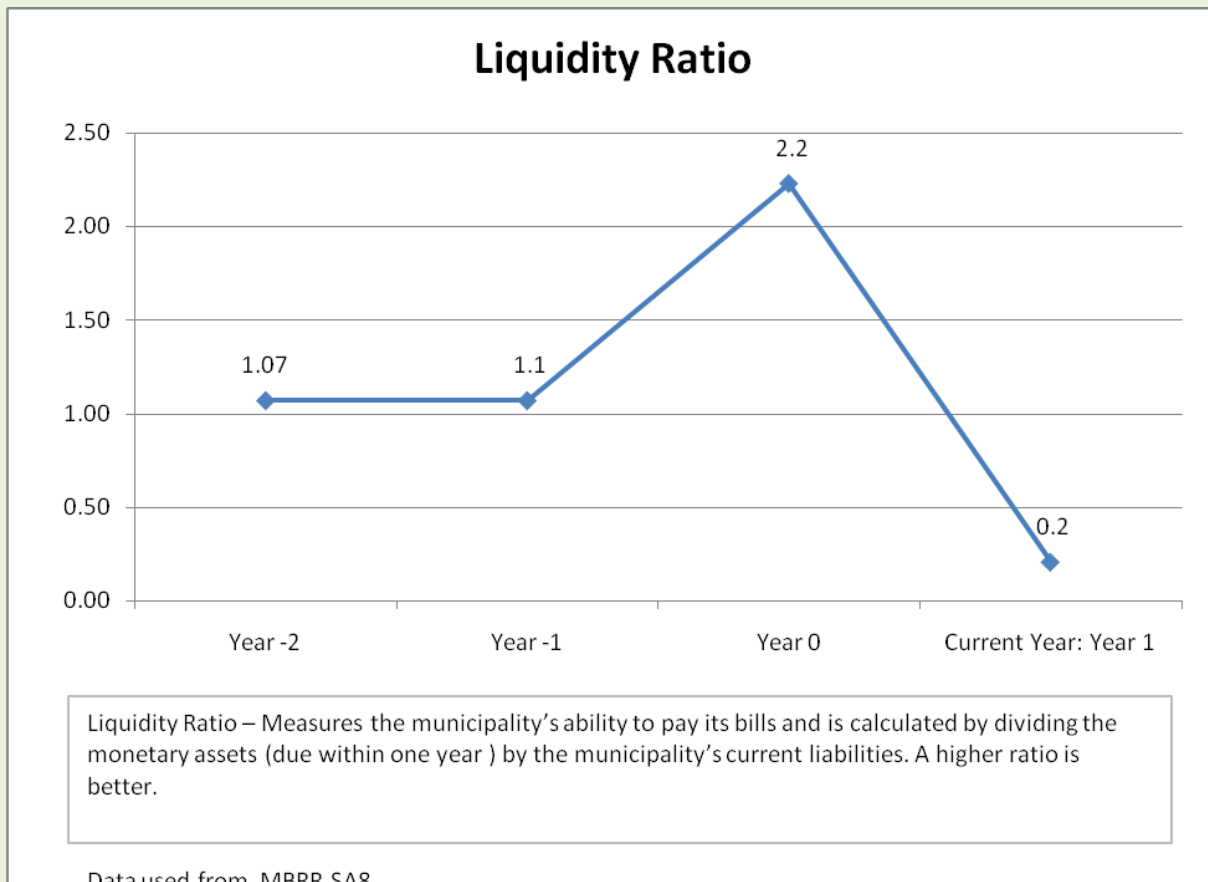
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The municipality spent less than anticipated on repairs and maintenance as some assets were purchased instead of being repaired.

T5.3.4.1

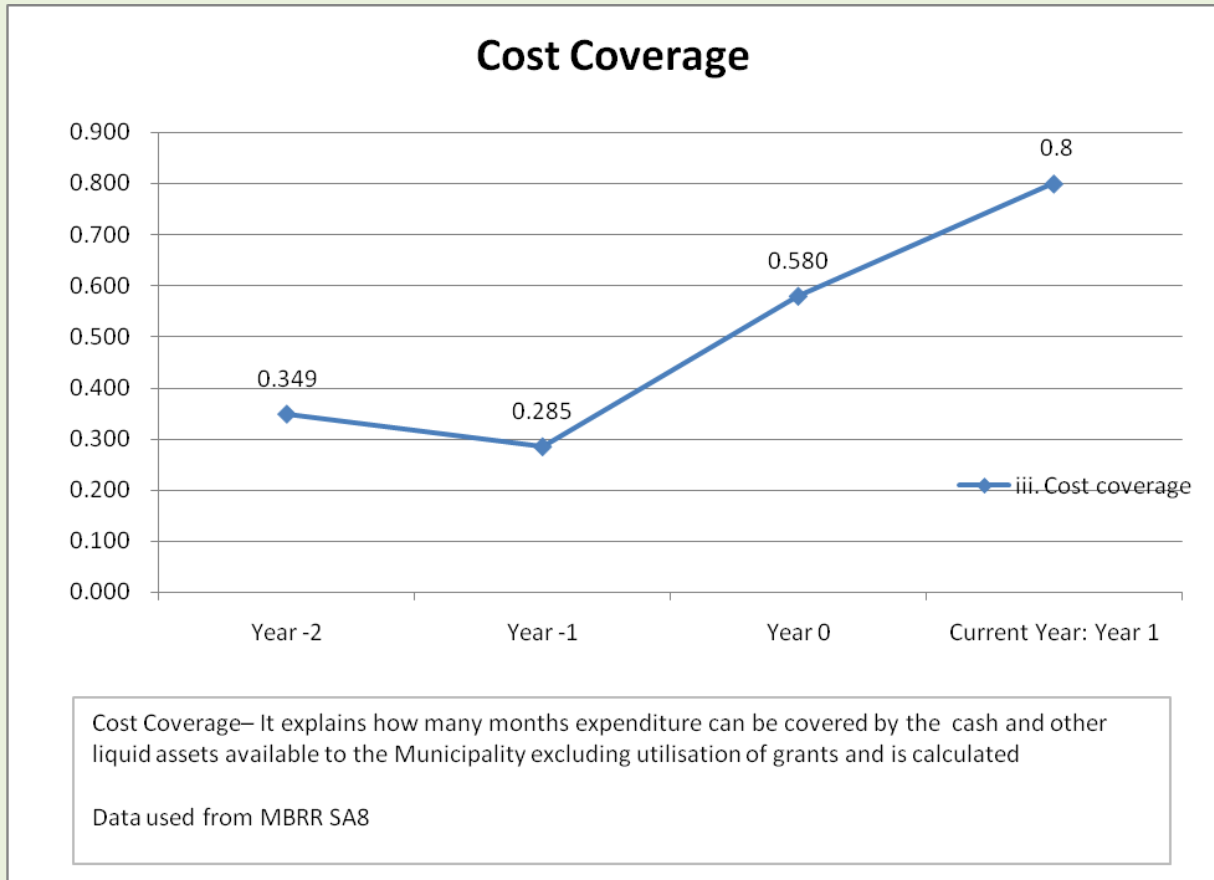
Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



T5.4.1

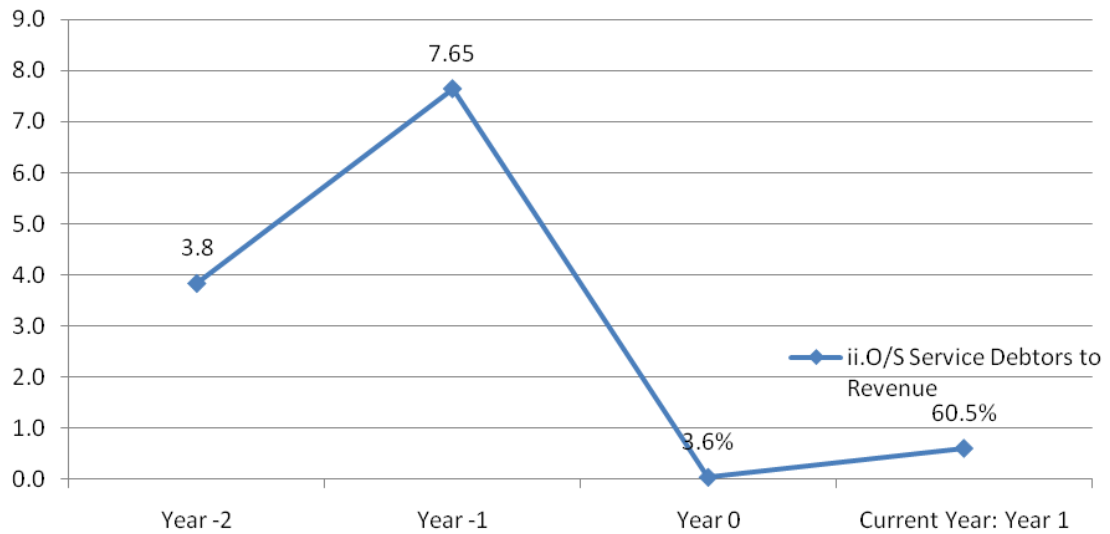
Chapter 5



T5.4.2

Chapter 5

Total Outstanding Service Debtors

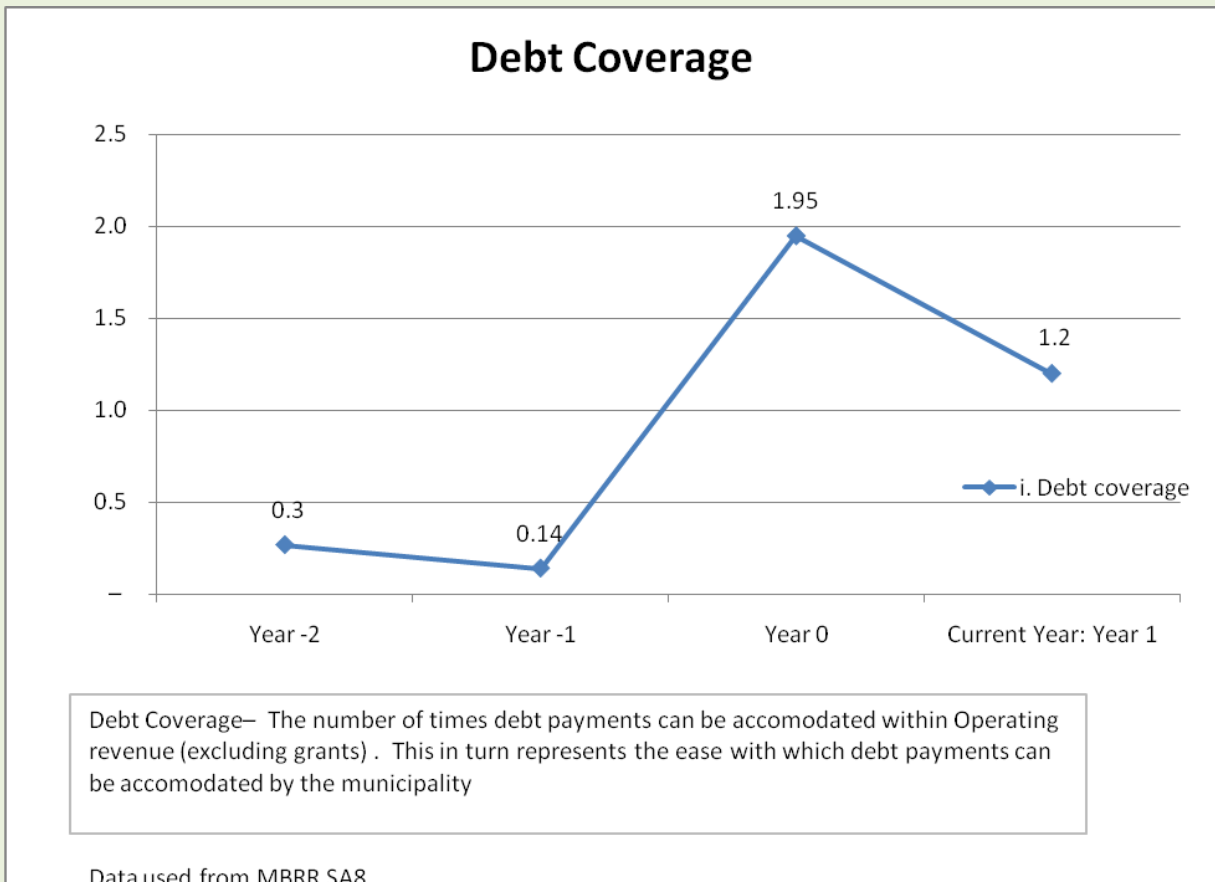


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

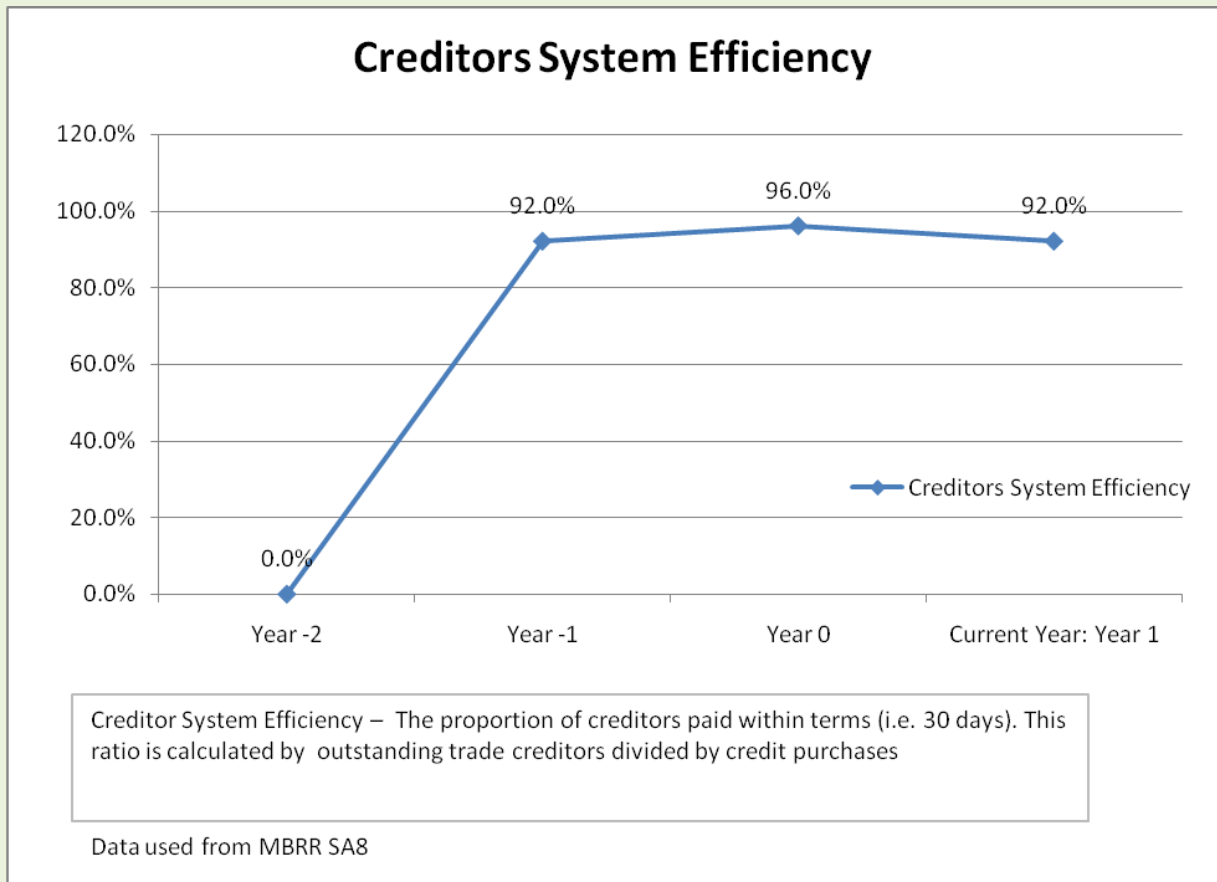
T5.4.3

Chapter 5



T5.4.4

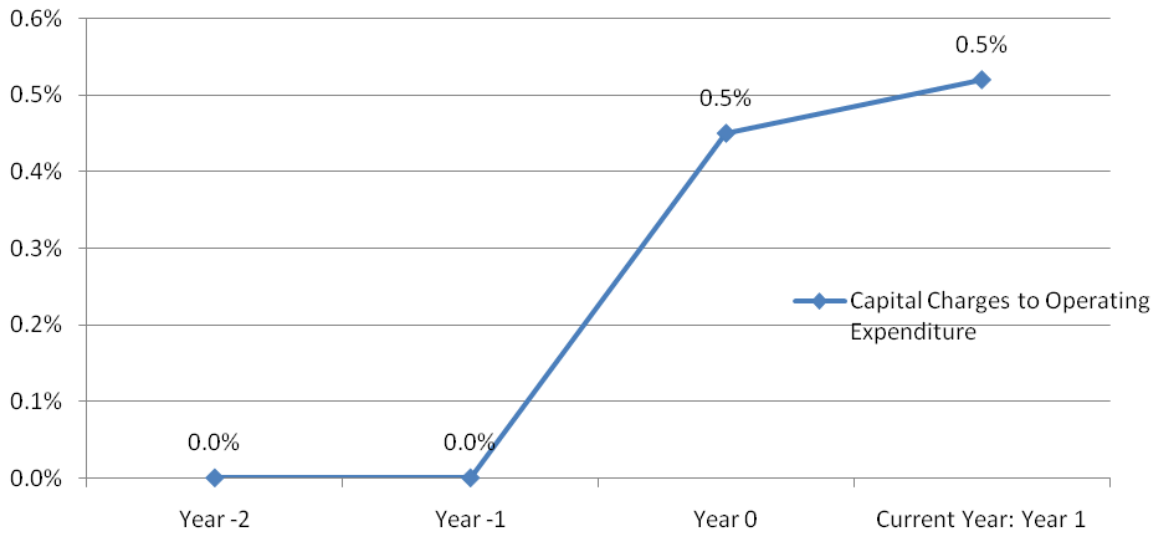
Chapter 5



T5.4.5

Chapter 5

Capital Charges to Operating Expenditure

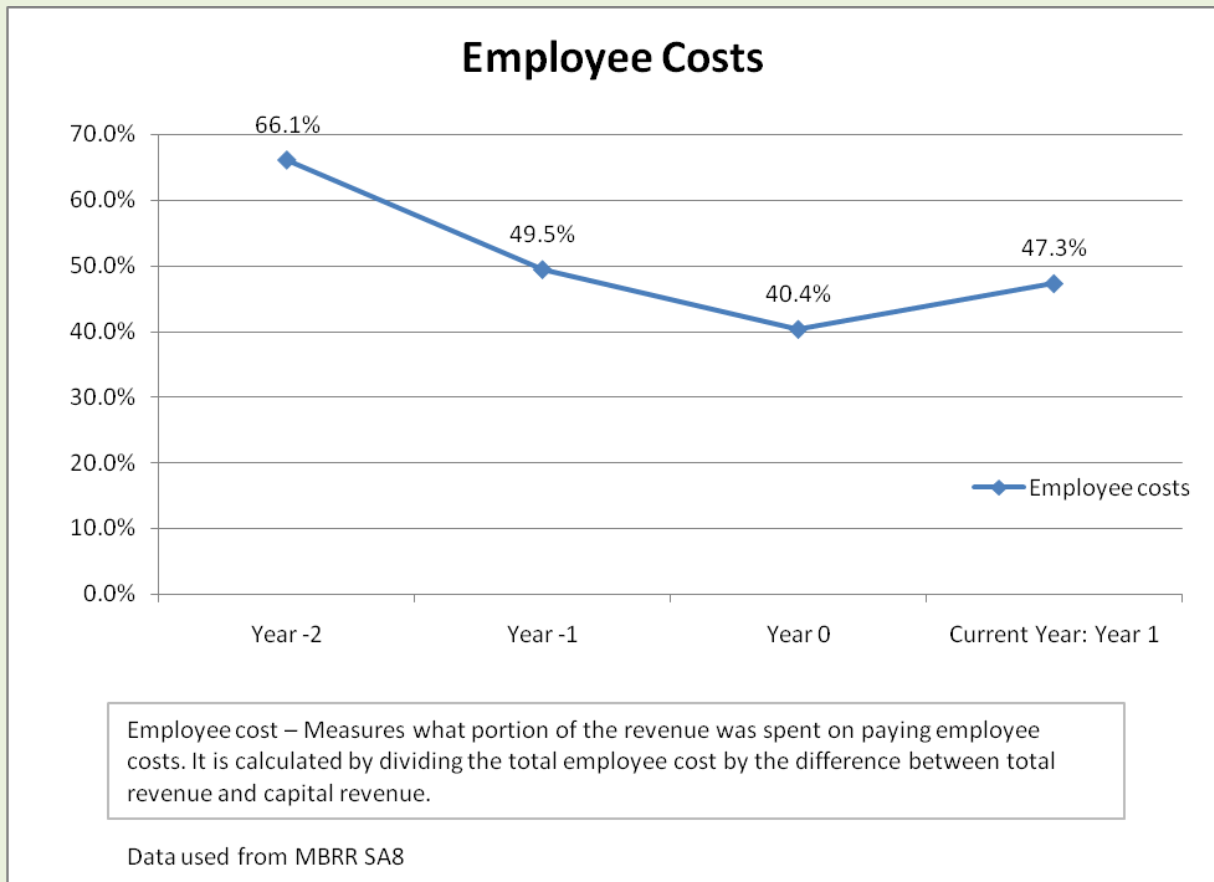


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T5.4.6

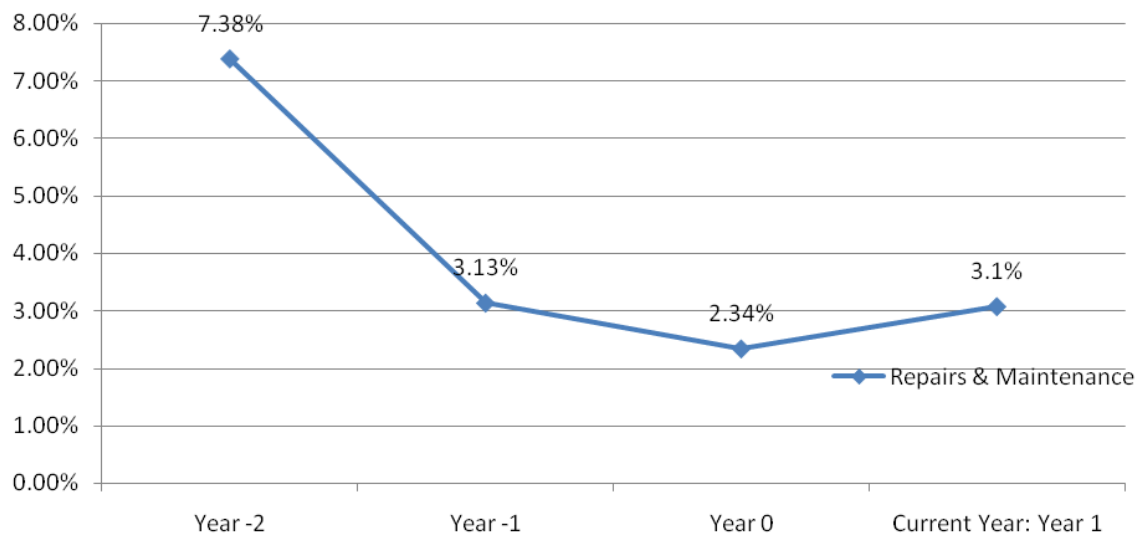
Chapter 5



T5.4.7

Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T5.4.8

COMMENT ON FINANCIAL RATIOS:

The financial position of the municipality has weakened significantly due to 50% cut (year on year). Furthermore, an increase in liabilities, with a decrease in liquidity ratio, has placed the municipality in an unhealthy position.

T5.4.9

Chapter 5

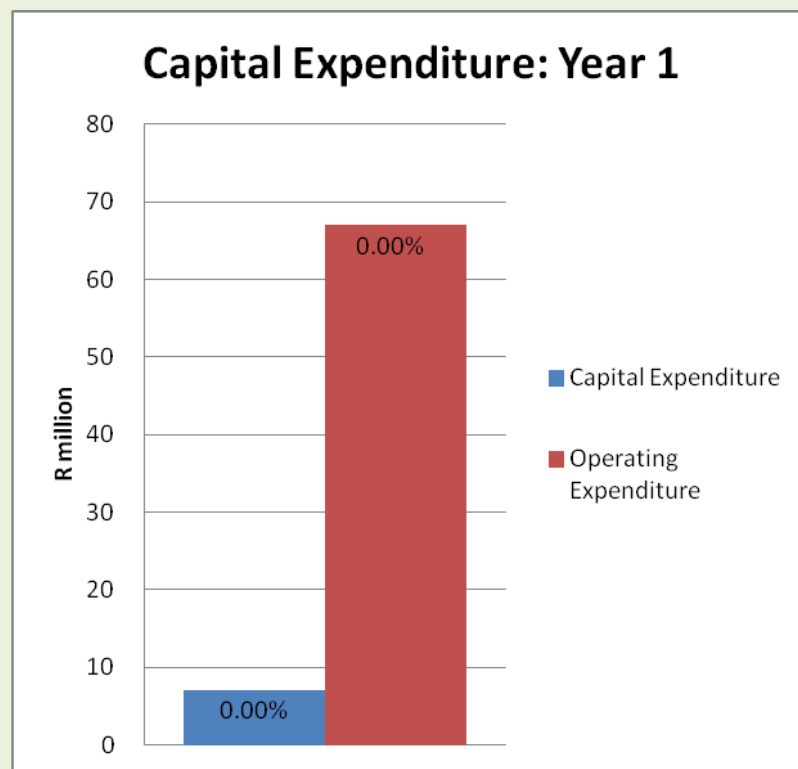
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital spending is insignificant (less than 10%) of the total budget.

T5.5.0

5.5 CAPITAL EXPENDITURE



T5.5.1

Chapter 5

R million	Original Budget	Adjustment Budget	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	5	8	-100.0%	-100.0%
	5	8	-100.0%	-100.0%
Operating Expenditure	62	68	15.0%	4.0%
	62	68	15.0%	4.0%
Total expenditure	67	76	6.0%	-7.0%
Water and sanitation	–	–		
Electricity	–	–		
Housing	–	–		
Roads, Pavements, Bridges and storm water	–	–		
Other	–	–		
	138	135	4.0%	1.5%
External Loans	–	–		
Internal contributions	–	–		
Grants and subsidies	65	69	36.5%	40.6%
Other	–	–		
	138	141	-1.8%	0.0%
External Loans	–	–		
Grants and subsidies	–	–		
Investments Redeemed	–	–		
Statutory Receipts (including VAT)	–	–		
Other Receipts	1	1	-44.5%	-20.3%
	1,182	1,189	-0.8%	-0.2%
Salaries, wages and allowances	35	33	6.7%	-0.4%
Cash and creditor payments	–	–		
Capital payments	–	–		
Investments made	–	–		
External loans repaid	–	–		
Statutory Payments (including VAT)	–	–		
Other payments	26	32	-1.4%	17.2%
	1,115	1,198	-6.1%	1.3%
	Original Budget	Adjustment Budget	Original Budget variance	Adjusted Budget Variance
Property rates	–	–		
Service charges	–	–		
Other own revenue	–	–		
	–	–		

Chapter 5

Employee related costs	-	-		
Provision for working capital	-	-		
Repairs and maintenance	2	2	33.8%	34.3%
Bulk purchases	-	-		
Other expenditure	-	-		
	2	2	50.0%	50.0%
Service charges: Electricity	-	-		
Grants & subsidies: Electricity	-	-		
Other revenue: Electricity	-	-		
	-	-		
Employee related costs: Electricity	-	-		
Provision for working capital: Electricity	-	-		
Repairs and maintenance: Electricity	-	-		
Bulk purchases: Electricity	-	-		
Other expenditure: Electricity	-	-		
	-	-		
Service charges: Water	-	-		
Grants & subsidies: Water	-	-		
Other revenue: Water	-	-		
	-	-		
Employee related costs: Water	-	-		
Provision for working capital: Water	-	-		
Repairs and maintenance: Water	-	-		
Bulk purchases: Water	-	-		
Other expenditure: Water	-	-		
	-	-		

Chapter 5

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources Year 0 to Year 1					
Details		Year 0	Year 1		
		Actual	Original Budget (OB)	Adjustment Budget	Actual
Source of finance					
	External loans	0	0	0	0
	Public contributions and donations	0	0	0	0
	Grants and subsidies	88276020	64875444	69319153	40588152
	Other	2602621	650767	781687	788956
Total		90878641	65526211	70100840	41377108
Percentage of finance					
	External loans	0.00%	0.00%	0.00%	0.00%
	Public contributions and donations	0.00%	0.00%	0.00%	0.00%
	Grants and subsidies	97.10%	99.00%	98.90%	98.10%
	Other	2.90%	1.00%	1.10%	1.90%
Capital expenditure					
	Water and sanitation	0	0	0	0
	Electricity	0	0	0	0
	Housing	0	0	0	0
	Roads and storm water	0	0	0	0
	Other	7479589	4757606	7522892	1457514
Total		7479589	4757606	7522892	1457514
Percentage of expenditure					
	Water and sanitation	0.00%	0.00%	0.00%	0.00%
	Electricity	0.00%	0.00%	0.00%	0.00%

Chapter 5

	Housing	0.00%	0.00%	0.00%	0.00%
	Roads and storm water	0.00%	0.00%	0.00%	0.00%
	Other	100.00%	100.00%	100.00%	100.00%
					T5.6.1

COMMENT ON SOURCES OF FUNDING

The significant change in grants received and grants budgeted for results from the R10mil that the municipality budgeted for which was owed by CoGTA. Subsequent year end, CoGTA confirmed that the R10mil grant would not be received.

As a result from the above, the municipality could not under-take any large capital projects.

T5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

COMMENT ON CAPITAL PROJECTS

No large projects for the municipality

T5.7.1.1

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The starting point for good cash flow management is developing a cash flow projection. It is also imperative to develop historical cash flow statements to understand how the money was used. Understanding the basic concepts of cash flow also helps for the unforeseen eventualities that nearly every municipality faces.

T5.9.0

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year 0	Current Year: Year 1		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	(7,646)	66	52	73
Government – operating	88,276	64,8758	69319	40,558
Government – capital				
Interest	731	165	256	284
Dividends				
Payments				
Suppliers and employees	(64,771)	(61,348)	(68,726)	(55,647)
Finance charges	(308)	(70)	(70)	(287)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	17,343	5,119	700	(11,886)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of assets	72			5,024
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				

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Capital assets	(6,253)	(4,758)	(7,523)	(1,929)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(6,181)	(4,758)	(7,523)	(3,095)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(398)	(364)	(364)	(452)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(398)	(363)	(364)	(452)
NET INCREASE/ (DECREASE) IN CASH HELD	11,062	0	(7,886)	(9,243)
Cash/cash equivalents at the year begin:	1,358	0	0	11,062
Cash/cash equivalents at the year end:	9,243	0	(7,886)	1,819
				T5.9.1

COMMENT ON CASH FLOW OUTCOMES:

In terms of own revenue, the municipality received more than anticipated. The Financial Assistance Grant from COGTA, which was a receivable, was only confirmed in December 2013 that it would not be received. This resulted in the actual on Government Grants receipts to be less than the budget amount and that had a negative effect on supplier payments and employees as outlined above

T5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality as a financially struggling organization only invests excess funds for a short-term aiming at maximizing the available revenue, which would be earning interest. Those said investments would be to meet financial obligations in the subsequent months. The municipality rather had finance leases and overdraft than borrowings.

T5.10.1

Chapter 5

Municipal and Entity Investments			
Investment* type	Year -1	Year 0	Year 1
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Municipality sub-total	0		0
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	0	0
			T5.10.4

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

The municipality did not have any investments and borrowing at year end.

T5.10.5

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The SCM policy that is in line with the model policy prescribed by the National Treasury, as well as the Contract Management Policy, have been developed and workshop conducted to employees of the municipality in February 2013. The SCM implementation checklist is also being implemented effectively by the unit. No Councilor is a member of any committee handling Supply Chain processes. All Supply Chain Officials (intern included) are yet to be fully compliant with the National Treasury competency requirements as they will be attending the MFMP during the 2013/14 financial year that is in accordance with the municipality's Work Skills Plan (WSP), which is over and above the CPMD (7 modules) attended and completed by the Supply Chain Manager only as well as the LGAAC course currently being attended by the Supply Chain Administrator. As for the remarks made by the Auditor-General and the remedial action thereof, queries were raised on non-compliance with the regulation and other applicable legislations, of which AG action plan was developed by the municipality to address such issues.

T5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognized Accounting Practice** and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

For the 2012/2013 financial year the municipality has complied with GRAP, except issues identified by the AG.

T5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 0

6.1 AUDITOR GENERAL REPORTS YEAR 0 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance Year 0	
Audit Report Status*:	Unqualified with emphasis of matters
Non-Compliance Issues	Remedial Action Taken
Irregular, unauthorised, fruitless and wasteful expenditure EX.8	<ol style="list-style-type: none"> 1. Management will enforce strict adherence to all relevant legislation. 2. Management will fully utilize SCM checklist to identify and minimize wasteful and irregular expenditure.
AFS:Material corrections made to Annual Financial Statements EX.74	<ol style="list-style-type: none"> 1. Monthly closing of books. 2. Posting will be done timeously. 3. Quarterly financials will be prepared and submitted to management and Audit Committee for review 4. AFS will be submitted to a technical expert for a high level (technical) review prior submission to the AG.
Expenditure: Invoices paid after 30 days EX.66	<ol style="list-style-type: none"> 1. Recording of all received invoice in the invoice register 2. Date stamp all received invoices to keep track of all invoices due for payments
No proof of banking details sent to National Treasury and AG. EX. 26	<ol style="list-style-type: none"> 1. All documents (incoming and outgoing) information of the municipality will be filed through the Electronic Document Management system.
Budget: Discrepancies noted. EX. 61	<ol style="list-style-type: none"> 1. Manager: Budget will submit all BTO reports to the IT Manager on a monthly basis (on the 10th day of the following month) for placement on the municipal website. 2. Manager: Budget to submit all adjustments budget documentation to manager IT for placement on the municipal website on the 10th day after budget approval. 3. Any variances noted will be explained and remedial actions will be provided.
T6.1.1	

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 1 (CURRENT YEAR)

6.2 AUDITORGENERAL REPORTYEAR 1

Auditor-General Report on Financial Performance Year 1	
Audit Report Status*:	Qualification
Non-Compliance Issues	Remedial Action Taken
Non-Compliance with Municipal Budget and Reporting Regulation Section 18(1)& 30 (1) EX.128	<ol style="list-style-type: none"> 1. The Budget and monthly budget statements will be submitted to the IT Unit for placement on the municipality's website within the required timeframes. 2. The budgets shall be placed on the municipality's website (made public) within 10 days after approval by council. 3. The budget monthly statements shall be placed on the municipal website.
Non-Compliance with the provision of MFMA 32 (4) EX. 129	The CFO will develop a mechanism to ensure compliance with the provisions of section 32 of the MFMA. The mechanism will include monitoring instruments.
Non-Compliance with Municipal Budget and Reporting Regulation Section 26(1) EX. 130	The budgets shall be placed on the municipality's website (made public) within 10 days after approval by council.
Non-Compliance with Municipal Investment Regulation9(1) EX.131	Submissions to the Mayor shall be made monthly.

Chapter 6

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 1

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 financial statements of Xhariep District Municipality set out on pages 167 to 241, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor -General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

Chapter 6

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Property, plant and equipment

6. SA Standard of GRAP 17 states that “the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. I was unable to obtain sufficient appropriate audit evidence regarding movable tangible assets, as the municipality did not account for the review of useful lives in the asset register submitted for audit. I was unable to confirm the carrying amount of Property, Plant and Equipment and depreciation by alternative means. Consequently I was unable to determine whether any adjustments relating to movable tangible assets stated at R20 082 803 and depreciation stated at R3 370 483 in the financial statements were necessary.

Commitments

7. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all commitments for the current and prior year due to the status of the accounting records. I was unable to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment to commitments stated at R1 328 470 (2012: R 4 843 658) in the financial statements was necessary.

Opinion

8. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Xhariep District Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA.

Emphasis of matters

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

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Irregular expenditure

10. As disclosed in note 36 to the financial statements, the municipality incurred irregular expenditure of R17 774 097 (2012: R 12 817 074) as proper procurement processes had not been followed as required by the supply chain management (SCM) regulations. The full extent of the irregular expenditure of R 17 774 097 is disclosed in note 36 to the financial statements.

Unauthorised expenditure

11. As disclosed in note 34 to the financial statements, the municipality incurred unauthorised expenditure of R 11 151 137 (2012: R 5 483 481) due to inadequate budgetary control measures.

Restatement of corresponding figures

12. As disclosed in note 33 to the financial statements, the corresponding figures for the year ended 30 June 2012 have been restated as a result of errors discovered during the year ended 30 June 2013 in the financial statements of Xhariep District Municipality at, and for the year ended, 30 June 2012.

Financial Sustainability

13. The financial statements included in the annual report on page 167 to 241 indicates that the Xhariep District Municipality incurred a deficit of R 29 390 104 during the year ended 30 June 2013 and, as of that date, the municipality's unspent conditional grants and a receipt of R1 992 053 exceeds the cash balance held by the municipality of R1 819 068. The net cash flow from operating activities is negative by an amount of R11 886 257 and the current liability of R8 520 540 exceed the current asset of R3 729 369. These conditions, along with other matters as set forth in the note 41, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.

Chapter 6

16. The reported performance against predetermined objectives was evaluated against the criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
17. The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

19. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives reported above.

Achievement of planned targets

20. Of the total number of 133 targets planned for the year, 47 of targets were not achieved during the year under review. This represents 35% of total planned targets that were not achieved during the year under review.

Compliance with laws and regulations

21. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements, performance and annual reports

22. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.

Expenditure Management

23. The accounting officer did not take reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

Chapter 6

24. Unauthorised, irregular and fruitless and wasteful expenditure was not investigated and as a result it was not recovered from the liable person, as required by section 32(2) of the MFMA.
25. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

Procurement and contract management

26. Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the municipality requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).

Conditional Grants received

27. The municipality did not submit the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(5) of DoRA.

Budgets

28. Monthly budget statements were not submitted on time to the Mayor and the relevant Provincial Treasury as required by section 71(1) of the MFMA.
29. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget in contravention of section 15 of the MFMA.

Revenue Management

30. An effective system of internal control for debtors was not in place, as required by section 64(2) of the MFMA.
31. Interest was not charged on all accounts in arrears, as required by section 64(2) (g) of the MFMA.

Asset Management

32. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the Municipal Finance Management Act.

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Consequences Management

33. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

Internal Control

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

35. The leadership of Xhariep District Municipality neglected to evaluate whether management had implemented effective internal controls. They did not gain a comprehensive understanding of how senior management members had met their responsibilities in terms of ensuring proper record management for preparing the financial statements and monitoring compliance to laws and regulations.
37. The leadership neglected to take appropriate action to address the lack of discipline in the finance and SCM directorates; this resulted in non-compliance matters reported above which in turn gave rise to the high level of irregular expenditure incurred in the financial statements.

Financial and performance management

38. The leadership of the municipality neglected to develop, implement and monitor internal control procedures to ensure that financial statements are prepared and subject to review. This oversight resulted in the challenge faced to submit financial statements to audit that are fully compliant to the SA Standards of GRAP and necessitated the amendment of financial statements provided for audit purposes and a qualified audit opinion.
39. Due to inadequate oversight on the part of senior management of the district municipality the regular review and monitoring of compliance to laws and regulations were not sufficiently prioritised. As a result, material non-compliance issues were noted that could have been prevented. The municipality did not have the human resource capacity throughout the financial year to adequately address prior year issues and weaknesses

Chapter 6

identified in the financial and control systems of the district municipality. This necessitated the municipality to make use of consultants to supplement such constraints.

40. Due to time pressure brought about by the fact that the process of preparing the financial statements was only started late in the financial year, sufficient time was not available to the Accounting Officer to properly review such statements for completeness and accuracy prior to submission thereof for auditing. This resulted in numerous findings relating to different account balances, classes of transactions and disclosures.
41. Staff within the finance and SCM directorate of the district municipality has insufficient understanding of the accounting framework and the SCM regulations. This contributed towards the misstatements identified in the financial statements and non-compliance with laws and regulations.

Bloemfontein

30 November 2013



T6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 1:

During the 2011/2012 financial year, the municipality obtained an unqualified audit opinion due to its irregular expenditure and going concern which is a continuous major concern. Whilst the municipality was in a process of implementing remedial actions to address the queries raised during the preceding year, there was an

Chapter 6

enormous change in management and a lot of vacancies in the Budget and Treasury Office which led to operations not being fully executed. The municipality then obtained a qualified audit opinion during the 2012/2013 financial year due to its commitments and fixed assets.

Additionally, there were other matters of non-compliance and internal control deficiencies identified.

T6.2.4

COMMENTS ON MFMA SECTION 71

The municipality did not submit all its returns timeously due to changes in reporting templates as the returns that were submitted on time we compiled using outdated templates. That has however been corrected.

Signed (Chief financial Officer)..... Dated

T6.2

GLOSSARY

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

GLOSSARY

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

GLOSSARY

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

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APPENDIX A –COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
CLLR MG NTWANAMBI	FT	Executive Mayor – Mayoral	ANC	54%	46%
		Council	ANC		
CLLR MG MODISE	FT	Corporate Services	ANC	62%	38%
		Mayoral Committee	ANC		
		Council	ANC		
CLLR JAFTA	PT	Planning & Social Development	ANC	77%	23%
		Council	ANC		
CLLR MM KHOTLELE	PT	Corporate Services	ANC	77%	23%
		Council	ANC		
CLLR MJ MOHAPI	PT	Budget and Treasury	ANC	70%	30%
		Council	ANC		
CLLR MJ MPHORE	PT	Corporate Services	COPE	92%	8%
		Council	COPE		
CLLR AJJ VAN RENSBURG	PT	Planning & Social dev	DA	62%	38%

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		Council	DA		
CLLR SA SOLA	PT	Budget & Treasury	ANC	77%	23%
		Council	ANC		
CLLR NC SPOCHTER	PT	Corporate Services	ANC	77%	23%
CLLR H SHEBE	PT	Budget & Treasury	DA	92%	8%
		Council	DA		
CLLR VA MONA	FT	Budget & Treasury	ANC	92%	8%
CLLR P DIBE	PT	Planning & Social Development	ANC	70%	30%
		Council	ANC		
CLLR I MEHLOMAKULU	FT	Planning & Social Development	ANC	77%	23%
		Mayoral Committee	ANC		
		Council	ANC		
CLLR MJ SEHANKA	FT	Speaker - Council	ANC	92%	8%
CLLR JJ MAKITLE	PT	Budget & Treasury	ANC	70%	30%
		Council	ANC		
CLLR ML SEHLOHO	PT	Budget & Treasury	ANC	70%	30%
		Council	ANC		

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APPENDIX B—COMMITTEES AND COMMITTEE PURPOSES

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

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria		
Cleansing	No	
Control of public nuisances	No	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	No	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	No	
Local sport facilities	No	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	No	
Municipal roads	No	
Noise pollution	No	
Pounds	No	
Public places	No	
Refuse removal, refuse dumps and solid waste disposal	No	
Street trading	No	
Street lighting	No	
Traffic and parking	No	
T D		

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 5, Part B functions:		
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	No	
Cleansing	No	
Control of public nuisances	No	

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Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
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Municipal parks and recreation	No	
Municipal roads	No	
Noise pollution	No	
Pounds	No	
Public places	No	
Refuse removal, refuse dumps and solid waste disposal	No	
Street trading	No	
Street lighting	No	
Traffic and parking	No	
T D		

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APPENDIX G –RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1

Municipal Audit Committee Recommendation		
Date of meeting of Committee	Audit recommendation during year 1	Recommendation adopted (enter Yes) if no provide provided (provide explanation)
17 August 2012	The Revised Risk Management Strategy, Risk Assessment Report as well as the Risk Register be presented to the Risk Committee prior submission to the Shared Audit and Performance Committee.	Yes
	Risk Committee should hold their meeting prior the meetings of the Shared Audit and Performance Committee.	Yes
	Management to develop controls for achieving clean audit.	Yes
	Internal Audit report on quarterly basis to the SAPC on progress made by Management and CFO towards Operation Clean Audit.	Yes
	Chief Financial Officer to submit quarterly Financial Statement to the SAPC using the template provided by National Treasury.	Yes
	Action plan be presented to SAPC members.	Yes
	Internal Auditors to conduct peer reviews on Quality Assurance	Training on Quality assurance still pending.
	Internal Auditors to undergo training on Quality Assurance.	The Institute of Internal Auditors postponed the training until further notice.
	Makomota to submit annexures of the financial Statements no later than Wednesday to SAPC members.	No
	The draft Audit Committee Report be edited to include comments made by SAPC.	Yes

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	The Compliance Evaluation Matrix should form part of all quarterly SAPC meetings, and evidence should be provided to substantiate performance by SAPC.	Yes
	SAPC agenda be numbered in a continuous format.	Yes
	Action plan be presented to SAPC members.	Yes
03 October 2012	CAE's to confirm with the SAPC members through an e-mail if it will be possible to have a SAPC meeting between the dates of 27 – 29 November 2012.	Yes
25 March 2013	Bi-annual Financial Statements to be submitted at the next scheduled meeting.	Yes
	CAE to contact IIA SA for the pro-forma invoice for the training on Quality Assurance	Yes
	Compliance Evaluation Matrix to be completed and submitted at the next SAPC meeting.	Yes
	Numbering of the SAPC agenda in a continuous format be postponed for implementation to the forthcoming financial year.	Yes
	The risk profile of the Shared Audit and Performance Committee to remain the same.	Yes
	The SAPC risk template to be forwarded to the CAE	Yes
	Risk registers to be a standing item in all SAPC meeting	Yes
	Progress to be reported in the forthcoming SAPC meeting on all Risk Management activities.	No, the position of Chief Risk Officer is still vacant.
	Report on the implementation of management action plan should be a standing item in all SAPC meeting.	Yes
	The AGSA Key Controls Dashboard report should be presented in all SAPC meeting.	Yes

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	An analysis prepared by the PMS unit on quarterly performance should be a standing item in all SAPC meetings.	Yes
	A work shop on asset management policy and all budget related policy be conducted to all employees	No
	The SAPC to send 1 st and 2 nd quarter Audit Committee reports, report in response to issues raised by AGSA and report in terms of performance regulation to council to the CAE.	Yes
13 June 2012	CRO to be appointed before the end of 1 st quarter.	In progress
	A workshop on Asset Management policy to be conducted.	No
	Non implemented resolution of SAPC to be deferred to the forthcoming year.	In progress
	Monthly follow up of SAPC resolution.	Yes
	Review of SAPC charter to include requirements of IIA	In progress
	Review of material figures on Interim Financial Statements for supporting documentation	No, Audit File was not provided to Internal Audit

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APPENDIX H—LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into Year 1)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
L2 Consulting	Microsoft volume licensing	24-Jul-12	Once off	Mr T Lomo	R510,000.00
Makomota Investment Holdings PTY (ltd)	GRAP compliant AFS	5-Jul-12	Once off	Miss SY Mgudlwa	R549,423.00
Emale rona Trading cc	Document Management System	27-Sep-12	Once off	Mr T Lomo	R640,000.00
LQ Technologies	Upgrading of IT system at Xhariep District Municipality	31-Oct-12	Once off	Mr T Lomo	R896,952.00
Njunga Construction	Upgrading of IT system at Letsemeng Local Municipality	31-Oct-12	Once off	Mr T Lomo	R957,000.00
Stimer construction and projects	Provision and installation of security system at Letsemeng Local Municipality	31-Oct-12	Once off	Mr T Lomo	R2,820,523.59
Lekhetho and sons	Supply of two blade servers and one sharepoint server for XDM	31-Oct-12	Once off	Mr T Lomo	R332,880.00
Stimer construction and projects	Installation of wireless alarm system	31-Oct-12	Once off	Mr T Lomo	R676,933.00
KTP Management Consultancy	Review of LED strategy	10-Dec-12	Once off	Mr M Mohale	R189,111.00
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APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators (ii)	Year 0		Year 1		Year 2	Year 4		
		Target	Actual	Target		Actual	Target		
	(b) Service Targets (iii)	*Previous Year (iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
Friday Management Solutions (Review of Organisational Performance Management System)	31-Jul-13			31-Jul-13	31-Jul-13				
Mokamota Investment Holdings Pty Ltd (GRAP)	31-Aug-12	31-Aug-12	31-Aug-13	31-Aug-13	31-Aug-13				

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Compliant AFS)									
Stimer construction & projects (Installation of Wireless alarm system)	31-Nov-12	31-Nov-12	31-Nov-12						
Capricorn Group (Training of Occupational Health and Safety for EPWP labourers)	12-Dec-12	12-Dec-12	12-Dec-12						
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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 1 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	M.G Ntwanambi	Nil
Member of MayCo / Exco		
	M.G Modise	Nil
	N.I Mehlomakhulu	Nil
	V. Mona	Nil
Councillor	N Jafta	Nil
	H Shebe	Volksblad
	MM Khotlele	Nil
	M.J Mohapi	Nil
	M.J Mphore	Thupzen General Trading; Lesdi FM
	NC Spochter	Nil
	S. A Sola	Sanlam omputers
Municipal Manager	T.L Mkhwane	Nil
Chief Financial Officer	E N Mokhesuoe	Nil
Deputy MM and (Executive) Directors	MM Kubeka	Nil
Other S57 Officials	MM Seekoei	Nil

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VOLUME II

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year 0	Current Year: Year 1			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - General Council	5,779	8,368	8,132	8,132	97.18%	100.00%
Vote 2 - Municipal Manager	12,596	6,049	5,880	5,880	97.21%	100.00%
Vote 3 - Budget & Treasury Office	47,305	13,283	21,464	21,464	161.59%	100.00%
Vote 4 - Planning & Development	8,177	12,017	11,901	11,901	99.03%	100.00%
Vote 5 - Corporate Services	17,967	26,829	26,110	26,110	97.32%	100.00%
Vote 6 - Community Services						
Vote 7 - [Name of sub-vote]						
Vote 8 - [Name of sub-vote]						
Vote 9 - [NAME OF VOTE 9]						
Vote 10 - [NAME OF VOTE 10]						
Vote 11 - [NAME OF VOTE 11]						
Vote 12 - [NAME OF VOTE 12]						
Vote 13 - [NAME OF VOTE 13]						
Vote 14 - [NAME OF VOTE 14]						
Vote 15 - [NAME OF VOTE 15]						
Total Revenue by Vote	91,824	66,546	73,486	73,486	0	0

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APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	Year 0	Year 1			Year 1 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates							
Property rates - penalties & collection charges							
Service Charges - electricity revenue							
Service Charges - water revenue							
Service Charges - sanitation revenue							
Service Charges - refuse revenue							
Service Charges - other							
Rentals of facilities and equipment	367	485	523	505	-4%	-3%	
Interest earned - external investments	731	165	256	285	-72%	-11%	
Interest earned - outstanding debtors							
Dividends received							
Fines							
Licences and permits							
Agency services							
Transfers recognised - operational	88,276	64,875	69,319	40,558	27.5%	17%	
Other revenue	1,504			-			
Gains on disposal of PPE							
Environmental Protection							
Total Revenue (excluding capital transfers and contributions)	90,878	65,526	70,101	41,337	37%	41%	
T K.2							

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Refer to note 17 of the Annual Financial Statements for conditional grants received by the municipality and the expenditure thereof.

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APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
							R '000
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							

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<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community - Total	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

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Table continued from previous page

Capital Expenditure - New Assets Programme*							
							R '000
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Heritage assets - Total</u>	-	-		-	-	-	-
Buildings							
Other							
<u>Investment properties - Total</u>	-	-		-	-	-	-
Housing development							
Other							
-							
<u>Other assets</u>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							

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<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	-	-		-	-	-	-
<u>Specialised vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
							TM.1

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APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							

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<i>Gas</i>							
<i>Other</i>							
<u>Community</u>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<u>Heritage assets</u>	13,580			13,202	-	-	-
Buildings	13,580			13,202			
Other							

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previous page

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Investment properties</u>	-	-		-	-	-	-
Housing development							
Other							
<u>Other assets</u>	8,462			6,880	-	-	-
General vehicles	840			570			
Specialised vehicles	-		-	-			
Plant & equipment							
Computers - hardware/equipment	870			498			
Furniture and other office equipment	1,318			1,175			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	5,434			4,637			
<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							

Contents

Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
<i>Other (list sub-class)</i>							
Total Capital Expenditure on renewal of existing assets	-	2,958		4,302	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
							T M.2

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APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

MFMA Section 71 Returns Not Made During Year 1 According to Reporting Requirements	
Return	Reason Return has not been properly made on due date
1-Jul-12	Report was compiled and submitted on time but were not considered due to the fact that the municipality submitted the returns on outdated templates.
1-Aug-12	The report was compiled and submitted on time but was not considered due to the fact that the municipality submitted the said return on an outdated template.
1-Sep-12	The report was compiled and submitted on time but was not considered due to the fact that the municipality submitted the said return on an outdated template.
1-Oct-12	The report was compiled and submitted on time but was not considered due to the fact that the municipality submitted the said return on an outdated template.
1-Dec-12	The report was compiled and submitted on time but was not considered due to the fact that the municipality submitted the said return on an outdated template.
1-Jan-13	The report was compiled and submitted on time but was not considered due to the fact that the municipality submitted the said return on an outdated template.
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APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	N/A	
Output: Implementation of the Community Work Programme	N/A	
Output: Deepen democracy through a refined Ward Committee model	N/A	
Output: Administrative and financial capability	Xhariep is doing well in terms of this output. For the past two financial years the municipality made remarkable strides in terms of improving its Audit opinion from a qualification to unqualified. Budget related policies are in place and approved by Council. Financial statements are GRAP Compliant.	85%
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VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.