

2011/2012

ANNUAL
ANNUAL
REPORT

Overberg
District Municipality



DRAFT

Contents

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VOLUME II: ANNUAL FINANCIAL STATEMENTS

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

To be complete

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

To be complete

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Overberg District Municipality (ODM) is situated in the south of the Western Cape and borders the Indian and Atlantic Oceans to the south, and Cape Town, Cape Winelands and Eden to the west, north and east, with its head office in Bredasdorp.

The region in large comprises an area of over 12 240 km² with demarcated wards, with a population of 258 176 people.

The District is divided in four local municipalities, namely Theewaterskloof, Overstrand, Cape Agulhas and Swellendam.

Theewaterskloof Local Municipality, with its headquarters in Caledon, includes Genadendal, Grabouw, Villiersdorp, Greyton, Bot River and Riviersonderend. Agricultural activities include wheat production, stock farming and fruit production.

Overstrand Local Municipality, with its headquarters in Hermanus, includes Gansbaai, Stanford, Kleinmond, Hawston, Rooi Els, Pringle Bay, Hangklip, Onrus, Vermont, Sandbaai, De Kelders, Kleinbaai, Franskraal, Pearly Beach and Baardskeerdersbos. The area is mainly known as a tourism and holiday destination, and is well known for its small fishing communities.

Cape Agulhas Municipality, with its headquarters in Bredasdorp, includes Arniston (Waenhuiskrans), Struisbaai, L'Agulhas, Suiderstrand, Napier and Elim. Agricultural activities include wheat production, stock farming and small fishing communities. The area is also known as a holiday destination with the most southern point of Africa at L'Agulhas.

Swellendam Local Municipality, with its headquarters in Swellendam, includes Suurbraak, Buffeljagsrivier and Barrydale. Agricultural activities include wheat production and stock farming.

Basic Services

The District has no households and the functions of water, sanitation, electricity, refuse and housing, etc. are delivered by the Local Municipalities. The municipality maintains 430 km asphalt and 3200 km gravel roads as an agent function for the Provincial Department of Transport and Public Works in Overberg area. The ODM executes the nine functions of the Municipal Health Act, 2003, in the district, which has a direct impact on the residents of the area. The ODM manages a regional waste management site, which services 26629 premises respectively of Overstrand and Theewaterskloof area. The ODM co-ordinates the compilation of a Comprehensive Bulk Infrastructure Master Plan (Water & sanitation) for each of the municipalities in the district, in conjunction with the Department of Local Government and Housing (LG&H) of the Western Cape.

Population

According to the 2011 Census the population of the Overberg District is home to 258 176 people and accounts for 4.43% of the Western Cape Population.

The total number of **households** within the municipal area increased from 60 057 in the 2007 Community Survey to 77196 in the 2011 Census. Households are defined as all structures in both formal and informal areas.

Chapter 1

Age Distribution

The population can be classified into three main groups, namely: children (0 – 14 years); economically active population (15 - 64 years); and persons aged 65 years and older.

In 2001, the population composition was as follows: Children at 26.7%, economically active population at 66.6% and persons aged 65 and older at 6.8% of the population.

In 2007, the population was 25.4% children, 66,6% economically active and 65% persons aged 65 and 8.1% older.

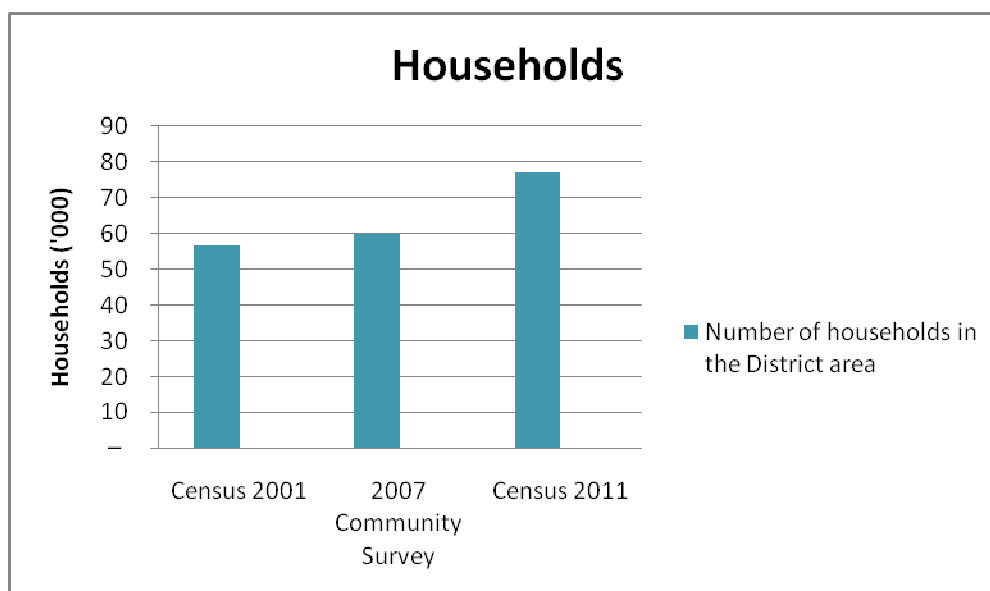
In 2011, the population is 24.1% children, 59.9% economically active and 13,9% age 65 and older.

Gender

According to the 2011 Census 50% of the population in the Overberg are 50% male and 50% female.

Population Details of Overberg District									
Age	Population '000								
	Census 2001			Community Survey 2007			Census 2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	9	9	18	10	8	18	11	11	22
Age: 5 - 9	9	9	18	10	10	20	10	10	20
Age: 10 - 19	18	18	35	16	18	34	20	20	40
Age: 20 - 29	19	17	36	18	17	35	25	23	48
Age: 30 - 39	16	16	33	17	17	33	20	19	39
Age: 40 - 49	12	12	24	13	14	28	17	17	34
Age: 50 - 59	8	12	20	10	10	19	12	12	24
Age: 60 - 69	6	6	12	7	8	15	8	9	17
Age: 70+	5	4	8	4	6	10	6	8	14

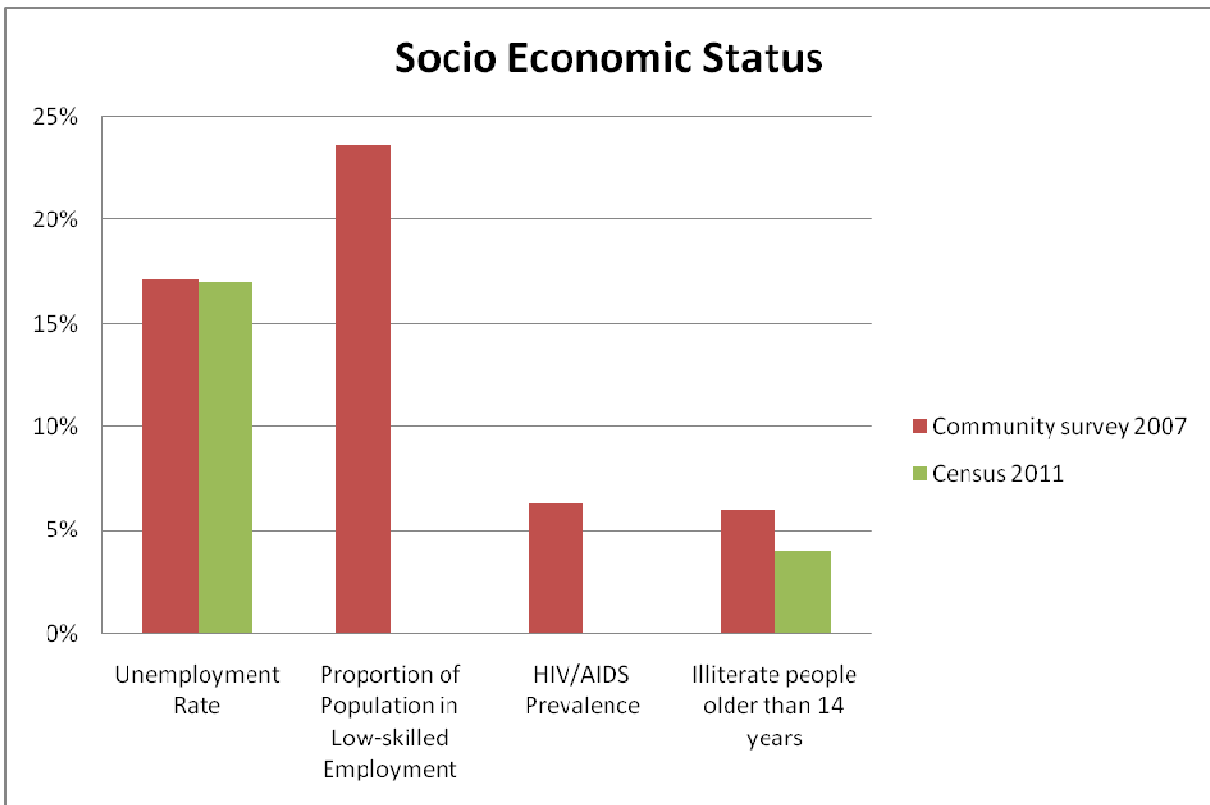
Source: Statistics SA



Chapter 1

Socio Economic Status				
Year	Unemployment Rate	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Community survey 2007	17%	24%	6%	6%
Census 2011	17%	*24%	*6%	4%

*Stats SA * 2011 figures not available, refer to Community Survey 2007*



Chapter 1

Overview of Local Municipalities in the District

Information regarding the number of **Settlement Type, Household** and **Population, etc.**, can be obtained from the annual reports of the following Local Municipalities in the district.

- Theewaterskloof
- Overstrand
- Cape Agulhas
- Swellendam

Natural Resources

Major Natural Resource	Relevance to Community
Wheat production	Economic and job creation
Fruit production	Economic and job creation
Stock farming	Economic and job creation
Wine production	Economic and job creation
Tourism	Economic and job creation
Fishing	Economic and job creation
Fynbos	Export of flowers contribute to the economy and job creation in the district

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Access to basic services has a considerable influence on the standard of living and quality of life of people, and is also a key government priority.

The focus of the Overberg District Municipality on service delivery are different from those of the Local Municipalities, which are responsible for electricity, water, sanitation and waste collection of the households in their respective areas. For information on basic service delivery, see annual reports of the Local Municipalities in the district.

The Overberg District Municipality is responsible to maintain the roads network in the district, whilst streets are the responsibility of the local municipalities. Roads are the lifelines of any economy, and an effective and well maintained road network improves socio-economic conditions of the people living in rural areas.

Municipal Health, including Waste Management, is executed in terms of the National Health Act (Act 61 of 2003) to provide and facilitate comprehensive, pro-active and need-related services to ensure a safe, healthy environment, thereby preventing and eliminating sources of diseases.

The municipality renders a fire and disaster management service in the municipal area of Swellendam, Theewaterskloof and Cape Agulhas, and works on an agreement basis in the Overstrand area when necessary. The municipality experience problems to deliver the function of solid waste management based on the co-operation of local municipalities and financial capacity.

Chapter 1

The municipality continuously promotes sustainable development by means of commenting on various development applications regarding environmental issues. It forms a permanent structure in the form of the Overberg Integrated Conservation Group for Environmental Management with role players such as SANParks, Cape Nature Conservation, Agulhas Biodiversity Initiative and Overstrand Conservation Group. Their role is to co-ordinate environmental activities within the boundaries of the district and serve as a task team.

Electricity

The main supplier of electricity in the Overberg District is Eskom, which sells electricity to Local Municipalities and also supplies directly to the rural areas. The Municipality recognises the use of renewable energy as a means to generate electricity to supplement Eskom's need to increase natural energy.

Water

The main sources of water in the Overberg district are boreholes, springs, dams, pools, rivers, streams and rainwater. The Overberg Water Board distributes water to the surrounding and rural areas of Cape Agulhas, Theewaterskloof and Swellendam.

Sanitation

The function of sanitation is the responsibility of the Local Municipalities

Waste collection

The function of waste collection is the responsibility of the Local Municipalities.

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality had serious financial challenges during the year under review. The Equitable Share replacing the RSC levies did not increase in line with inflation which resulted in serious cash constraints for the municipality. The situation deteriorated so badly that the auditors expressed doubt that the municipality could still be regarded as a going concern.

In spite of the cash constraints the municipality was still able to pay all creditors during the year. The biggest achievement however during the year under review was that the municipality improved its audit opinion from a qualified opinion in the previous year to an unqualified opinion for the year under review.

Financial Overview - 2011/12			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	82 599	87 763	81 540
Taxes, Levies and tariffs	21 638	12 881	12 709
Other	4 628	5 545	6 059
Sub Total	108 864	106 188	100 308
Less Expenditure	108 851	113 775	107 199
Net Total*	14	(7 586)	(6 891)
<i>* Note: surplus/(deficit)</i>			

Chapter 1

Operating Ratios	
Detail	%
Employee Cost	51.10%
Repairs & Maintenance	15.70%
Finance Charges & Depreciation	3.54%

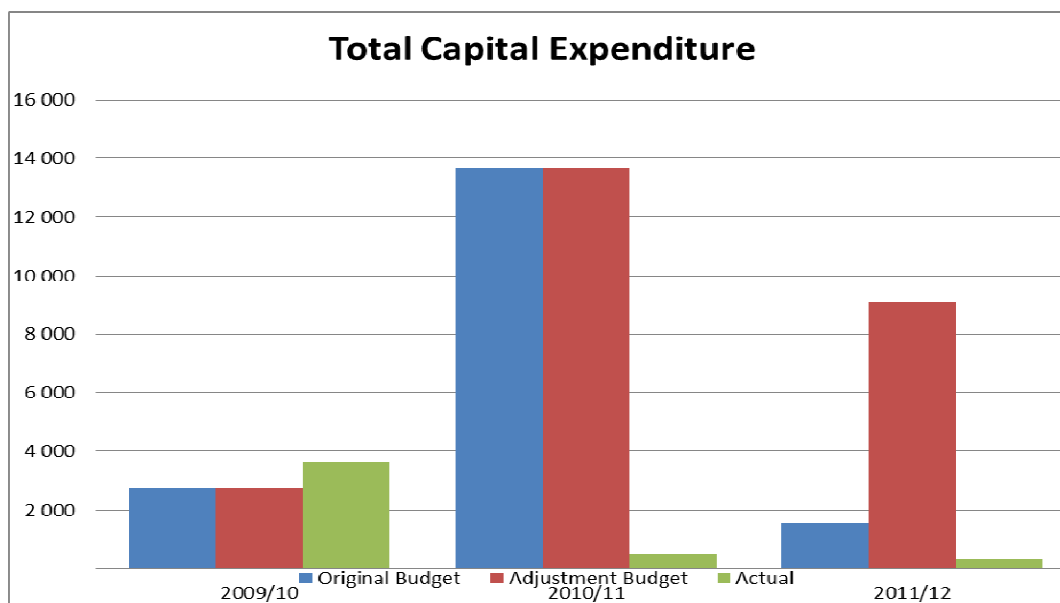
COMMENT ON OPERATING RATIOS:

Although the ratio in respect of employee cost is way above the norm it must be kept in mind that the Equitable Share did not increase in line with inflation while employee costs in some years increased with a higher percentage than the inflation rate. The core functions of the municipality, especially Municipal Health and Fire Brigade services, are staff intensive functions and contribute significantly to employee costs.

Repairs and maintenance are within the acceptable norm, but mainly due to the roads function. Repairs and maintenance on the municipality's assets are highly neglected and it is now catching up with daily service delivery, especially at the resorts operated by the municipality.

Finance charges and depreciation are way below the norm. This could mainly be attributed to the fact that the municipality does not own a lot of infrastructure assets.

Total Capital Expenditure: 2009/10 to 2011/12			
	R'000		
Detail	2009/10	2010/11	2011/12
Original Budget	2 750	13 662	1 545
Adjustment Budget	2 750	13 662	9 102
Actual	3 651	476	328



COMMENT ON CAPITAL EXPENDITURE:

The municipality budgeted for the expansion of the Karwyderskraal regional landfill site for the 2010/11 financial year as well as the adjustment budget for 2011/12. Due to problems encountered to raise external financing for the project it could not start. The actual expenditure was therefore much less in both these years than what was budgeted for.

Furthermore the municipality encountered serious financial and cash constraints and capital expenditure was therefore limited to the absolute minimum. Only essential items without which service delivery would completely collapse were bought.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

In March 2012 the Municipality adopted a new organisational structure with two major departments, namely Management Services and Community Services. The Department Management Services is responsible for the functions of Finance and Corporate, and the Departments Community Services for Roads, Municipal Health, Environmental Management, Resorts and Fire & Disaster Management. The macrostructure consists out of a Municipal Manager with two Directors, namely Director Management Services and a Director Community Services.

The approved structure for the Administration has 432 posts, 290 which were filled on 30 June 2012.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 2011/2012

The municipality received an unqualified opinion with other matters for the year under review. This is a vast improvement from the qualified opinion the previous year.

Most of the findings raised during the audit were in respect of matters raised during the previous year that were only corrected after the previous audit was completed. For the 2010/11 there was 133 unsolved findings addressed in the audit report. For the year under review there were only 59 unsolved findings in the audit report.

Steps taken to improve the audit opinion included an action plan converted to an OPCAR (Operation Clean Audit Report) addressing the specific findings raised during the 2010/11 audit. Unfortunately some of the findings could still not be addressed due to the limited financial resources of the municipality.

Classification of finding	No	Comments
Misstatements in financial statements	19	Mostly difference in interpretation
Misstatements in annual performance report	2	Addressed during audit
Non-compliance with laws & regulations	24	Mostly items addressed after previous audit, but not for the whole year under review
Internal control deficiency	14	will be addressed in new financial year

Chapter 1

Misstatements in financial statements: This related mostly to the auditor's opinion how results should be reflected in the financial statements. There were however 6 findings related to assets which would have affected the final outcome had it not been adjusted in the financial statements. The provision for rehabilitation of the landfill site was done in accordance with the National Treasury guideline. The auditor was of a different opinion and the financial statements were adjusted accordingly. The other 12 findings were due to a different interpretation of disclosure and had no effect on the final results.

Misstatements in annual performance report: Two findings were raised on the annual performance report. It related to proof of evidence that performance targets were actually performed. A system has been put in place to ensure that the necessary proof of evidence will be available in future.

Non-compliance with laws and regulations: Nine of the unsolved findings were in respect of Supply Chain Management. These matters were addressed during the year and the finding was in respect of deviations during the first half of the financial year;

One finding was in respect of the Audit Committee which was not functional for the whole financial year. The Audit & Performance Committee was dissolved in January 2011, but was re-established in December 2011.

One finding was in respect of the unspent conditional grants that were not cash backed. This was impossible due to the financial situation of the municipality;

Eight findings were in respect of pre-determined objectives. This will be addressed in the new financial year;

Five findings were in respect of matters not completed within the prescribed time frames. This has already been addressed and should not be a finding during the new financial year.

Internal control deficiency: One of the findings was in respect of the risk manager. This post could not be filled due to financial constraints, but will address it by means of shared services;

Two findings were in respect of the asset count procedures. This has already been addressed;

One finding was in respect of pre-determined objectives. This will be addressed during the new financial year;

Three findings were in respect to employee costs and the treatment and proof of scrutinising of completed actions;

One finding was in respect of remittance advices for inventory. This has already been addressed;

Five findings were in respect of IT policies not approved and implemented. This will be addressed during the new financial year;

One finding was in respect of the authorisation of journal entries. This could have been prevented and should not be a problem in future.

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

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 4 th quarter Report for previous financial year	
4	Municipality submits annual financial statements and performance report to Auditor General.	August
5	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
6	Audit/Performance committee considers Performance Report and Financial Statements of municipality	September
7	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September/ October
8	Municipalities receive Auditor General's comments	November
9	Municipalities start to address the Auditor General's comments	January
10	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
11	Audited Annual Report is made public and representation is invited	February
12	Oversight Committee assesses Annual Report	March
13	Council adopts Oversight report	
14	Oversight report is made public	March/April
15	Oversight report is submitted to PT, NT and MEC for Local Government	
16	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	March

COMMENT ON THE ANNUAL REPORT PROCESS

The formats of reporting make it difficult to incorporate the financial figure in the performance report within the required timeframe.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Good governance is reflected by participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive government that complies with the rule of law. It assures that corruption is minimised, the views of minorities are taken into account, and that the voices of the most vulnerable in society are being heard in decision-making. Good governance is also responsive to the present and future needs of society.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor. Council's primary and most substantive role are to debate issues publicly, and to facilitate political debate and discussions. Council plays a very active role in the operations of the Municipality. Apart from their functions as decision makers, councillors are also actively involved in community work.

The Administration is governance by a Municipal Manager, who heads the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities.

For the year under review the municipality experienced a stable political climate, which is to the benefit of the community.

Note: The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community

2.1. POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Executive Mayor has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the municipality, the Executive Mayor operates in consultation with the Executive Mayoral Committee. The Council is controlled by a majority political party.

Council also established Section 80 Committees that specialise in specific functional areas of the Municipality, and make recommendations on specific functional issues. The committees advise on policy matters and make recommendations to the Mayoral Committee, or the Council via the Executive Mayoral Committees. The Municipality has 4 Section 80 Committees, viz. Finance, Corporate & IGR, Local Economic Development (LED) & Tourism and Community Services. The Community Services Committee deals with the function of Roads, Resorts, Municipal Health, Environmental Management and Fire & Disaster Management.

The Audit and Performance Committee is an independent advisory body which advice the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality on financial, control, risk management, accounting policies, performance management and effective governance.

Chapter 2

Council also established a Municipal Public Accounts Committee which performs the function of the Oversight Committee on the Annual Report, of which a member of the Audit and Performance Committee was also part. The Oversight Report on the Annual Report was adopted by Council on 26 March 2012, after which it was made public.

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

POLITICAL STRUCTURE



*Cllr. Lincoln M de Bruyn
(Executive Mayor)*



*Cllr. J du Toit Loubser
(Deputy Executive
Mayor)*



*Ald. D du Toit
(Speaker)*

EXECUTIVE MAYORAL COMMITTEE



*Cllr. D Oosthuizen
(Chairperson: Finance
Portfolio Committee)*



*Cllr. I Sileku
(Chairperson: LED &
Tourism Portfolio
Committee)*



*Cllr. A Franken
(Chairperson: Community
Portfolio Committee)*



*Cllr. K Tiemie
(Chairperson: Corporate &
IGR Portfolio Committee)*

COUNCILLORS

The district council consists of 21 councillors of which nine are councillors, who are elected for the district council on a proportional basis by all voters in the area and twelfth councillors who represent the local municipalities.

The Municipality is governed by the DA (12 councillors) as the majority party and the ANC (9 Councillors).

Appendix A - List of Councillors including committee allocations and attendance at council meetings.

Appendix B - Committees and committee purposes.

POLITICAL DECISION-TAKING

Political decisions are taken in a formal meeting where all participating political parties in Council have equal opportunity to deliberate the items as per agenda whereafter a resolution is adopted.

97% of Council resolutions were implemented. The following council resolutions were not implemented: Item, A15.25.10.11 – Lease Agreements –Uilenskraalmond is not finalized yet, due to the fact of ownership of the ground. Item A14. 26.03.2012 - Capital assets: Various Properties – Due to budget constrains the properties cannot be sold and the clarity needs to be done in terms of the title deeds.

The item regarding the back pay made to Councillors on the premise of an election held at an invalid meeting on 09 July 2010 needs to investigate by a Section 32 Committee.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of section 60(b) of the MFMA, 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 to political structures, political office bearers and officials of the municipality.

The management team of the municipality is formed by a Municipal Manager and two Directors. The municipality experiences instability of Municipal Managers, because for the past five years the administration was headed by Acting Municipal Managers. In the year under reviewed Department of Local Government - Western Cape assisted with an Acting Municipal Manager for six month. Council appointed a Municipal Manager from the 1st of March 2012. Both Directors did not fulfill their duties for the greater part of the year, and the Municipal Manager was assisted by the third level of management to execute and perform council's objectives. Both the positions of directors are vacant and will be filled during the 2012/2013 financial year.

The macro organisational structure, which forms the framework of the Administrative Structure, was changed from three Directorates (Financial, Corporate and Community Services) to two Directorates (Management and Community Services).

TOP ADMINISTRATIVE STRUCTURE



Mr. M P du Plessis
(Municipal Manager)

Directorate Community Services

- Roads
- Resorts
- Environmental Management
- Municipal Health
- Fire & Disaster Management



Mr. W A du Toit
(Acting Director:
Community Services)



Vacant
(Director: Management
Services)

Directorate Management Services

- Income, Expenditure IT
- SCM
- Financial Services
- IDP, LED & Tourism
- Performance Management
- Corporate Services
- Human Resources

See **Appendix C** for third tier administrative structure.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

A number of intergovernmental structures promote and facilitate co-operative governance and intergovernmental relations between the respective spheres of government. Intergovernmental relations are regulated by the Intergovernmental Relations Framework Act, 1997.

Intergovernmental relation has improved significantly between the local municipalities and the district municipality.

The District Municipality succeeded to develop an Integrated Development Plan (IDP) for the District, which is one of the most important instruments of co-operation between provincial and local government.

Note: MSA 53 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution S41.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality did not take part in any National Intergovernmental Structures in the year under review.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The district attended and participated in two MinMay forums and one MinMayTech meeting. The PCF meeting was attended in the first quarter. No particular agenda item or matter of referral was registered by the Municipality, but the municipality participated and contributed to discussions in general. The municipality also attends Provincial Treasury meetings.

The Municipality also participated actively in the following IGR structures: LGMTEC, Provincial Local Economic Development Forum, PPPCF, Provincial Skills Development Forum, Western Cape Municipal Health Working Group, Western Cape Air Quality Forum, Western Cape Food Control Committee, Western Cape Municipal Health Working Group, Provincial Waste Management Forum, Provincial Fire Working Group, Provincial Disaster Management Advisory Forum, District EPWP Forum, Provincial IDP Managers Forum and SALGA Working Groups.

The attending of above-mentioned IGR forums serves as a platform to enhance co-operative governance, share best practices and seek strategic consensus in addressing national, provincial and local priorities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

After a long period of not functioning, the municipality could manage to arrange three District Co-ordinating Forum (DCF) meetings in the second half of the year. The meetings were held on 22 February 2012, 2 May 2012 and 16 May 2012. All Municipalities in the district attended and participated in the meetings, except Swellendam which did not attend the meeting of 2 May 2012. The municipality could only manage to hold one DCF TECH meeting on 1 December 2013 and it was attended by all Local Municipalities in the district.

The following technical support structures exist between the District Municipality and the Local Municipalities

with different focus areas: District Skills Development Forum, District IDP Representative/Public Participation & Communication Forum, and District Managers Forum. However, some of the forums could not meet as planned during the year.

The district municipality has also forums in place involving Local Municipalities and other role players, such as Overberg Integrated Conservation Group, Karwyderskraal Landfill Monitoring Committee, and District Fire Working Group.

The advantage of the forums is that short comings and problems experienced can be identified and addressed to the benefit of the community. The forums also give strategic direction of development and also serve as a structured way of communication.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipality vision states that the municipality is **totally committed to serve the Overberg**. The communities have a right and a responsibility to participate in local government affairs and decision-making, therefore ample provision is made in legislation for communities to exercise their right in this respect. The community was invited to participate in, for e.g. the Budget, IDP & annual report.

The Municipality is committed to the principles of Batho Pele and this, in simple terms, means that those we elect to represent us (councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) always put people first in what they do.

Accountability and community participation were enhanced with engagements through media, publication, electronically, and communication tools such as public participation meetings for the IDP.

Council established a Municipal Public Accounts Committee (MPAC) which serves as an oversight committee over the Council. A Fraud and Anti-corruption Plan was also adopted to enhance accountability. The plan includes mechanisms for the community and other role players to report on fraud and corruption in the municipality.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The IDP/budget process plan was approved by Council in July 2011 and was made public on the Municipal Web-site. The District Municipality has no wards, and communicated the IDP/budget process through public participation meetings, advertising and the used of the municipality website. A public participation meeting was held with all the role players on 7 September 2011 and 14 March 2012 and was attend by approximately 48 individuals at the laste meeting, to discuss the IDP and Spatial Development Framework. The municipality also interacted with semi-permanent residents at the municipality's resorts through annual camp committee meetings. The municipality depends mostly on communication with the public by web-site, local and regional newspapers, local radio station, notice boards, IGR Forums, roadblocks and Liaison Committees of local Municipalities. With performance information, the municipality communicates with the public by distributing documents, for public participation, to its regional offices, Local Municipalities, libraries in the district and its web-site.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Through public participation the community gives valuable inputs and assists councilors with decisions making on their behalf. It also enhances co-operative relationships between the Municipality and the community and to identify their needs.

2.5 IDP PARTICIPATION AND ALIGNMENT

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

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The municipality is 81.9% funded by public money, and is therefore expected to exercise the highest levels of corporate governance. Corporate governance is the system by which local authorities direct and control their functions and relate to the communities.

For the year under review the municipality decided to focus only on its core functions, due to the financial constraints experienced. The organisational structure was adjusted in accordance with the core functions of the municipality. Council adopted a financial support plan and the Performance and Audit Committee was re-established. The Municipality appointed a Section 32(MFMA) committee to execute an investigation after the need was identified in the Oversight Report on the annual report of the previous year.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

In terms of section 62(1)(c) of the MFMA, the accounting officer of the municipality must take reasonable steps to ensure that the municipality has and maintain effective, efficient and transparent systems of financial and risk management and internal control.

The municipality has a fully functional Internal Audit unit that operates within prescribed norms and standards and conducts risk based audits, based on an annual risk based audit plan. These risks are based on findings from the external audit report. Although the municipality adopted a risk management policy during August 2010, a designated risk manager/officer could not be appointed, due to serious financial constraints. The municipality is fully aware of the need to appoint a designated official in this regard, as well as the risks if this is not done.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

During the year under review, the municipality adopted an anti-fraud and corruption plan as part of the process to ensure effective, efficient and transparent systems of internal control. Ultimately, this strategy would be implemented and monitored by the designated official responsible for the risk management of the municipality. However, due to serious capacity and financial constraints, the municipality was unable to appoint a risk officer to manage this strategy.

Key risk areas identified by the Internal Audit unit were based on key findings in the Auditor-General's report of 2010/2011 and are being addressed by follow-up audits and a monitoring program called the "OPCAR" – Operation Clean Audit Report. Key risk areas and significant findings are also reported quarterly to the Audit and Performance Audit Committee. The before mentioned Audit Committee consists of 3 independent qualified persons who report their findings to council.

The Audit Committee recommendations for 2011/2012 are set out at **Appendix D. Appendix E** – Report of the Audit & Performance Committee.

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

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The council approved a supply chain management policy. Reports are submitted monthly to the accounting officer and quarterly to the Mayor on the implementation of the Supply Chain Management policy. The quarterly, as well as annual reports are available on the municipal website. Challenges are experience in the performance evaluation of service providers due to capacity constraints and with proper planning on the procurement of capital items due to budget and cash flow constraints.

The Procurement processes consist of:

- Specification (develop and approval of specification to procure)
- Advertising
- Evaluation (Evaluate all bids)
- Adjudication (Award), and
- Contract management

Appendix F refers to a list of contracts which had a financial implication for council which exceed 1 year. Further comments are set out under Financial Performance – Chapter 5 - Component D.

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.

2.9 BY-LAWS

BY-LAWS

No By-Laws were adopted during the year under review.

Note: MSA 2000 S11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

2.10 WEBSITES

Municipal Website : Content and Currency of Material

Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and budget-related documents	Yes	Annual Budget - 15/05/2011, Adjustment Budget - 14/03/2012
All current budget-related policies	Yes	27/08/2011
The previous annual report 2010/2011	Yes	30/03/2012
The annual report 2011/2012 to be published	-	March 2013

All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2011/2012 and resulting scorecards	Yes	08/12/2012
All service delivery agreements 2011/2012	Yes	08/08/2012
All long-term borrowing contracts	Yes	19/12/2008
All supply chain management contracts above R0 value for Year 2011/2012	Yes	13/09/2012
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2011/2012	None	N/A
Contracts agreed in 2011/2012 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	24/07/2012
Public-private partnership agreements referred to in section 120 made in 2011/2012	None	
All quarterly reports tabled in the council in terms of section 52 (d) during 2011/2012	Yes	-

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipality does not have computers which can be used by the community, but enquiries related to information on the Municipality's Web-site, can be logged at our head office or regional offices.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The municipality did a Client Satisfaction Survey during the periode December 2011/January 2011 at its Resorts. The scope of the survey was to assess the satisfaction level of the clients, analyse gaps in the performance versus the expectations of the clients, identify service priorities and search for opportunities for improvement.

Satisfaction Surveys Undertaken during 2011/2012				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with the resorts	Questioner	December 2011/January 2012	650	94.3%

COMMENT ON SATISFACTION LEVELS:

It was the first time that a client survey was done at our resort and the participation was lower than expected. The results of the survey will be used to identify and address problem areas to improve services. Recommendations out of the survey will be taken into account and implemented where possible. Awareness will be created to motivate clients to partake in the ongoing survey process.

The survey results will be used as a motivational tool for all resort staff to improve services and to implement best practices at all resorts.

CHAPTER 3:- SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Council's Strategic Priorities for the year under review were:

- To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty.
- To ensure that all the people in the Overberg District are located within integrated human settlements and have access to social services and security.
- To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District.
- To ensure health and safety of communities in the Overberg District through prevention and pro-active management of risks.
- To facilitate sustainable and efficient land use and planning frameworks.
- To facilitate the necessary institutional transformation and financial sustainability of the Overberg District Municipality in order to make it a truly developmental municipality.

The Overberg District Municipality focus on the following basic services:

- SOLID WASTE DISPOSAL SITES
- ROADS
- MUNICIPAL HEALTH SERVICES
- FIRE-FIGHTING SERVICES
- DISASTER MANAGEMENT SERVICES
- ENVIRONMENTAL MANAGEMENT
- RESORTS (TOURISM)
- HUMAN DEVELOPMENT
- LOCAL ECONOMIC DEVELOPMENT

The municipality delivers fairly towards its objectives, taken into account the financial position. The focus for the year was on stability, solutions, redress and how to function with limited resources to deliver to the best of its ability, without negatively influencing the community. The financial position placed a constraint on the achievements; hence the municipality still delivers toward its core functions, although planned. It must be mentioned that the Roads Department performed extremely well. The Financial position of the Municipality will have an impact on future performance.

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICE

The Overberg District Municipality performs only waste management, with specific reference to solid waste management. The function of bulk water distribution in the Overberg district area is performed by Overberg Water Board.

3.1 SOLID WASTE MANAGEMENT

INTRODUCTION TO SOLID WASTE MANAGEMENT

Karwyderskraal was established in 2000 as regional landfill facility to serve the municipalities of Overstrand and Theewaterskloof in the disposal of General Household Waste. The terrain is owned by the Overberg District Municipality and comprises of 100 ha of which 45ha is earmarked for landfilling. The facility was developed according to engineered designs, and permitted according to the national standards. The facility is classified as a GMB+ landfill.

Karwyderskraal is managed according to the permit conditions, and regular monitoring and inspections are done with to compliance with national legislation. The following are done: Bi-Annual ground and surface water monitoring, annual compliance audit and monthly inspections. Council appoints a service provider, for a three year periode, the day tot day operations. The administration function of the site is done by the Environmental Management Unit.

Karwyderskraal are servicing 26629 premises which reflect as follows:

Overstrand – 20 870 households

Theewaterskloof 5 759 households

The average monthly volumes received at Karwyderskraal over the past 5 years, are 4773 ton. The total volume of waste received at Karwyderskraal over the past five years is 300 720.7 ton. 13% of the total volume was diverted by means of composting.

Current Status

Karwyderskraal has closed temporarily on 1 January 2012, as the landfill airspace reached its allowable capacity. Arrangements were made with the municipalities of Overstrand and Theewaterskloof to divert their waste volumes to Gansbaai and Caledon respectively for the interim period.

No general household waste will be received, until after the construction of Cell 3. The stockpiling of builders rubble continues and the composting of green waste continuous.

A formal loan application, together with all the relevant supporting documentation has been submitted to the Development Bank of South Africa.

An engineering consultant has been appointed to finalise the tender process to appoint a service provider for the construction phase. Service providers were shortlisted, and will be informed of the final outcome as soon as the external loan is obtained.

It must be mentioned that no MIG funding is allocated to finance this service, due to the fact that the national MIG office does not recognised the households that are serviced. This forces the ODM to finance the capital project with an external loan. The Municipality wrote numerous letters referring about this situation to the local/ provincial MIG Office, but with no success.

Challenges

The challenge, however, remains the ever increasing cost to provide the waste cells. The Municipality is not allegeable for Municipal Infrastructure grant funding. This puts pressure on the municipality to provide its own funding in rendering the service. It is becoming more difficult to raise a loan from financial institutions. The construction cost of each new cell increases, and this means that the loan amount and cost of repayment increase according. Legal requirements, e.g. the inclusion of plastic linings in the cell, also have an increasing effect on the cost of repayment of the loan.

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Per Month	Total Tons 2010/11	Quantity per ton of different waste received for 2011/12											
		General	Mixed	Recycle	Garden	Chipping	Fruit	Off-Spec	B/Rubble	Sand	Concrete	Rocks	Total Tons
Jul-11	4422	1802.5	598.7	270.4	335.9	489.7	40.2	0	275.9	59.3	0	0	3872.7
Aug-11	4907.01	2014	533.8	302.2	379.1	181.2	60	0	228	0	0	0	3698.2
Sep-11	3523.4	1949.5	77.7	346.9	152.1	222.8	59.4	0	478.3	0	0	0	3286.9
Oct-11	3744.7	2165.5	195.4	297.4	31.8	463.4	18.4	0.0	404.9	0.0	0.0	0.0	3576.7
Nov-11	4126.2	1614.1	214.1	166.6	39.1	165.8	44.9	0.2	381.0	0.0	0.0	0.0	2625.9
Dec-11	5167.6	722.2	82.8	6.7	30.9	132.4	34.9	0.0	163.4	0.0	0.0	0.0	1173.4
Jan-12	4142.2	Temporary closure of Karwyderskraal 1 January 2012.											
Feb-12	3481.8												
Mar-12	4381.2												
Apr-12	4517.2												
May-12	4798.4												
Jun-12	3479.9												
Total Tons	50692.4	10267.8	1702.54	1390.22	968.94	1655.34	257.8	0.16	1931.46	59.3	0	0	18233.78

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Solid Waste Management Service Objective								
Service Objective	Outline Service Targets	2010/11		2011/12		Following years		
		Target	Actual	Target	Actual	Target		
Service Indicator		Previous Year		Current Year		2012/2013	2013/2014	2014/2015
To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Compliance review, over the landfill facilities, conducted by external service provider by the end of each financial year.	1	1	1 compliance review	1 compliance review	1	1	1
To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Finalisation of SLA with B municipalities to regulate tariffs and use of waste facilities by the end of June.			2	2 Theewaterskloof and Overstrand Municipality signed SLA			
To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Submission for funding to DBSA to develop an additional waste cell by June 2012.			100%	100%	100%		

Financial Performance 2011/12: Solid Waste Management Services						R'000
Details	2010/2011	2011/2012				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	4 177	5 457	1 808	1 790	-205%	
Expenditure:						
Employees	353	430	564	455	6%	
Repairs and Maintenance	28	97	8	1	-13240%	
Other	2 981	3 777	3 686	2 010	-88%	
Total Operational Expenditure	3 362	4 304	4 258	2 467	-75%	
Net Operational Expenditure	(815)	(1 153)	2 451	676	270%	

The employee cost was split between Environmental Management and Solid Waste Management.

Capital Expenditure 2011/12: Solid Waste Management Services						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	525	8 511	0	-100%		
Computer equipment	15	11	0	-100%	0	
Office equipment	10		0	-100%	0	
Cell 3	500	8 500	0	-100%	8 500	

COMMENT ON SOLID WASTE MANGEMENT SERVICE PERFORMANCE OVERALL

The overall performance of this function is directly linked to the availability of funding to ensure an enabling environment to render this service. The development of the third cell, as capital project, could not take place and are linked to the obtaining of funds from financial institutions.

The service is of a high quality that met the set standards requirements according to the permit conditions and best practices.

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

The Overberg District Municipality is responsible for the Integrated Transport Plan for the District and acts as an agent for Department of Transport and Public Works for Provincial roads in the Overberg district. The local municipality is responsible for roads in their respective towns.

3.2 ROADS

INTRODUCTION TO ROADS

The Overberg District Municipality (ODM) acts as agent for the Provincial Department of Transport and Public Works to perform the function on roads. The ODM is responsible to maintain, repair, protect and manage the proclaimed Provincial roads in our area, as identified by the District Road Engineer, in a safe and reliable condition within the legal framework of the various Ordinances, Acts and Regulations. The function is funded in total, by means of a grant from the department, which includes the employee cost of the staff in the road section.

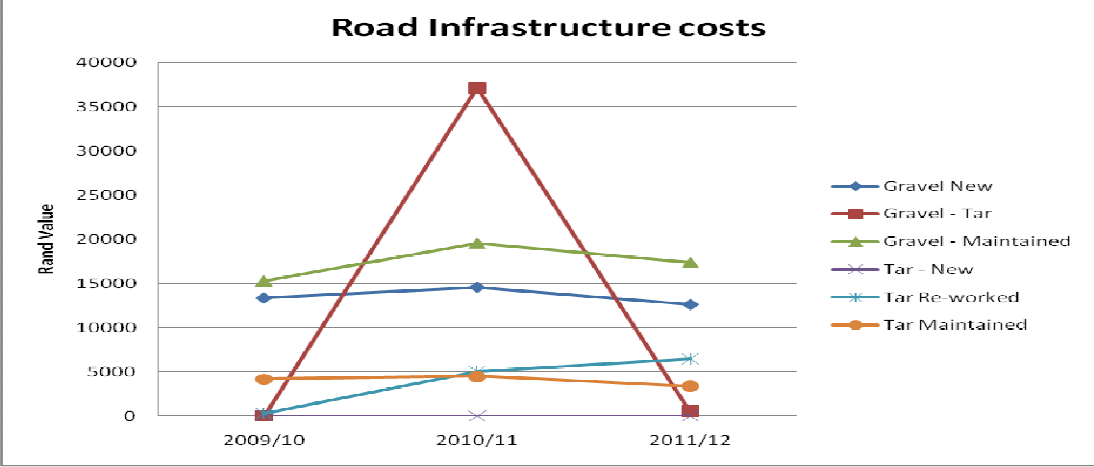
The district's road network is relatively well developed, and plays a major role in future economic development in the area. The major access route of the Overberg district is through the N2 road transport link. It runs through the Overberg from Sir Lowry's Pass through Swellendam. The function of the Roads Division in the ODM is administered by sub-district offices at Swellendam, Bredasdorp and Caledon.

The ODM focus on normal maintenance, re-gravel and reseal of proclaimed provincial roads, consisting of 430 km asphalt, and 3200 km gravel roads. The challenges faced by ODM to provide safe and reliable roads were the unpredictable weather of the Overberg District area and insufficient funds.

Gravel Road Infrastructure					
Financial year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt	Gravel roads re-graveled	Kilometers
					Gravel roads graded/maintained
2009/10	3200	0	0	49.90	3200
2010/11	3200	0	5.3	54.23	3200
2011/12	3200	0	1.01	51.80	3200

Asphalted Road Infrastructure					
Financial year	Total asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Kilometers
					Asphalt roads maintained
2009/10	430	0	0	0	430
2010/11	430	5.3	16.35	0	435.3
2011/12	430	1.01	35.19	0	431.3

Cost of Construction/maintenance						
Financial Year	Gravel			Asphalt		
	New	Gravel-Tar	Maintained	New	Re-seal	Maintained
	R'000					
2009/10	13379	0	15315	0	257	4215
2010/11	14566	3714	19567	0	5060	4517
2011/12	12650	530	17399	0	6482	3400



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Roads Service Objective									
Service Objective	Outline Service Targets	2010/11		2011/12			2012/13	2013/14	
		Target	Actual	Target		Actual	Target		
		Previous Year		Current Year			2012/2013	2013/2014	2014/2015
<i>To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District</i>	<i>Km's of Provincial roads re-graveled as per the registered project submitted to the PGWC: Department of Transport and Public Works for approval</i>	50 km	48.01	48.01	50 km	63.69	54 km	54 km	54km
<i>To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District</i>	<i>Km's of Provincial gravel roads graded as per the registered project submitted to the PGWC: Department of Transport and Public Works for approval</i>	5500km	6185km	6185km	6000km	5701.59km	6000km	6000km	6000km

Employees: Road Services					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	4	6	4	2	33.33%
7-9	11	15	12	3	20.00%
10-12	32	40	35	5	12.50%
13-15	18	22	19	3	13.63%
16-18	88	97	95	2	2.06%
Total	154	181	166	15	8.28%

Financial Performance 2011/12: Road Services						R'000
Details	2010/2011	2011/2012				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	34 251	36 602	41 341	35 696	-3%	
Expenditure:						
Employees	12 401	10 962	10 440	12 255	11%	
Repairs and Maintenance	13 879	14 782	20 560	13 909	-6%	
Other	7 976	10 859	10 356	9 532	-14%	
Total Operational Expenditure	34 256	36 602	41 356	35 696	-3%	
Net Operational Expenditure	5		15		0%	

Capital Expenditure 2011/12: Road Services						R'000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual expenditure	Variance from original budget	Total Project Value	
Capital projects on the roads were done by the Provincial Department of Transport and Public Works.						

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Capital projects on the roads were done by Department of Transport and Public Works.

3.3 TRANSPORT

INTRODUCTION TO TRANSPORT

The Overberg District Municipality is responsible to develop an Integrated Transport Plan for the District. A Service Provider was appointed to review the Integrated Transport Plan for the district. The plan was finalised without the inputs of the Local Municipalities. The plan was referred back to the consultants for public participation and will be finalised in the 2012/2013 financial year.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Planning and Development function at the municipality includes Spatial Development planning, IDP and Local Economic Development. The municipality is experiencing a lack of human resources to perform its legislative requirements for economic development and spatial development. The functions are performed on a basic level and are supported by provincial departments.

3.4 PLANNING

INTRODUCTION TO PLANNING

The Integrated Development Plan (IDP) is regarded as the principle strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the Municipality. The approach to strategic planning that involves the entire District and its citizens, is to find the best solution to achieve good long-term development. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area, and should consider the existing conditions and resources available for development.

The District Municipality is responsible for drafting the District Framework Plan, a mechanism to ensure alignment and integration between the IDPs of the Overberg District Municipality and Local Municipalities. The framework with the IDP/Budget process plan was approved by Council in July 2012.

Quarterly public interaction was experienced at IDP engagements, e.g. Indaba 1 and Indaba 2.

There is a concern about the co-ordination role of the District Municipality, however an effort has been made to revive the District IDP Managers Forum, but thus far the District was unable to secure dates to suit all role-players, and only 2 meetings took place during the year.

The 3rd Generation IDP was developed for the 2012/2016 financial year with inputs from all stakeholders which link to the Local Municipalities IDP. The IDP was approved on 31 May 2012.

The Integrated Development Plan for the financial year under review, mainly focus on Human Development, Economic Development, Basic Service Delivery, Environmental Management & Spatial Planning and Institutional & Financial Management, but the financial capacity to address the focus areas was challenged by financial constraints.

A Spatial Development Framework (SDF) is a core component of a Municipality's economic, sectoral, spatial, social, institutional and environmental planning. The SDF forms a sectoral plan of the IDP for the district for the next 5 year vision. In other words, it is a tool to achieve the desired spatial form of the Municipality.

It was one of the goals of the municipality to finalise the revision of the SDF, as it is the first revision of the document since the approval in 2004.

The local municipalities within the Overberg district indicated their co-operation in this revision of the SDF. The provincial Department of Environmental Affairs and Development Planning is also taking part which ensures that all levels of detail will be worked into this district plan to ensure alignment with other approved plans.

The Department of Rural Development and Land Reform appointed as service provider (CNDV Africa) to review and complete a Spatial Development Framework for the Overberg district. The work started January 2011 and will be completed in October 2012.

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Employees: Planning Services					
Job Level	2010/2011		2011/2012		
	Employees	Post	Employees	Vacancies	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	1	1	1	0	0.00%
4-6	1	2	1	1	50.00%
7-9	1	2	1	1	50.00%
10-12	0	0	0	0	0.00%
13-15	0	0	0	0	0.00%
16-18	0	0	0	0	0.00%
Total	3	5	3	2	40.00%

Financial Performance 2011/12: Planning Services						R'000
Details	2010/11	2011/12			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	97				0%	
Expenditure:						
Employees	1 778	2 318	1 855	1 915	-21%	
Repairs and Maintenance					0%	
Other	597	296	218	367	19%	
Total Operational Expenditure	2 375	2 615	2 073	2 282	-15%	
Net Operational Expenditure	2 278	2 615	2 073	2 282	-15%	

3.5 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

The District's Local Economic Development (LED) Strategy, adopted by Council in 2009, is to be reviewed with the assistance of the Provincial Department of Economic Development and Tourism. The reviewed LED Strategy is envisaged to be in place by end 2012.

The District strives to achieve Council's strategic objectives captured in the IDP as well as the goals and objectives of the LED Strategy, which is to broaden the local economic base of the area in order to address the creation of employment opportunities and the resultant spin-off effects throughout the local economy.

For the entire Overberg District, the focal areas of the LED Strategy are:

- create jobs and new employment opportunities;
- increase income levels and enable people to pay for services;
- broaden the tax and revenue base of the local authority;
- enable the local authority to provide more and better services and facilities;
- concentrate on human resource potential;
- concentrate on opportunities for development;
- promote linkages between developed and under-developed areas; and
- build new institutions for sustainable economic development.

Economic Activity by Sector			R '000
Sector	2010/11		2011/12
	Value	%	
<i>Agric, forestry and fishing</i>	850	12.1	<i>Not yet available</i>
<i>Mining and quarrying</i>	5	0.1	
<i>Manufacturing</i>	1 149	16.3	
<i>Wholesale and retail trade</i>	967	13.7	
<i>Finance, property, etc.</i>	1 767	25.1	
<i>Govt, community and social services</i>	298	4.2	
<i>Infrastructure services</i>	601	8.5	
Total	5 637	80	

Note: The above data has been extracted from the Bureau of Economic Research (BER), for period 2001-2010. Updated statistics are awaited from StatsSA. These statistics will be based on the Census 2011 data.

Economic Employment by Sector		Jobs
Sector	% 2007 (StatsSA, Community Survey)	
<i>Agric, forestry and fishing</i>	21.3	
<i>Mining and quarrying</i>	0.1	
<i>Manufacturing</i>	10.2	
<i>Wholesale and retail trade</i>	10.9	
<i>Finance, property, etc.</i>	9.2	
<i>Govt, community and social services</i>	12.4	
<i>Infrastructure services</i>	11.8	
Total	75.9	

Note: As stated above, updated statistics are awaited from StatsSA. These will be based on the Census 2011 data.

COMMENT ON LOCAL JOB OPPORTUNITIES

As referred to above, the District currently implements and makes use of the EPWP Incentive and Conditional Grant funding to fund job opportunities for the unemployed.

To this effect, the District implements the EPWP job creation initiative by way of each department recruiting unemployment persons and providing them with the necessary skill and expertise to enable them to become employable.

The District envisages having a District Tourism Strategy in place by end 2012. With tourism being one of the key economic drivers of the district, the Tourism Strategy will also be investigating local economic development opportunities and, hence, job creation for communities of the Overberg.

It is confirmed that a District Tourism Stakeholder Forum was established in 2011, comprising the following stakeholders in the District:

Overberg District Municipality

- Cape Agulhas Tourism
- Overstrand Municipality (representing Hermanus Tourism, Stanford Info, Gansbaai Tourism and Kleinmond Tourism)
- Theewaterskloof Municipality: Tourism Office
- Greater Swellendam Tourism Organisation (GSTO)
- Cape Town Routes Unlimited (CTRU)

Job creation through EPWP Projects		
Period	EPWP Projects Full Time Equivalents (FTEs)	Percentage Achieved
2010/11	0	0
2011/12	49	40
2012/13	21	Not available

Note: Above reporting period only as from 2011, as the District Municipality created full-time job equivalents in 2011 only. No target for FTEs was set for 2010/11. Period 2012/13 yet to be reported on.

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Local Economic Development Objective								
Service Objective Service Indicator	Outline Service Targets	2010/11		2011/12		Following years		
		Target	Actual	Target	Actual	Target		
		Previous Year		Current Year		2012/2013	2013/2014	2014/2015
To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty	Number of jobs created through municipality's LED initiatives and EPWP projects	0	52	52	124	115	115	115
To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty	Compilation of a district LED Strategy by 30 June 2012	100%	0	100%	0	100%-	-	-
To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty	Compilation of district Tourism strategy by 30 June 2012	-	-	100%	0	100%	-	-

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

No capital projects were link to Local Economic Development.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

In terms of legislation Community & Social Services is not a function of the Overberg District Municipality; however the Overberg District Municipality had decided to add an overarching development goal, i.e. human development to enable people to develop to their full potential.

3.6 HUMAN DEVELOPMENT (CHILD CARE; AGED CARE; SOCIAL PROGRAMMES)

INTRODUCTION TO HUMAN DEVELOPMENT (CHILD CARE; AGED CARE; SOCIAL PROGRAMMES)

The Human Development Section strategic objective was to ensure that all people in the Overberg District were located within integrated human settlements and had access to social services and security.

The question was posed whether a district or local municipality has any function pertaining to human development as such? Schedules 4 and 5 of the Constitution, 1996 (Act 108 of 1996) do not refer to human development as specific function focus. Neither the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), nor the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) make reference to human development as specifically defined function field.

However, looking at the content of both the Constitution and the set of Local Government Acts, it is evident that the spirit of legislation is saying a lot more than the mere letter thereof. Although battling with budgetary constraints, the Overberg District Municipality has accepted this spirit of legislation and the reasoning that they should also be focusing on the more complex issues of human development.

Within the specific segment, the implementation focus was on:

- *Children 0 – 14 years;*
- *Adults: Parental training and alcohol consumption;*
- *Adults and older persons: Shelter Protection Programme; and*
- *Capacity building of health & welfare committees and liaison committees.*

IDP projects also focused on the establishment of a district rehabilitation centre, farm worker development, early childhood development and nutrition.

EVALUATION

Children 0-14 years: The District was part of engagements with ECD stakeholders which resulted in the drafting of a Draft ECD plan for the District. ECD Stakeholders meetings were held regularly in the Overstrand and stakeholders from TWK, Cape Agulhas, Department Social Development and the Education Department were involved.

Adult's parental training and alcohol consumption (After community engagements with Ellen Pakkies as the guest speaker). The communities of Bredasdorp, Riviersonderend, Hawston and Gansbaai took further action and established committees that address substance abuse. Through the global fund youth projects with a substance abuse prevention focus could be funded to help make a difference. With the assistance of FAS FACTS in Worcester parents and youth could be involved in awareness programmes.

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Shelter & Protection Programmes: With the help of the Overberg Wheelchair Association a sport day for persons with disabilities was held in die Overstrand.

District Rehabilitation Centre: The previous Programme Manager had engagements with stakeholders with regard to the establishment of such a centre. Engagements with the Department of Social Development highlighted the fact that such a centre is very costly.

Farm worker support happened through programmes in the Baardskeedersbos and Karwyderskraal area. Health & Welfare Committees were established, and it resulted in early childhood development and afterschool programmes.

Nutrition: Nutritional programmes were supported.

Health & Welfare Committees: Capacity Building Programmes for 9 Committees in the Overstrand and 4 committees in the Cape Agulhas area were run.

Liaison Committees: The Overstrand and Cape Agulhas Committees functioned well during this period and were assisted.

Revision of the Human Development Strategy: The Human Development Conference that would give strategic direction to the District and the Local Municipalities did not take place.

CONCLUSION

Human Development Programmes, could made a major contribution to the Human Development Income level, but with the financial constraints experienced by the ODM, council decided to focus on its core functions in the future.

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Human Development (Child Care; aged Care; Social Programmes) Objective								
Service Objective	Outline Service Targets	2010/11		2011/12		Following years		
		Target	Actual	Target	Actual	Target		
Service Indicator		Previous Year		Current Year		2012/2013	2013/2014	2014/2015
<i>To ensure that all the people in the Overberg District are located within integrated human settlements and have access to social services and security</i>	<i>Develop a support framework for Early Childhood development</i>	-	-	100%	50% Draft framework	-	-	-

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Employees: Human Development (Child Care; aged Care; Social Programmes)					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0.00%
4-6	0	0	0	0	0.00%
7-9	1	1	1	0	0.00%
10-12	1	1	1	0	0.00%
13-15	0	0	0	0	0.00%
16-18	0	0	0	0	0.00%
Total	2	2	2	0	0.00%

Financial Performance 2011/12: Child Care; Aged Care; Social Programmes						R'000
Details	2010/11	2011/12				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	478			6	100%	
Expenditure:						
Employees	452	480	442	460	-4%	
Repairs and Maintenance	2	3	7	2	-80%	
Other	877	500	147	104	-379%	
Total Operational Expenditure	1 331	983	596	567	-74%	
Net Operational Expenditure	854	983	596	560	-75%	

Capital Expenditure 2011/12: Child Care; Aged Care; Social Programmes						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	20			-100%		
Dummy capital item	20			-100%	0	
					0	
					0	
					0	

COMMENT ON THE PERFORMANCE OF HUMAN DEVELOPMENT

Due to the financial position of the municipality all capital projects in respect of Human Development were removed from the budget.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental protection is managed in terms of the Constitution - Section 24, the National Environmental Management Act, Act 107 of 98 (NEMA), the Coastal Management Act, Act 24 of 2008 and the National Environmental Management Waste Act. Environmental management is “a purposeful activity with the goal to maintain and improve the state of an environmental resource affected by human activities in the Overberg”. It is not, as the phrase suggests, the management of the environment as such, but rather the management of the interaction and impact of human societies on the environment. Environmental resources management aims to ensure that ecosystem services are protected and maintained for equitable use by future human generations, and also to maintain ecosystem integrity as an end in itself by taking into consideration ethical, economic and scientific (ecological) variables.

The Overberg District Municipality manage the Strategic Environmental Assessment, build partnerships for an effective, integrated environmental management throughout the Overberg region, and continuously promote sustainable development by means of commenting on various development applications. It provides environmental input to the Spatial Development Framework and manages environmental datasets for the regional GIS database, to ensure that all information is updated and relevant for effective planning and decision-making.

The function of the municipality in terms of the Environmental Air Quality Act is addressed in Section 3.9. of the report.

3.7 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Environmental pollution control is one of the functions of Municipal Health in terms of the National Health Act, 2003 (Act 61 of 2003). See *Municipal Health – Sec 3.9*.

3.8 ENVIRONMENTAL MANAGEMENT

INTRODUCTION ENVIRONMENTAL MANAGEMENT

The Overberg District Municipality are hosting the Regional Coastal Committee as part of the Overberg Integrated Conservation group. This enables continuous input from various roleplayers to intergrate their efforts and recourses . The ODM is also a member of the Provincial Coastal Committee.

The drafting of the Coastal Management Programme as set out in the Integrated Coastal Management Act was the main focus pertaining to coastal protection. Initial engagement with provincial roleplayers, together with other District Municipalities, took place to sought information and set a uniform approach to the process. Unfortunately the ODM could not secure funding to engage with the process.

As a positive outcome to the lack of funding, the determination of coastal setback lines were approved by the provincial government, which enabled the ODM to address the long term climate change and affect thereof on coastal areas positively. This pilot study was completed with a draft setback line that was based on scientific information. It gave an opportunity to all coastal municipalities and communities involved in the public participation processes during the study, to engage and discuss the impact and affect on livelihoods, amenities and private properties. The study was to benefit of communities along the 343 km of the Overberg coastline.

This study will be the basis for further planning and/or studies, in order to ensure effective and sustainable planning and to minimize the impact of coastal erosion and sea level rise in general.

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Employees: Environmental Management					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0%
4-6	1	3	2	1	33.33%
7-9	0	4	1	3	75.00%
10-12	0	0	0	0	0.00%
13-15	0	0	0	0	0.00%
16-18	0	0	0	0	0.00%
Total	1	7	3	4	57.14%

Financial Performance 2011/12: Environmental Management					
					R' 000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9	12		9	-33%
Expenditure:					
Employees	226		157	144	100%
Repairs and Maintenance		80			0%
Other	12	26	24	2	-1039%
Total Operational Expenditure	238	106	182	147	28%
Net Operational Expenditure	229	94	182	138	32%

Capital Expenditure 2011/12: Environmental Management					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				0%	
				0%	
				0%	
				0%	
<i>There was no provision in the budget for capital expenditure for Environmental Management</i>					

COMMENT ON THE PERFORMANCE OF ENVIRONMENTAL MANAGEMENT

According to new legislation this function has to develop a coastal management program. This will start in the new financial year. For the year under review the function operated within its allocated budget.

COMPONENT F: HEALTH

INTRODUCTION TO HEALTH

The Overberg District Municipality only perform the function of Health Inspections in the district as per the National Health Act, 2004.

The service of Municipal Health is rendered from offices in Swellendam, Bredasdorp, Struisbaai, Hermanus, Gansbaai, Caledon, Grabouw and Kleinmond.

3.9 MUNICIPAL HEALTH (HEALTH INSPECTION)

INTRODUCTION TO MUNICIPAL HEALTH (INSPECTIONS, FOOD, ETC)

The Overberg District Municipality is responsible for the delivery of municipal health services in the district according to Government Notice 826 of 13 June 2003. The National Health Act, 2003 (Act 61 of 2003) defines municipal health services and clearly stipulates the responsibilities of municipalities in the performance of such services. In accordance with Section 1 of the National Health Act, municipal health services includes:-

- Water Quality monitoring;
- Food control;
- Waste management;
- Health surveillance of premises;
- Surveillance and prevention of communicable diseases, excluding immunization;
- Vector control;
- Environmental pollution control;
- Disposal of the dead; and
- Chemical safety.

In order to execute the legal obligations, the Overberg District Municipality: Health Services fulfils its mandate through duly qualified and skilled environmental health practitioners (EHP's). The EHPs have a responsibility to continually update their professional knowledge and have to earn 30 CPD points per annum to register with the Health Professional Council of South Africa. They provide and facilitate comprehensive, pro-active and need-related services to ensure a safe and healthy environment, and thereby prevent and eliminate sources of diseases.

The Municipal Health Services, with its limited human resources and budget, strives to perform its target set, with no cost for the community. The high cost to deliver the function and the financial position of the Municipality, hampers the implementation of the function to its maximum capacity.

It is also observed that 50% of the target set are under performed and the rest are either met or over performed. To reprioritise may address some of the targets under performed.

Food

The training for new entrants on food handling in the food industry had a positive impact on food quality.

Waste water & water samples

According to laboratory results, the quality of the water improves as the local municipality is moving towards the green drop status.

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Solid waste sites

A critical factor is space for landfill sites. The visual impact of disposal of waste becomes more and more of a problem. The majority of the landfill sites are at their maximum capacity and do not comply to licence requirements.

An assessment on vector control and chemical safety were done to determine the annual baseline for future monitoring.

Environmental pollution control

It was one of the municipality's targets to develop a District Air Quality Management Plan which include the Local Municipalities, due to a lack of interest from the Local Municipalities, the district needs to revise the draft plan to focus on the functions of a district municipality as prescribed in the Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004). In terms of the act, a district municipality is responsible for the licensing of activities which result in atmospheric emissions and which requires an atmospheric emission license before they can operate.

SERVICE STATISTICS FOR HEALTH INSPECTION			
DETAIL	2010/2011	2011/2012	
	Actual No.	Estimate No.	Actual No.
<i>Water Quality monitoring (recreational, waste water & diaries)</i>	648	684	805
<i>Food Control (number of food samples test)</i>	373	192	460
<i>Waste management (Medical Waste & Solid waste sites)</i>	348	640	366
<i>Surveillance and prevention of communicable diseases, excluding immunisations</i>	23	0	23
<i>Health surveillance of premises (informal Settlements & farms)</i>	171	708	443
<i>Vector control (Conduct assessment)</i>	0	100%	100%
<i>Environmental Pollution Control (Water, Air & Soil)</i>	0	0	127
<i>Disposal of the dead (undertakers)</i>	58	40	56
<i>Chemical Safety (Conduct assessment)</i>	0	100%	100%

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Municipal Health Services Objective								
Service Objective Service Indicator	Outline Service Targets	2010/11		2011/12		Targets for Following years		
		Target	Actual	Target	Actual	2012/2013	2013/2014	2014/2015
<i>To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks</i>	<i>Number of food samples submitted for testing</i>	192	373	192	460	240	240	240
<i>To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks</i>	<i>Number of water samples submitted for testing</i>	896	762	316	337	344	344	344
<i>To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks</i>	<i>Number of solid waste site inspections conducted</i>	408	263	360	293	384	384	384
<i>To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks</i>	<i>Number of waste water monsters sampled for testing</i>	136	114	116	95	120	120	120

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Employees: Municipal Health					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0.00%
4-6	7	16	8	8	50.00%
7-9	8	18	9	9	50.00%
10-12	3	12	3	9	75.00%
13-15	0	5	0	5	100.00%
16-18	2	4	1	3	75.00%
Total	21	56	22	34	60.71%

Financial Performance 2011/12: Municipal Health						R'000
Details	2010/11	2011/12				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	152	220	170	129	-70%	
Expenditure:						
Employees	6 960	8 024	8 695	8 272	3%	
Repairs and Maintenance	5	23	27	35	34%	
Other	1 314	1 223	1 121	777	-57%	
Total Operational Expenditure	8 279	9 271	9 844	9 084	-2%	
Net Operational Expenditure	8 127	9 051	9 674	8 955	-1%	

Capital Expenditure 2011/12: Municipal Health						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	95	41	12	-87%		
Sundry equipment	40	40	12	-70%		
Furniture	40	1		-100%		
Data projector X 2	15			-100%		

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc. OVERALL

As per the Capital Expenditure above, it is very clear that this function operated well within their allocated budget. The main reason for this was that vacant posts were not filled due to the financial constraints of the municipality. Unfortunately this had a hampering effect on the standard of services that were delivered. Although the available

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staff did all that is possible to ensure that services are rendered, all the goals set in the SDBIP could not be achieved. The shortage of staff also led to other expenditure being reduced.

It is of utmost importance that additional revenue can be obtained to ensure that this function can operate to its full potential.

COMPONENT G: SECURITY AND SAFETY

INTRODUCTION TO SECURITY & SAFETY

The Overberg District Municipality performs a fire and disaster management function in the district. The function of Fire and Disaster Management are jointly conducted by the protective services division of the municipality. The functions are controlled from the regional control centre, incorporated in to the disaster management centre in Bredasdorp. The controlled centre is jointly control by Overberg District Municipality and Western Cape Department of Health.

3.10 FIRE SERVICES

INTRODUCTION TO FIRE SERVICES

The Overberg District Municipality provides a full fire service as per the Fire Brigade Service Act, Act 99 of 1989, to the Cape Agulhas, Theewaterskloof and Swellendam Municipalities. A co-operation agreement exists between Overstrand Municipality and Overberg District Municipality with a very close relationship between the two authorities.

The service responds from the different stations situated in Swellendam, Caledon, Bredasdorp, Grabouw and Villiersdorp. Satellite stations are staffed by volunteers in Greyton, Riviersonderend, Suurbraak, Malgas and Barrydale. Responses to emergency calls in regard with major fires are activated from the control centre and response from the different stations.

The three top priorities for the unit were:

- Reduction of afterhours respons time;
- Providing enough adequately trained staff to respond to incidents; and
- To ensure the safety of the Overberg Communities and visitors during the holiday season.

The safety project was successful, with five lives saved over the season.

With the limited resources, as result of the financial constraints experienced by this council, we managed to improve reaction time, and to increase our manpower through partnerships with other organisations like WoF and the EPWP program.

Fire Service Data					
	Details	2010/2011	2011/2012		2012/2013
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	305	Can't determine	382	Can't determine
2	Total of other incidents attended in the year	333	Can't determine	508	Can't determine
3	Average turnout time – urban areas	Office hours 7 min, after hours 15	Office hours 7 min, after hours 15	Office hours 7 min, after hours 15 Min	7min
4	Average turnout time - rural areas	15-30	15-30	15-30	15-30
5	Fire fighters in post at year end	32	90	35	
6	Total fire appliances at year end	20	20	20	24
7	Average number of appliance off the road during the year	3	3	3	3

Fire Service Objective								
Service Objective Service Indicator	Outline Service Targets	2010/11		2011/12		Targets for Following years		
		Target	Actual	Target	Actual	2012/2013	2013/2014	2014/2015
To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Dispatch Reports on all fires generated	100%	100%	100%	100%			
To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Number of awareness initiatives conducted at schools by June 2012	8	25	2	4			
To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Number of monthly random inspections performed on calls responded to within 5 minutes after the call has been logged.	5min	5min	5min	5min	5min	5min	5min

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Employees: Fire Services					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0.00%
4-6	4	15	3	12	80.00%
7-9	7	12	6	6	50.00%
10-12	19	30	20	10	33.33%
13-15	4	15	5	10	66.67%
16-18	0	17	0	17	100.00%
Total	35	90	35	55	61.11%

Financial Performance 2011/12: Fire Services						R' 000
Details	2010/11	2011/12				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	567	434	514	52	-733%	
Expenditure:						
Fire fighters					0%	
Other employees	8 918	9 999	10 040	10 462	4%	
Repairs and Maintenance	737	609	834	904	33%	
Other	3 585	3 694	3 102	3 346	-10%	
Total Operational Expenditure	13 240	14 302	13 976	14 712	3%	
Net Operational Expenditure	12 673	13 868	13 462	14 659	5%	

Capital Expenditure 2011/12: Fire Services						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	225	225	181	-25%		
Rescue equipment	75	75	19	-297%		
Sundry equipment	30	30	76	61%		
Health and safety	100	100		-100%		
Bunker clothes	20	20	86	77%		

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

Fire services overspent on their allocated budget. Although some vacancies were not filled they still exceeded the budget for employee related costs. Furthermore the fire vehicles needed a lot of maintenance and repair work done. The average age of the fire vehicles is approximately 15 years. To keep these vehicles in an acceptable condition to render a basic service is very expensive.

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The fire service is a core function allocated to district municipalities. Although the capital budget made provision for the procurement of fire vehicles the financial position did not allow the municipality to buy these vehicles.

It is however essential to obtain new vehicles and equipment to render the fire service at an acceptable level.

3.11 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

Disaster Management is run in the district as per the requirements of the applicable act and framework. The mandatory administrative part of the function, as described in the act, is adhered to as allowed by finances. However, it needs to be noted that Disaster Management is an unfunded mandate, and it is very difficult to fulfil the full function with the limited budget.

Disaster Management does not have its own operational budget and relies on the budget of the fire department, which makes the implementation of special Disaster Management Projects impossible. With the limited financial support the Municipality have a functional Disaster Management Centre. A disaster management advisory forum is in place, but did not officially met as planned, but frequent interactions did well occurred. A Disaster Management Plan also exists for the district.

The main focuses of the unit are awareness, risk assessment and planned projects which take place on an ongoing basis. Communities are supported when affected by disasters. The Overberg District did not experience any disaster in the year under discussion.

A co-operation agreement exists between Overberg and City of Cape Town for evacuation regarding the Koeberg Nuclear.

SERVICE STATISTICS			
DETAIL	2010/2011	2011/2012	
	Actual No.	Estimate No.	Actual No.
Public awareness campaigns	4	4	7
Emergency evacuation plans	20		
Annual revision of District Disaster Management Framework	0	1	1

Disaster Management Service Objective								
Service Objective Service Indicator	Outline Service Targets	2010/11		2011/12		Targets for Following years		
		Target	Actual	Target	Actual	2012/2013	2013/2014	2014/2015
<i>To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks</i>	<i>Number of disaster management awareness initiatives executed for the year</i>	8	13	2	5	4	4	4
<i>To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks</i>	<i>Annual revision of District Disaster Management master contingency plans by the end of March 2012</i>	100%	100%	100%	0	100%	100%	100%
<i>To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks</i>	<i>Quarterly District Disaster Management Advisory Forum meeting conducted</i>			4	1	4	4	4

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Employees: Disaster Management					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0.00%
4-6	0	0	0	0	0.00%
7-9	0	1	1	0	0.00%
10-12	0	0	0	0	0.00%
13-15	0	0	0	0	0.00%
16-18	0	0	0	0	0.00%
Total	0	1	1	0	0.00%

Financial Performance 2011/12: Disaster Management					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees		323	283	250	-29%
Repairs and Maintenance					0%
Other					0%
Total Operational Expenditure		323	283	250	-29%
Net Operational Expenditure		323	283	250	-29%

Capital Expenditure 2011/12: Disaster Management					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>No capital expenditure was budgeted for Disaster Management</i>					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

The Disaster Management section operated within their allocated budget for the year under review.

COMPONENT H: SPORT AND RECREATION

3.12 RESORTS

INTRODUCTION TO RESORTS

The Overberg District Municipality manage 3 resorts, namely Uilenkraalsmond, Die Dam and Dennehof. Uilenkraalsmond and Die Dam are situated in the south of the Western Cape near Gansbaai and border the Indian and Atlantic Oceans to the South. Dennehof Holiday resort is situated along the banks of the Theewaterskloof dam near Villiersdorp. Managing these resorts serve to promote tourism development and to optimise the income for the Overberg District Municipality.

The four top priorities of the resorts were the ownership of Uilenkraalsmond and Dennehof, the contracts, a Client Satisfaction Survey and a proper booking system at all resorts.

Council was faced with the following challenges in managing the resorts:

The lands on which Uilenkraalsmond and Dennehof resorts are situated are not the property of the municipality, but of the National Department of Public Works. The Municipality is in the process of liaising with the Department of Public Works to investigate at the management, maintenance and future ownership of these resorts. As a result of the uncertainties of ownership, entering into new contracts with semi-permanent lessees of Uilenkraalsmond is outstanding for some time. The majority of the semi-permanent contracts at Uilenkraalsmond and Die Dam had expired. The municipality is in the process of reviewing the contracts, and has to determine the period for lease. The determination of ownership of the resorts will have an integral impact on the contracts.

A Client Satisfaction Survey has been introduced to Uilenkraalsmond, Die Dam and Dennehof resorts. The purpose of the survey was to search for opportunities for improvement. Unfortunately, Council's current financial position had a negative impact on the above-mentioned. Much needed maintenance work could not be done, and the Capital projects budget was terminated before all the projects were complete.

The staff shortage has been addressed by employing EPWP contract workers, and job opportunities was created for unemployed people.

An electronic booking system has been implemented at all three the resorts, which ensures effective and efficient services to clients. The Resort Managers and front desk personnel had been trained to operate the system.

Neighbourhood watch was established at Uilenkraalsmond as an initiative of the semi-permanent residents.

The occupancy rate at the resorts shows a slight improvement as indicated in the table below.

Resort	Accommodation per year occupied		Day's	
	Type of accommodation	Quantity	2010/2011	2011/2012
Uilenkraalsmond	Chalets	40	2705	2760
	Camping Sites	110	386	340
Die Dam	Chalets	2	128	235
	Camping Sites	83	1156	1278
Dennehof	Chalets	40	2075	2785
	Houses	8	868	678
	Camping Sites	28	557	578
	Hall	1	42	45
	Herberg	1	29	40

Municipal Resorts Objective								
Service Objective Service Indicator	Outline Service Targets	2010/11		2011/12		Targets for Following years		
		Target	Actual	Target	Actual	2012/2013	2013/2014	2014/2015
<i>To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District</i>	<i>Compilation and approval of Resort Management Policy by March 2012</i>	0	0	100%	0%	100%		
<i>To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District</i>	<i>Number of improvement projects, of access for disabled persons to resorts, at the Council's 3 resorts.</i>	0	0	3	1	1		
<i>To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District</i>	<i>Submission of customer satisfaction survey report by February 2012 to the Portfolio Committee</i>	0	0	100%	100%	100%	100%	100%

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Employees: Municipal Resorts					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0%
4-6	1	1	1	0	0%
7-9	3	6	3	3	50.00%
10-12	5	4	4	0	0%
13-15	2	10	2	8	80.00%
16-18	15	24	14	10	41.66%
Total	26	45	24	21	46.67%

Financial Performance 2011/12: Resorts (Sport and Recreation)						R'000
Details	2010/11	2011/12				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	10 885	16 351	11 190	11 054	-48%	
Expenditure:						
Employees	4 652	4 624	5 255	4 712	2%	
Repairs and Maintenance	884	905	928	895	-1%	
Other	6 140	4 064	5 737	6 525	38%	
Total Operational Expenditure	11 676	9 592	11 920	12 132	21%	
Net Operational Expenditure	791	(6 758)	730	1 078	727%	

Capital Expenditure 2011/12: Resorts (Sport and Recreation)						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	500	95	45	0%		
Buildings	25	2		0%		
Access control	30	29		0%		
Sundry Equipment			29			
Upgrading of ablution facilities	85	14	16	0%		
Completion of network	60			0%		
Upgrading of campsites	75	14		0%		
Upgrade of conference	50	2		0%		
Upgrading of facilities	125	18		0%		
Upgrading of bungalows	50	16		0%		

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL

The net result of the resorts is very concerning. As can be seen from financial performance table, the resorts in total realised a net deficit of R1.078million. The deficit is growing year on year and unless this can be turned around the future of the resorts will have to be reconsidered. Furthermore the cash position of the municipality forced it to cut back on capital expenditure. This had a negative impact on the resorts as certain essential improvements had to be postponed.

The repairs and maintenance performed at the resorts consists of only 7.37% of the total actual expenditure. This is a clear indication that the maintenance of the resorts is neglected. This added to the cut back on capital projects is even more concerning than the financial results for the year under review. Basic infrastructure within the resorts is old and needs urgent attention. If the resorts cannot generate its own revenue to maintain it, it has to be subsidised from the Equitable Share grant received from National Government. This is unacceptable to use money earmarked for basic service delivery to subsidise holiday makers.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES, ETC

The corporate policy office covers the following components:

- Executive and Council, which includes:-
 - (i) Mayor and Councillors; and
 - (ii) Office of the Municipal Manager with internal audit, communication and performance management;
- Financial Services;
- Human Resources;
- Information and Communication Services; and
- Corporate Services, Risk Management

3.13 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

Council established Section 80 Committees that specialise in specific functional areas of the Municipality, and make recommendations on specific functional issues. The committees advise on policy matters and make recommendation to the Mayoral Committee, or the Council via the Executive Mayoral Committees. The Municipality had 4 Section 80 Committees, viz. Finance, Corporate & IGR, Local Economic Development (LED) & Tourism and Community Services. The Community Services Committee deals with the function of Roads, Resorts, Municipal Health, Environmental Management and Fire & Disaster Management.

Council and Subcommittee meetings take quarterly place regularly.

At a strategic planning session council defined its organisation's strategy with the following focal points for the next 5 year period:

- Secure financial sustainability;
- Establish managerial and human resource capacity;
- Operational effectiveness and efficiency of resorts;
- Corporate governance audit;
- Optimise stakeholder management approach;
- Operational effectiveness and efficiency of waste disposal services;
- Business/customer relations plan; and
- Marketing and implementation of mission statement.

The focal points were considered in line with Government's objectives, and are captured in Council's strategic objectives for the next five years as stipulated in the 3rd Generation Integrated Development Plan 2012/2016.

A SWOT analysis was performed to identify the real issues within the internal and external environments. Following this exercise, a new Vision and Mission Statement was formulated.

The municipality enjoys political stability and addresses several matters:

The Audit and Performance Committee was dissolved in January 2011 and Council re-established the Committee in December 2011. The Audit and Performance Committee managed to hold 3 meetings in die last half of the financial year to address a backlog. Council also appoints a Municipal Public Accounts Committee (MPAC) to ensure proper oversight.

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Council also appoints a Municipal Manager from March 2012 for a 5 year period to address the inconstancy of Municipal Manager of the past 5 years. Council still experiences an inconstancy in leadership due to the dismissal of the Director Community Services and Director Management Services. Both Directors did not fulfil their duties for the greater part of the year. No Performance Agreements were signed with the Directors, although several attempts were made.

A Performance Management System is functional at organisational, senior and middle management level, but still needs improvement.

With the absence of a Chief Financial Official (CFO) and financial expertise, council approached National Treasury for support. An Acting CFO from an outside company was also appointed to perform the duties until the post of Director Management will be filled.

After the Midyear Budget and Performance Assessment, it was necessary for council to reconsider the main budget for the 2011/2012 financial year because, it was inflated and also not cash backed. Council adopted a much smaller budget with the adjustment budget in February 2012, to accommodate the actual income and to address the cash flow of the municipality. It must be mentioned that the previous council had adopted a Budget for the 2011/2012 financial year, despite the fact that cash constraints were already experienced.

With the reality of the financial position of Council it was also necessary to reconsider functions delivered which are not core functions e.g. Human Development.

In March 2012 Council adopted a new Organisational Structure to address the core functions of the district municipality. However, it was not possible to fill all the necessary critical vacancies due to the financial position which led to the hampering of key objectives. The post of Communication Officer will be filled from 1 July 2012 to address shortcomings such as a Communication Strategy.

The financial position is the greatest concern, as council did not receive sufficient equitable share funding to perform their core functions as a district municipality. Council adopted a National Treasury Municipal Finance Improvement Plan, but with insufficient funds it is difficult to adhere to the plan. With the approval of the Main Budget for 2012/2013, council has to scale down the service to a basic level. It is also necessary to sell properties to fund capital projects in the future.

With the annual increase of councillor's remuneration, Council decided not to implement the increase, due the financial position of the Municipality.

Councillor training was presented out in the District, but the last 2 modules were cancelled due to poor attendance by Councillors.

The DCF meetings are still a concern in the district, however the district managed to hold a DCF Tech meeting during December and 3 DCF meetings during the second half of the year.

The Executive and Council Objective								
Service Objective Service Indicator	Outline Service Targets	2010/11		2011/12		Targets for Following years		
		Target	Actual	Target	Actual	2012/2013	2013/2014	2014/2015
<i>To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality</i>	<i>Council consideration of the draft budget for approval by 31 May 2012.</i>	100%	100%	100%	100%	100%	100%	100%
<i>To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality</i>	<i>Number of Political District Intergovernmental Forum (DIF) meetings conducted per annum</i>	1	1	4	3	4	4	4
<i>To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality</i>	<i>Mayoral approval of the Top Layer SDBIP 28 days after the approval of the subsequent year's budget.</i>	100%	100%	100%	100%	100%	100%	100%

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Employees: Council					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0.00%
4-6	0	0	0	0	0.00%
7-9	0	1	1	0	0.00%
10-12	0	0	0	0	0.00%
13-15	0	0	0	0	0.00%
16-18	0	0	0	0	0.00%
Total	0	1	1	0	0.00%

Employees: Municipal Manager					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	2	3	1	2	66.67%
4-6	1	1	1	0	0.00%
7-9	0	1	0	1	100.00%
10-12	0	0	0	0	0.00%
13-15	0	0	0	0	0.00%
16-18	0	0	0	0	0.00%
Total	3	5	2	3	60.00%

Employees: Internal Audit					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0.00%
4-6	1	1	1	0	0.00%
7-9	0	3	0	3	100.00%
10-12	0	0	0	0	0.00%
13-15	0	0	0	0	0.00%
16-18	0	0	0	0	0.00%
Total	1	4	1	3	75.00%

The duties/functions in the Internal Audit Unit were supported by three Interns.

Financial Performance 2011/12: The Executive and Council					
Details	R'000				
	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	44 575	46 197	46 918	45 417	-2%
Expenditure:					
Employees	5 674	6 895	5 871	4 502	-53%
Repairs and Maintenance	6	8	15	5	-54%
Other	9 944	9 879	8 510	7 530	-31%
Total Operational Expenditure	15 623	16 782	14 397	12 037	-39%
Net Operational Expenditure	(28 952)	(29 415)	(32 521)	(33 380)	12%

Capital Expenditure 2011/12: The Executive and Council					
R' 000					
Capital Projects	2011/2012				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	
Project B	0	0	0	0%	
Project C	0	0	0	0%	
Project D	0	0	0	0%	
<i>No capital expenditure was budgeted or spent on this section</i>					

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

The expenditure for this section grew with 15.29% from 2010/11 to 2011/12 in spite of the fact that the Councillors did not take any increase during the year under review. It has to be mentioned that there was huge amounts spent on legal costs and other relevant expenditure in the trial process of some of the previous senior officials. Hopefully this is now completed and money and attention can be focused on the core functions of the municipality.

The Municipal Manager has been appointed during the year under review and the process of appointing the other directors is under way. This should be completed within the next couple of months and then the municipality should be able to operate and perform as expected.

Salary budgets for the new directors are much less than that of the previous directors. This would certainly have a positive impact on the financial results of the municipality.

3.14 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Directorate Financial Services had serious problems during the year under review. The Chief Financial Officer (CFO) was on sick leave since October 2011 and was dismissed during April 2012. A CFO was seconded from a consultancy firm since April 2012. This caused instability in the directorate. Furthermore critical vacancies could not be filled due to financial constraints.

The current financial position of the municipality forced the municipality to remove the provision of additional employees from the budget. This means that no additional employees will be appointed within the near future.

The position of Director Management Services has been advertised and the interviews should be conducted during September 2012. A Director should be appointed during September 2012 resulting in the appointee to start working in November 2012.

In spite of the staff shortages and the financial constraints all reconciliations are up to date, all reports in terms of the MFMA have been submitted, all creditors are paid and the Annual Financial Statements will be submitted to the Office of the Auditor General on time.

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Serious consideration should be given to outsource the specialised functions such as the drafting of the Budget and the completion of the Annual Financial Statements.

Debt Recovery								
R' 000								
Details of the types of account raised and recovered	2009/10		2010/11			2011/12		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in Year	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Electricity, Water & Sanitation	194 053	101.89%	317 211	302 096	95.24%	357 928	332 032	89.97%
Refuse	4 001 405	99.98%	4 192 355	4 189 455	99.93%	1 813 867	1 637 692	90.29%
Other	9 824 843	98.05%	10 534 248	9 796 527	93.00%	10 537 287	10 188 669	96.69%
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>								

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Financial Service Objectives								
Service Objective Service Indicator	Outline Service Targets	2010/11		2011/12		Following years		
		Target	Actual	Target	Actual	Target		
		Previous Year		Current Year		2012/2013	2013/2014	2014/2015
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	% of total conditional operational grants spent for the financial year	100%	96%	100%	100%	100%	100%	100%
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Percentage of audit findings of the previous financial year resolved at the end of the current financial year.			10%	22.5%	40	50	60
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Zero appeals against the municipality per quarter wrt the SCM process followed	0	0	0	0	0	0	0

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Employees: Finance					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	2	2	2	0	0.00%
4-6	2	3	2	1	33.33%
7-9	7	9	7	1	11.11%
10-12	3	4	3	1	25.00%
13-15	0	0	0	0	0.00%
16-18	1	1	1	0	0.00%
Total	15	19	16	3	15.78%

Financial Performance 2011/12: Financial Services						R' 000
Details	2010/11	2011/12				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	3 353	2 616	3 356	4 471	41%	
Expenditure:						
Employees	7 158	5 987	6 346	5 626	-6%	
Repairs and Maintenance	246	250	100	27	-830%	
Other	11 351	2 224	2 979	6 889	68%	
Total Operational Expenditure	18 755	8 460	9 426	12 541	33%	
Net Operational Expenditure	15 402	5 845	6 070	8 070	28%	

Capital Expenditure 2011/12: Financial Services						R' 000
Capital Projects	2011/12					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	70	18	6	-92%		
Computer equipment	50	8	1	-99%		
Sundry equipment	20	10	5	-76%		

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The financial services department had a difficult year to try and honour all commitments and at the same time keep the cash flow stable. Fortunately all creditors could be paid on time and according to prescribed legislation. A cash flow shortage did however occur at the end of the financial year that resulted in the municipality having to go in overdraft. Luckily this could be rectified when the first advance of the Equitable Share was received for the new financial year.

Although the municipality approved an improvement plan for the financial department the financial constraints experienced forced the municipality to postpone the implementation of the plan. This means that certain crucial posts are still vacant. Currently a lot of work that has to be done by these essential staff members are performed by Interns paid from the Financial Management Grant. It does not seem as if this situation will improve in the near future.

A huge accomplishment for the year under review is that the municipality could improve its audit opinion from a qualified opinion for the 2010/11 financial year to an unqualified opinion for the year under review. Seen in the light of the financial constraints and the vacancy of crucial posts this is an achievement to be proud about. Communication of audit findings decreased from 133 during the 2010/11 audit to 59 for the year under review. With the necessary effort and commitment of the staff this results can be maintained for the future. The goal of a clean audit report might however be a huge challenge as there are certain compliance issues that are hampered by the financial position of the municipality.

3.15 HUMAN RESOURCE

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resource division of the Overberg District Municipality resides over the following functions and duties:

- * Labour Relations;
- * Recruitment and Selection;
- * Employment Equity (Recruitment and Selection);
- * Skills Development;
- * Occupational Health and Safety;
- * Human Resource Administration; and
- * Employment Assistant Program.

The top priorities for the past year were the Local Labour Forum, the improvement of disciplinary hearing processes, personnel policies and the Organisational Structure.

There was an improvement in the number of Local Labour Forum meetings held, compared to the previous year. It has contributed to an increase in interaction and communication with the labour force.

The time to finalise disciplinary hearings improved, but a shortage of prosecutors and chairpersons were experienced.

A start was made to review personnel policies, of which some was never reviewed over the past six years. Two new policies were also developed and adopted by council. The review of policies is a slow process, because consultation processes are involved.

A new Organisational Structure was designed and approved in accordance with the core functions of the municipality. Placement of incumbents was also done according to the structure.

A restructuring of the duties of the Human Resources unit was done to deliver a more effective and efficient service.

Chapter 3

Human Resources Objectives								
Service Objective	Outline Service Targets	2010/11		2011/12		Following years		
		Target	Actual	Target	Actual	Target		
Service Indicator		Previous Year		Current Year		2012/2013	2013/2014	2014/2015
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Asses all HR policies and revise and update policy manual by the end of June 2012	100%	0	100%	37.5%	100%	100%	100%
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Number of LLF meetings held per annum	10	2	6	8	10	10	10
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Approval of micro organogram by Council by December 2011			100%	100%			

Employees: Human Resources					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	0	0	0	0	0
4-6	1	1	1	0	0
7-9	3	4	3	1	25.00%
10-12	0	0	0	0	0
13-15	0	0	0	0	0
16-18	0	0	0	0	0
Total	4	5	4	1	20.00%

Financial Performance 2011/12: Human Resource Services					
R'000					
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees		1 170	1 124	1 158	-1%
Repairs and Maintenance		8	4		-3329%
Other		200	162	69	-190%
Total Operational Expenditure		1 379	1 291	1 228	-12%
Net Operational Expenditure		1 379	1 291	1 228	-12%

Capital Expenditure 2011/12: Human Resource Services					
R' 000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All			6	100%	
Computer hardware			6	100%	

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

The human resources section is operation efficiently and meeting prescribed requirements. Certain human resources functions previously performed by financial services have been transferred to this section. This eased the pressure on the financial section significantly.

Although there was certain issues raised during the audit relating to human resources it have been addressed and should not be a problem in the future. Especially the capturing and record keeping in regards to leave records was under scrutiny during the audit for the year under review. This can be corrected with minor adjustments to the staff module of the main frame computer system.

3.16 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT unit is situated in the Income, Expenditure and IT section, and are staffed by two persons to serve all the offices of the Overberg District Municipality. The unit is responsible for 146 customers.

The main responsibilities of the unit involve:

- Licensing – Yearly audit and updating of licensing;
- Networks – installation and maintenance;
- IT policy – Development and reviewing;
- Access Control – Maintain access control of entrance to Head Office;
- Day to Day desktop assistance;
- Website maintenance and updating with information received; and
- Mail server and internet proxy – maintenance and access management.

The top priorities of the unit are the financial system, e-mail and internet access. No major problems which affected the work were experienced. No data was lost and information is up to date. Daily backup took place on the financial program and mail system of the municipality.

The financial program (SAMRAS), Performance (Ignite) and Information Management System of the roads (IMMS) are maintained by outside organisations.

The ICT unit is situated in the Income, Expenditure and IT division.

SERVICE STATISTICS FOR ICT SERVICES			
Number of Support request			
2010/2011		2011/2012	
Request	Support given %	Request	Support given %
88	100	200	100

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

This section is operating efficiently and prescribed requirements are met. There was however some audit findings raised during the audit for the year under review. This was mainly in relation to policies in regards to ICT that have not been prepared, approved or implemented. A procedure for preparing the required policies is under way and the policies should be tabled in Council within the next couple of months.

The municipality also had a problem with its website. This has been resolved and should not be an issue in future.

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ICT Objectives								
Service Objective	Outline Service Targets	2010/11		2011/12		Following years		
		Target	Actual	Target	Actual	Target		
Service Indicator		Previous Year		Current Year		2012/2013	2013/2014	2014/2015
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Annual Software licensing audit to ensure the legality of municipal software used and to secure municipal data	100%	98%	100%	100%	100%	100%	100%
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Back-up of all systems and databases on a regular basis to ensure that municipal data is secured	100%	100%	100%	100%	100%	100%	100%
To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Resolve all IT queries received to ensure effective IT systems for municipal processes	100%	85.42%	100%	96.67%	100%	100%	100%

3.17 SUPPORT SERVICES, PROPERTY MANAGEMENT; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO SUPPORT SERVICES, PROPERTY; RISK MANAGEMENT AND PROCUREMENT SERVICES

The Corporate Services render a support function to the administration of the Municipality. Due to the limited human resources, the focus was on committee services, archives, cleaning and reception. The department was supported by officials of other departments who have the necessary expertise.

An internal land audit was executed to identify properties for sale to fund capital projects in the 2012/2013 financial year.

Two labour litigations were made against the municipality and were successfully opposed. The municipality also received litigation from a landowner for a fire on his property. The case is still pending.

Risk management is a concern; there is no responsible person to drive the function. Although provision is made for a post of Risk Officer on the Organisational Structure under the Municipal Management Unit, it is unfunded.

Procurement Services – See Financial Services nr. 3.14

The focus was to develop a set of Roles and Responsibilities for the councillors and a System of Delegations. However it was not finalised, but were drafted with the assistance of the Western Cape Department of Local Government.

Employees: Support Services					
Job Level	2010/2011	2011/2012			
	Employees No.	Post No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	0	0	0		0%
4-6	1	2	1	1	50.00%
7-9	1	4	3	1	25.00%
10-12	2	4	3	1	25.00%
13-15	1	0	0	0	0%
16-18	4	4	2	2	50.00%
Total	9	14	9	5	35.71%

Financial Performance 2011/12: Support Services					
R'000					
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 812	976	892	1 684	42%
Expenditure:					
Employees	3 636	1 069	1 016	653	-64%
Repairs and Maintenance	122	174	159	88	-98%
Other	3 120	2 888	2 999	3 317	13%
Total Operational Expenditure	6 878	4 131	4 174	4 058	-2%
Net Operational Expenditure	5 066	3 155	3 282	2 374	-33%

Chapter 3

Capital Expenditure 2011/12: Support Services					
R' 000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	110	45	57	-92%	
Computer equipment	40	11	6	-627%	
Sundry equipment	20	4	4	-399%	
Office building	50	30	48	-5%	

COMMENT ON THE PERFORMANCE OF SUPPORT SERVICES OVERALL:

This section renders a wide range of services to the municipality. During the year under review the section performed well and complied with prescribed requirements.

COMPONENT J: ORGANISATIONAL PERFORMANCE SCORECARD

Ref	IDP Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	POE	Annual Target	Sep-11				Dec-11				Mar-12				Jun-12				Overall Performance for Sep 2011 to Jun 2012						
								Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures			
COUNCIL																														
TL7	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Improving financial liability and management	Council approval of the adjustments budget by February 2012, if required.	Approval of adjustments budget before 29 February 2012	100%	Minutes of Council meetings during which adjustments budget was approved	100%	0%	0%					0%	0%			100%	100%	Adopted 28 February 2012			0%	0%			100%	100%		
TL6	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Improving financial liability and management	Council consideration of the draft budget for approval by 31 May 2012.	Approval of Main budget before 31 May 2012	100%	Minutes of Council meetings during which main budget was approved	100%	0%	0%					0%	0%							100%	100%	Approved on 31 May 2012			100%	100%		
TL8	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Improving financial liability and management	Mayoral approval of the Top Layer SDBIP 28 days after the approval of the subsequent years budget.	Approval of Top Layer SDBIP within 28 days after the approval of the main budget	100%	Approved top Layer SDBIP	100%	0%	0%					0%	0%							100%	100%	25/06/2012 by Mayor			100%	100%		
TL4	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Number of Executive Council meetings conducted	1 Council meeting per quarter	4	Minutes of Council meetings	4	1	4	20/07/2011, 29/07/2011 (Special) 26/08/2011 31/08/2011 (Special)	1	2	25/10/2011 28/11/2011			1	5	19/01/2012, 31/01/2012 (Special) 27/02/2012 28/02/2012 (Budget approval) 26-Mar-12			1	3	31/05/2012 (Spec), 24/05/2012, 18/06/2012			4	14			
TL5	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Number of subcommittee Council meetings conducted	No of sec 80 committee meetings per annum. 4 Subcommittee meetings conducted per quarter	5	Minutes of Committee Meetings	16	4	4	1 per portfolio Committee - 12/08/2012	4	8	1 per portfolio 11/10/2011, 16/11/2011, 8 for the Quarter			4	4	16/02/2012 - 1 per portfolio except Corporate, Corporate Services 7/03/2012 (4 for the quarter)			4	3	3 Portfolio Meetings - LED & Tourism Not held - no Quorum - Items be referred to next Mayo meeting			16	19			

Ref	IDP Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	POE	Annual Target	Sep-11				Dec-11				Mar-12				Jun-12				Overall Performance for Sep 2011 to Jun 2012			
								Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures
OFFICE OF THE MUNICIPAL MANAGER																											
TL3	To facilitate sustainable and efficient land use and planning frameworks	Strengthening good governance	Percentage of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100%	Financial Statements and AG report	100%	0%	0%					0%	0%					100%	54.55%	Spending stopped due to cash flow constraints	cash constraints	100%	54.55%	Spending stopped due to cash flow constraints	
TL1	To facilitate sustainable and efficient land use and planning frameworks	Enhancing municipal transformation and institutional development	Number of people from employment equity target groups employed in the three highest levels of management, in compliance with the municipality's approved EE plan	No of people employed in the three highest levels of management	1	Quarterly EE report	1	0	0					0	0					1	1	EPWP		1	1		
TL2	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Improving LED	The number of jobs created through municipality's local economic development initiatives including capital projects	Number of jobs opportunities created through LED initiatives and EPWP	52	EPWP statistics submitted	20	0	0					0	0					20	124	EPWP		20	124		
TL23	To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty	Strengthening good governance	Approval of the annual report and oversight report by Council by 31 March 2012	Annual report and oversight report of council submitted before legislative deadline	100%	Minutes of council meeting during which Annual Report was approved	100%	0%	0%					100%	100%	28 March 2012, item A12				0%	0%			100%	100%		
TL22	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Enhancing municipal transformation and institutional development	Number of signed performance agreements for all employees down to post level 8 by June 2012	Signed PM agreements	Partly to post level 8	PMS system	100%	0%	0%					0%	0%					100%	0%	Urge Senior managers to sign performance contracts up to level 8 by not later than September 2012		100%	0%	Urge Senior managers to sign performance contracts up to level 8 by not later than September 2012	
TL26	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Enhancing municipal transformation and institutional development	Assess all HR policies and revise and update policy manual by the end of June 2012	Completed process by June 2012	New Kpi	Reviewed HR policy manual	100%	0%	0%					0%	0%					100%	37.50%	3 of 8 policies revised	KPI transferred to 2012/2013 SDBIP of with target date 30 June 2013 for the rest of the policies	100%	37.50%	KPI transferred to 2012/2013 SDBIP of with target date 30 June 2013 for the rest of the policies	

TL25	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Enhancing municipal transformation and institutional development	Number of LLF meetings held per annum	Six meeting per annum	2	Minutes of meetings held	6	2	2	05/08/2011	1	2	27/10/2011	1	2	20/01/2012 (Special)	2	2	18/04/2012	6	8	C						
										06/09/2011			29/11/2011			23/02/2012			29/05/2012									
TL27	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Enhancing municipal transformation and institutional development	Percentage of training initiatives conducted per the skills development plan	Annual report to the Training Committee	20%	Training schedules submitted to work place skills plan	30%	0%	0%		0%	0%		0%	0%		30%	17.14%	Plan 70 insensitive and 12 was finalised 11 employee busy with Minimum Competency Level training	Cash constraints. Preference given to Minimum Competency Level Training	30%	17.14%	R	Focus on Minimum Competency Training				
TL24	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Enhancing municipal transformation and institutional development	Percentage of key positions (S57, S56 and second level of reporting) vacant per the approved organogram.	% Vacancy level as % of approved organogram	25%	HR records on filed and vacant posts	25%	25%	20%		25%	20%		25%	11%	Appoint MM, 1 director was dismissed, Org Structure changed	25%	22%	Total post 9 vacant 2-22%		25%	18.25%	B					
TL17	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Number of Audit Committee meetings conducted.	No of meetings of the audit committee per annum	1	Minutes of meetings	4	1	0	Audit Committee was dissolved - Advertise for audit committee	- Advertise for audit committee	1	0	Committee members appointed.	First meeting will take place in January 2012	1	2	17/01/2012	1	1	10-Apr-12	Members was appointed in December 2011. Only 3 meetings took place in the second semester of the financial year.	4	3	C	Regular meetings should take place		
TL16	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Enhancing municipal transformation and institutional development	Number of signed performance agreements of all Directors (S56) within one month after the commencement of the new financial year (31 July)	No of performance agreements signed	1	Signed agreements	3	3	0	Develop Performance Contract. Only 2 director 1 Act as Municipal Manager	Submitted performance contract to Director Community Services on 27/07/2011	Must be follow-up	0	1	Sign agreement with acting Municipal Manager (Rabbits). Submit Performance contract to Director Financial Services Contract of Director Community Services still outstanding.	Directors Financial Services on sick leave	0	0	Both Directors on sick leave	Sent a letter to both directors, request outstanding PM Contracts	0	0		In the future agreement must be signed not later than 31 July of each year to adhere to regulation.	3	1	R	In the future agreement must be signed not later than 31 July of each year to adhere to regulation.
TL14	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Approval of Communication Strategy by Council by December 2011.	Approved Communication Strategy	Current draft strategy	Minutes of Council meeting during which reviewed strategy was approved	100%	0%	0%			100%	0%	Draft Communication policy exist.	No person in post of Communication officer	0%	0%		No person in post of Communication officer	0%	0%	Submitted draft communication strategy to Western Cape Local Government Communication unit	Must follow up - Transfer KPI to 2012/2013 SDBIP with target date end September 2012	100%	0%	R	Must follow up - Transfer KPI to 2012/2013 SDBIP with target date end September 2012	
TL18	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Approved risk based audit plan by the Audit Committee by September	100%	Minutes of meeting of Audit Committee during which RBAP was approved	100%	100%	50%	0	No Audit Committee.	Draft RBAP ready to submit to audit committee for approval	0%	0%			0%	50%	RBAP plan approved by Audit Committee on 17/01/2012. However the target was met, it was four months later than target set.		0%	0%		100%	100%	C			
TL15	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Compilation and approval of fraud and anti-corruption policy by December 2011	Approved fraud and anti-corruption policy	Current draft strategy	Minutes of Council meeting during which reviewed strategy was approved	100%	0%	0%			100%	0%			0%	0%		Approved 18/06/2012. However that target was met, it was six months later than target set.		100%	100%	C					

TL9	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Number of compliance findings reported on by the Auditor General in comparison with the previous financial years audit report	No of findings in the audit report on non-compliance with laws and regulations	0	AG report	0	0	0	0	0	0	24	2010/2011 AG Report findings in the audit report on non-compliance with laws and regulations	Prepare and action plan to address findings	0	0	Continuously monitoring OPCAR	0	24	Continuously monitoring OPCAR	
TL10	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Number of Political District Intergovernmental Forum (DIF) meetings conducted per annum	One quarterly meeting to be conducted	0	Minutes of the Meetings	4	1	0	0	1	0	1	22/02/2012		1	2	Regular meetings should take place to promote IGR in the District	4	3	Regular meetings should take place to promote IGR in the District	
TL11	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Strengthening good governance	Number of Technical District Intergovernmental Forum (DIF) meetings conducted per annum	One quarterly meeting to be conducted	0	Minutes of the Meetings	4	1	0	0	1	1	11/2/2011	No formal meeting, but ODM had numerous informal meetings with the various Municipalities.	New Municipal Manager started 10/3/2012	1	0	Meetings must be held as planned to Promote IGR in the District and to give technical assistants to the DCF.	4	1	Meetings must be held as planned to Promote IGR in the District and to give technical assistants to the DCF.	
TL13	To facilitate sustainable and efficient land use and planning frameworks	Strengthening good governance	Number of district IDP forum meetings conducted.	One quarterly meeting to be conducted	0	Minutes of the Meetings	4	1	1	15/09/2011	1	1	7/12/2011	No meeting held - Prepared IDP		1	0	No meeting held IDP assessment took place 17 April 2012	4	2	Regular meetings must take place	
TL12	To facilitate sustainable and efficient land use and planning frameworks	Strengthening good governance	Submission IDP framework by Council by September 2011.	Approval of District IDP framework	Current framework	Minutes of Council meeting during which framework was approved	100%	100%	100%	Council approved 29/05/2011, item A3	0%	0%	0%	0%		0%	0%		100%	100%		
TL21	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Enhancing municipal transformation and institutional development	Percentage of municipality's budget actually spent on implementing its WPS by June 2012	% of the budget spent on implementation of the WSP	0.50%	Financial Statements	1%	0%	0%		0%	0%	0%	0%		1%	0.06%	Total amount spent on training (excluding other related costs) - R76 898 Expenditure Budget - R11 1372629	1%	0.06%	Long-term turnaround strategy	
TL19	To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty	Improving LED	Compilation of a district LED strategy by 30 June 2012	Compilation of a district LED strategy by 30 June 2012. PGWC: DEDAT will be assisting with the LED strategy	Current Strategy	Minutes of council meeting during which reviewed strategy was approved	100%	0%	0%		0%	0%	0%	0%	DEDT pledged support to formulating a LED strategy for the district	100%	0%	DEDT pledged support to formulating a LED strategy for the district	KPI transfer to 2012/2013 SDBIP with target date December 2012	100%	0%	KPI transfer to 2012/2013 SDBIP with target date December 2012
TL20	To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty	Improving LED	Signed twinned agreement for the initiation of the Bredasdorp Airport.	Finalisation of negotiations by March 2012	New Kpi	Twinning Agreement signed	100%	0%	0%		0%	0%	100%	0%	No twinned agreement signed	0%	0%		Reconsider the project	100%	0%	Reconsider the project
TL61	To support the development of a diversified, resilient and sustainable district economy in order to promote economic growth, build skills, create jobs and eradicate poverty	Improving LED	Compilation of district Tourism strategy by 30 June 2012	LTOs are currently in the process of compiling their respective strategies for inclusion in the District's Tourism strategy.	Current draft strategy	Minutes of council meeting during which Strategy was approved	100%	0%	0%		0%	0%	0%	0%		100%	0%	Not met	Must determine the future role of Tourism as an district function	100%	0%	Terms of reference to be develop. Discussed at DCF

TL53	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	Reviewed Integrated transport plan for the district with the support of the Provincial Department by March 2012	% completed	Existing ITP	Minutes of council meeting during which reviewed plan Framework was approved	100%	0%	0%							100%	0%	Appoint a service provider to assist with ITP		0%	50%	Refers to Community Portfolio 7 May 2012	The Community Services Portfolio Committee resolved that the report be referred back to consultant, so that comments of the B Municipalities be added in the document as presented. - PP process	100%	50%	Referred back to consultant, comments of the B Municipalities be added in the document as presented. - PP process
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TL48	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Improving financial liability and management	Percentage of audit findings of the previous financial year resolved at the end of the current financial year.	% of Root causes of issues raised by AG in AG report addressed	15%	AG report	10%	0	0	0	0	0	0	0	0	0	0	0	0	0	Received AG Report on 10/01/2012	10%	22.50%	133 raised 30 resolved (22.5%)	OPCAR Monthly monitoring on improvements	10%	22.50%	B	
TL52	To facilitate the necessary institutional transformation and financial sustainability of the ODM in order to make it a truly developmental municipality	Improving financial liability and management	Zero appeals against the municipality per quarter with the SCM process followed	No of successful appeals	0	SCM records	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C

Ref	IDP Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	POE	Annual Target	Sep-11				Dec-11				Mar-12				Jun-12				Overall Performance for Sep 2011 to Jun 2012				
								Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	Target	Actual	Performance Comment	Corrective Measures	
COMMUNITY SERVICES																												
TL39	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Compilation and approval of District Air Quality Management Plan by June 2012 (Environmental Pollution)	Air Quality control plan adopted by June 2012	New Kpi	Adopted Air Quality control plan	100%	0%	25%	Draft plan is available, next step is to liaise with the Municipalities	0%	20%			0%	20%	Meet with 8 Municipalities on 6/02/2012 (Dept Environmental Affairs & Development/Planning). Send a letter to 8 Mun. in connection with cost structure for Air Quality Control - ODM will save the total function in the district.			100%	0%	Asked 8 Municipalities for inputs - Nothing received.	Revised the draft plan to focus on the functions of a district municipality as prescribe in the Environmental: Air Quality Act, 2004 - KPI carry over to 2012/2013 SDBIP with target date November 2012	100%	65%	R	Revised the draft plan to focus on the functions of a district municipality as prescribe in the Environmental: Air Quality Act, 2004 - KPI carry over to 2012/2013 SDBIP with target date November 2012	
TL41	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	compliance review, over the landfill facilities, conducted by external service provider by the end of each financial year	Compliance review report	Annual audit conducted	Audit report received	1	0	0		0	0			0	0				1	1	Audit done on 10 April 2012 by Jaffares & Green			1	1	C	
TL70	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Conduct assessment of Chemical safety at food premises within the District by June 2012 to determine an annual baseline for the year	Assessment completed by June 2012. Report to be submitted in quarter 1 of new financial year.	New Kpi	Assessment results/ report	100%	0%	0%	Done assessment - 493 visitations for the quarter	0%	0%	Done assessment - 290 visitations for the quarter		0%	0%	Done assessment - 405 for the quarter			100%	100%	Assessment complete - Total of 1616 visitations			100%	100%	C	
TL69	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Conduct assessment of Vector Control within the District by June 2012 to determine an annual baseline for the year	Assessment completed by June 2012. Report to be submitted in quarter 1 of new financial year.	New Kpi	Assessment results/ report	100%	0%	0%	Done assessment - 534 visitations for the quarter	0%	0%	Done assessments - 332 visitations for the quarter		0%	0%	Done assessments - 451 visitations for the quarter			100%	100%	Assessment complete - Total of 1959 visitations			100%	100%	C	
TL43	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Finalisation of SLA with B municipalities to regulate tariffs and use of waste facilities by the end of June	Two signed SLA	New kpi	Signed SLA's	2	0	0		0	0			0	2	SLA's with B Municipalities was signed by Overstrand and Theewaterskloof municipalities as 1 SLA - 28/02/2012			2	0			2	0	C		
TL65	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of dairies inspected in the district in terms of Reg. 1256	72 per quarter	288 per annum	Sample results and Mun Health Information System / Inspection register	228	72	78	78 for the quarter	72	54	54 for the quarter		72	211	211 for the quarter			72	132	132 for the quarter			288	475	B	
TL67	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of farm inspections conducted	128 inspections per quarter	540 per annum	Sample results and Mun Health Information System / Inspection register	512	128	64	64 for the quarter	128	47	47 For the quarter	Discussion with staff regarding the under performance	128	44	44 for the quarter			128	83	83 for the quarter. Due to budget constraints - out on travelling cost tried to combine with milking shed inspections.	Better planning to avoid under performance on targets vs. over performance on other targets	512	238	R	Better planning to avoid under performance on targets vs. over performance on other targets	

TL38	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of food premises inspected for compliance against legislative requirements	2000 per annum	2000 per annum	Sample results and Mun Health Information System	2,000	500	517	517 for the quarter		500	436	436 for the quarter		500	478	478 for the quarter - due to staff on leave/ maternity leave in the quarter		500	499	499 for the quarter	Better planning to avoid under performance on targets vs. over performance on other targets	2,000	1,930	Better planning to avoid under performance on targets vs. over performance on other targets
TL64	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of food samples submitted for testing	192 per annum	192 per annum	Sample results and Mun Health Information System / Laboratory reports	192	48	132	132 for the quarter		48	124	124 for the quarter		48	134	134 for the quarter - over performance due to holiday season and more informal food dealers.		48	70	70 for the quarter		192	460	B
TL40	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of inspections conducted at undertakers	Number of inspections of undertaker's sites	40 per annum	Sample results and Mun Health Information System	40	0	0			20	29	29 for the half-year		0	0			20	27	27 for the half-year		40	56	C2
TL66	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of inspections conducted on handlers of medical waste	280 per annum	280 per annum	Sample results and Mun Health Information System / Inspection register	280	0	0			140	73	73 for the half-year		0	0			140	85	85 for the half-year	Better planning to avoid under performance on targets vs. over performance on other targets	280	158	R
TL63	Community Services	Improving basic service delivery and infrastructure development	Number of recreational water monster sampled for testing	Number of samples to comply SANS 242	92 per annum	Sample results and Mun Health Information System / Laboratory reports	92	23	9	9 for the quarter. Less attention during winter month. Will receive more attention during holiday season.		23	106	106 for the quarter		23	104	104 for the quarter - demand higher in holiday season		23	18	18 for the quarter		92	237	B
TL37	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of solid waste site inspections conducted	No of Solid Waste Site inspections	360 per annum	Sample results and Mun Health Information System	360	90	77	77 for the quarter		90	77	77 for the quarter		90	69	69 for the quarter - No more intensive monitoring due to the high operational standard of these premises.		90	70	70 for the quarter	Better planning to avoid under performance on targets vs. over performance on other targets	360	293	B
TL68	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of surveillance inspections conducted at informal settlements.	42 inspections per quarter	168 per annum	Sample results and Mun Health Information System / Inspection register	168	42	49	49 for the quarter		42	54	54 for the quarter		42	50	50 for the quarter		42	52	52 for the quarter		168	205	C2
TL36	Community Services	Improving basic service delivery and infrastructure development	Number of waste water monsters sampled for testing	Number of samples per quarter complying with SANS 241	116 per annum	Sample results and Mun Health Information System	116	29	34	34 for the quarter		29	24	24 for the quarter		29	31	31 for the quarter		29	6	6 for the quarter		116	95	Budget should be taken into account when set targets
TL62	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of water quality samples conducted for testing at dairies	Number of samples to comply SANS 241	214 per annum	Sample results and Mun Health Information System / Laboratory reports	214	0	0			107	55	55 for the half-year		0	0			107	82	82 for the half-year	Better planning to avoid under performance on targets vs. over performance on other targets	214	137	R
TL35	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of water samples submitted for testing	Number of samples per quarter	316	Sample results and Mun Health Information System / Laboratory reports	316	79	99	99 for the quarter		79	128	128 for the quarter		79	91	91 for the quarter		79	19	19 for the quarter		316	337	C2

TL42	Community Services	Improving basic service delivery and infrastructure development	Submission for funding to DBSA to develop an additional waste cell by June 2013	Submission to DBSA	New kpi	Certificate of completion	100%	0%	0%							0%	100%	Loan application to DBSA 20/3/2012		100%	0%			100%	100%	C	
TL30	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Annual revision of disaster risk assessment, to identify possible High risk areas, by March of each year	Only one in March	Annual assessment in September and March	Minutes of the Disaster Management Advisory Forum	1	0	1							1	0			0	1	25/06/2012		1	2	B	
TL29	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Annual revision of District Disaster Management master contingency plans by the end of March 2012	Number reviewed	Existing contingency plans	Minutes of council meeting during which reviewed contingency plans was approved	1	0	0							1	0	Awaiting final plans and input from KAM and Swellendam municipalities	Revision to be completed by May 2012	0	0	Plans and input from KAM and Swellendam still outstanding. Will submit plan to Council in August without the inputs of KAM and Swellendam Municipality.	Transfer KPI to 2012/2013 with target date December 2012 - request input form outstanding municipalities.	1	0	R	Transfer KPI to 2012/2013 with target date December 2012 - request input form outstanding municipalities.
TL28	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Annual revision of District Disaster Management Framework by March 2012 of each year	District Disaster Management Framework reviewed March 2012	Existing framework	Minutes of council meeting during which reviewed Framework was approved	100%	0%	0%							100%	50%		Revision completed by April for submission to Portfolio Committee	0%	25%	Finalised document for submission to council	Must refer framework first to Portfolio Committee in August 2012	100%	75%	C	Must refer framework first to Portfolio Committee in August 2012
TL33	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	No of quarterly evaluations / inspections of the sub districts	No of quarterly evaluations of the sub districts	4 sub districts nt Grabouw, Caledon, Swellendam, Bredasdorp	Evaluation report	16	4	0							4	0	Not met due to fire season	Will do evaluations in February	4	0	Ad hoc visits at as part of trips to meetings. Due to constant involvement with stations on operational levels evaluation took place continuously.	Request that the Head Protection Services make formal visits to the fire stations	16	0	R	Request that the Head Protection Services make formal visits to the fire stations
TL34	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Number of disaster management awareness initiatives executed for the year	No of initiatives executed	2 per annum	Awareness info distributed	2	0	0							1	3	Submission and Report to CAM council - Oct, Talk on Radio Overberg 29 November 2011. Roadblocks - emergency numbers handed out - Dec			0	0			2	5	B
TL32	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Quarterly District Disaster Management Advisory Forum meeting conducted	No of meetings of the disaster management advisory forum per annum	Existing Advisory Forum	Minutes of meetings held	4	1	0							1	0	No meeting in December.	Meeting to be held in February 2012	1	0	Meetings taking place after the provincial meetings in May	Request to conduct regular meetings. Identify an individual to be responsible to arrange quarterly meetings.	4	0	R	Request to conduct regular meetings. Identify an individual to be responsible to arrange quarterly meetings.
TL31	To ensure health and safety of communities in the Overberg District through prevention and proactive management of risks	Improving basic service delivery and infrastructure development	Quarterly District Disaster Management Advisory Forum sub committee meetings conducted	No of functioning sub committees of the disaster management advisory forum	Currently 2 sub committees nt. District Fire Working Group and SAPS Priority Committee (ad hoc)	Minutes of meetings held	4	1	3							1	0	No meeting in December.		1	0	Meeting scheduled for 12 July 2012	Request to conduct regular meetings. Identify an individual to be responsible to arrange quarterly meetings.	4	3	C	Request to conduct regular meetings. Identify an individual to be responsible to arrange quarterly meetings.
TL54	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	% spent per month as approved according to the Financial SLA with PGWC: Department of Transport and Public Works	% spent of approved provincial roads maintenance allocation	100%	Monthly expenditure report submitted to the Provincial Department of Transport	100%	100%	100%							100%	100%	Average of 99.66% for the quarter - Predetermined estimate vs Actual		100%	100%			100%	100%	C	
																100%	100%	Average of 101.71% for the quarter - Predetermined estimate vs Actual		100%	100%			100%	100%	C	
																100%	100%	Average of 99.32% for the quarter - Predetermined estimate vs Actual		100%	100%			100%	100%	C	
																100%	100%	Average of 100.99% for the quarter - Predetermined estimate vs Actual		100%	100%			100%	100%	C	

TL57	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	Km's of Provincial gravel roads graded per month as per the registered project submitted to the PGWC; Department of Transport and Public Works for approval	Kms of roads graded per quarter (month)	6000 km	IMMS system	6,000	1,650	1,601.00	1601 km for the quarter	Targets not achieved because of weather conditions - has no control over weather conditions	1,150	1,550	1550 km for the quarter	1,450	1,097	1097 km for the quarter	Targets not achieved because of weather conditions - has no control over weather conditions	1,750	1,453.59	1453.59 km for the quarter	Targets not achieved because of weather conditions - has no control over weather conditions	6,000	5,701.59	The weather has an effect on the target set
TL56	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	Km's of Provincial gravel roads graded per quarter as per the registered project submitted to the PGWC; Department of Transport and Public Works for approval	Kms of roads regavelled per quarter	50 km	Minutes of the Portfolio Meeting	50	13.8	18.49	18.49 km for the quarter		11.2	13.72	13.72 km for the quarter	11.2	13.08	13.08 km for the quarter		13.8	18.38	18.38 km for the quarter		50	63.69	
TL55	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	Submission of annual business plan for provincial roads budget allocation by the end of March	Annual business plan	Annual submission	Confirmation of business plan submitted	1	0	0			0	0		1	1	BUSINESS PLAN FOR 2012/2013 SUBMITTED		0	0		1	1		
TL58	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	Compilation and approval of Report Management Policy by March 2012	Policy submitted for approval by March 2012	New Kpi	Approved policy	100%	0%	0%			0%	0%		100%	0%	Not met - Head resort on sick Feb/March 2012	Will be addressed in 2012/2013	0%	0%		Transfer KPI to 2012/2013 SCBP with target date 30/06/2013	100%	0%	Transfer KPI to 2012/2013 SCBP with target date 30/06/2013
TL59	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	Number of improvement projects of access for disabled persons to resorts, at the Council's 3 resorts.	Final progress report to be submitted by June 2012	New Kpi	100% of budget spent	3	0	0			0	0		0	0			3	1	Only at Die Dam	Cash constrains - capital project not complete	3	1	Cash constrains - capital project not complete
TL60	To facilitate the improvement and expansion of the provision of bulk and basic services to all the people of the Overberg District	Improving basic service delivery and infrastructure development	Submission of customer satisfaction survey report by February 2012 to the Portfolio Committee	Summarised report with recommendations submitted to Portfolio committee by end of February 2012	New Kpi	Report submitted to portfolio committee	100%	0%	0%			0%	0%		100%	0%	Not done due to Head resort on sick Feb/March 2012	Will be submitted to portfolio committee on 7 May 2012	0%	100%	Serve before the Community Service Portfolio on 7/05/2012	100%	100%		

Chapter 3

COMPONENT K: PERFORMANCE ASSESMENT OF SERVICE PROVIDERS

A performance assessment was done at the end of the 2011/2012 financial year on Providers who tendered on the annual tender for goods and services.

The following service providers were assessed.

Name of Service Provider	Goods & Services Supply
Diesel Electric Cape t/a Diesel Electric Worcester	Filters
Nu Way Enterprises	Road signs
Colas	Bitumen & Bitumen Emulsions
Tosas (Pty) Ltd	Bitumen & Bitumen Emulsions
Infraset	Reinforced concrete pipes and culverts
Rocla	Reinforced concrete pipes and culverts
Overberg Agri	Road signs, Fuel
TVM Konstruksie (Edms) Bpk	Hire of road implements & Road surfacing material
Afrimat Aggregates	Road surfacing material
Suzanne Wiese	Translations
Mob Media	Translations & advertising
Ikamva Trust	Fuel
Erasmus Vervoer Trust	Fuel
Qhamani Nande	Cleaning Agents
WDK Cleaning Solutions CC	Cleaning Agents
Waltons	Stationary
Kleen-it Factory Shop	Cleaning Agents
Kwapele Basadi-Cleanit	Cleaning Agents

Results: No service provider's performance rating was poor and therefore all service providers rendered a good service to the municipality.

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

Human Resource Management is the function within an organisation that focuses on recruitment, management and the direction of the people in an organisation. Human Resource Management can be divided into four main functions, namely:

- Provision;
- Development;
- Motivation; and
- Maintenance.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	2010/2011	2011/2012			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Roads	154	181	166	15	3.48%
Local Economic Development /IDP	1	2	1	1	0.23%
Human Development	2	0	0	0	0.00%
Environmental Management	1	7	3	4	0.92%
Municipal Health	21	56	22	34	7.88%
Fire Services	35	90	35	55	12.76%
Disaster Management	0	1	1	0	0.00%
Resorts	26	45	24	21	4.87%
Council	0	1	1	0	0.00%
Municipal Management	4	6	3	3	0.69%
Internal Audit	2	4	4	0	0.00%
Performance Management	1	1	1	0	0.00%
Finance	15	17	14	3	0.69%
Human Resources	4	5	4	1	0.23%
IT Services	2	2	2	0	0.00%
Corporate Policy Offices And Other	9	14	9	5	1.16%
Totals	277	432	290	142	32.87%

Chapter 4

Vacancy Rate 2012/2012			
Designations	Total Approved Posts No.	Vacancies on 30 June 2012 No.	Vacancies %
Municipal Manager	1	0	0.00
Other S57 Managers (excluding Finance Posts)	1	0	100
Other S57 Managers – CFO (Finance posts)	1	1	100
Fire fighters	90	55	61.11
Senior management: Levels 3 (excluding Finance Posts)	3	0	0.00
Senior management: Levels 3 (Finance posts)	2	0	0.00
Highly skilled supervision: levels 4-6 (excluding Finance posts)	30	1	3.33
Highly skilled supervision: levels 4-6 (Finance posts)	2	1	50
Total	130	58	44.61

Turn-over Rate			
Details	Total Appointments from beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
2010/2011	41	20	7.22%
2011/2012	50	19	6.55%

COMMENT ON VACANCIES AND TURNOVER

For the past five years an inconstancy was experienced with the positions of Municipal Manager and Chief Financial Official. A permanent Municipal Manager was appointed from 1 March 2012. The function of CFO was performed by acting staff. Both the directors were dismissed during the year under review. The reason for the turnover rate experienced was the result of disabilities/ill health, retirements and resignations.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Human Resources policies were developed, which address principles and rules to guide decisions and achieve rational outcomes. Policies assist in both subjective and objective decision making, and also assist senior management with decision making and guide all employees to comply with standards.

The Local Labour Forum serves as tool to ensure working relations between the workforce, management and council. The workforce is also governed by collective agreements.

The policies of the Municipality give effect to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act 1998.

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Employment Equity	100%	100%	February 2011
2	HIV/Aids	100%	100%	18 Junie 2012
3	Information Technology (Computer)	100%	100%	6 October 2006
4	Official Journeys (S & T)	100%	100%	18 Junie 2012
5	Recruitment, Selection and Appointments	100%	100%	6 October 2006
6	Workplace skills plan	100%	100%	29 June 2012
7	Smoking	100%	100%	18 June 2012
8	Uniforms (Dress Code)	100%	100%	18 June 2012
9	Cellphone Policy	100%	100%	18 June 2012
10	Private work (Employee)	100%	100%	6 October 2006
11	Acting allowance (payment for additional duties)	100%	100%	30 March 2008
12	Study Bursaries	100%	100%	6 October 2006

COMMENT ON WORKFORCE POLICY DEVELOPMENT

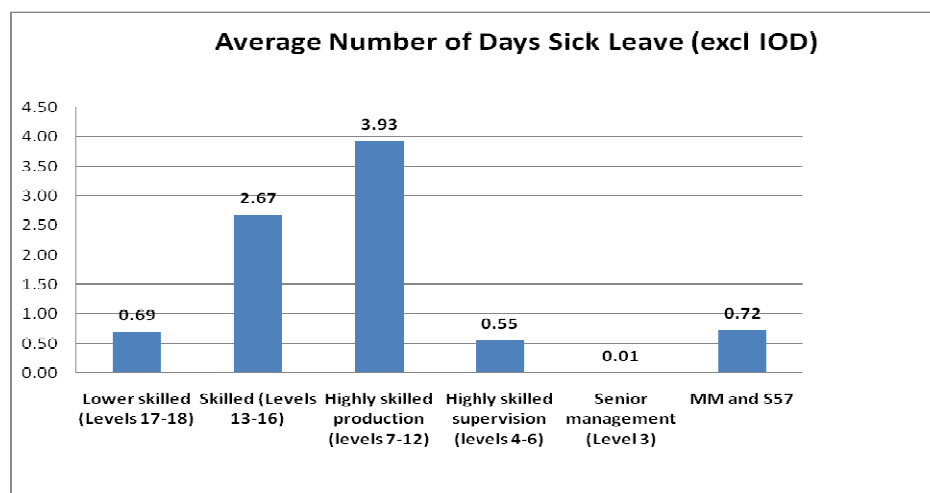
The focus during the year was to review existing policies. Two new policies were also developed and adopted by council.

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	195	33	16.92%	39	77
Temporary total disablement					
Permanent disablement					
Fatal					
Total	195	33	16.92%	39	77

Chapter 4

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post	Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 17-18)	198	40%	94	108	0.69	177
Skilled (Levels 13-16)	762	30%	27	35	2.67	58
Highly skilled production (Levels 7-12)	1119	49%	89	107	3.93	563
Highly skilled supervision (Levels 4-6)	157	51%	16	26	0.55	147
Senior management (Level 3)	2	50%	1	6	0.01	2
MM and S57	205	0%	2	3	0.72	732
Total	2443	37%	229	285	8.57	1,682



COMMENT ON INJURY AND SICK LEAVE

Sick leave taken by employees has service delivery and cost implications. By monitoring sick leave and leave for injuries on duty certain patterns or trends, were identified. Once these patterns had been identified, corrective actions were taken.

In cases where long periods of sick leave occurred, the employees were referred to a doctor of the Municipality's choice.

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
S57	Financial Misconduct and other (R1 145.40)	Dismissal	15/05/2012

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

No employee was suspended during the time under review. Only one case of financial misconduct was investigated and dealt with. This case was also reported to the SAPD.

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS

The Municipality has implemented a performance management system for S57 appointees, as required by Section 52 of the Constitution, Chapter 6 of the MSA and the MFMA. This is in accordance with the Municipal Systems Act no. 32 of 200, and Local Government Municipal Performance Regulation, 2006, which require municipalities to adopt a performance management system. After the completion of the annual review of the IDP and the approval of the budget, the municipality prepares the SDBIP in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. There is no performance reward system in place for staff below S57. No performance rewards was paid to any employee.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of the municipality must comply with the Skills Development Act, Act 81 of 1998, and the Skills Development Levies Act, Act 20 of 1999.

A Skills Development Plan was develop for the year.

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		
			Actual: 30 June 2011	Actual: 30 June 2012	Target	Actual: 30 June 2011	Actual: 30 June 2012	Target	Actual: 30 June 2011	Actual: 30 June 2012	Target	Actual: 30 June 2011	Actual: 30 June 2012	Target
No.														
MM and s57	Female	0	0	0	0	0	0	0		0	0	0	0	0
	Male	3	0	0	0	0	1	1		1	1	0	2	2
Councillors, senior officials and managers	Female	5	0	0	0	0	0	0		0	0	0	0	0
	Male	26	0	0	0	1	4	4		10	4	1	14	8
Technicians and associate professionals*	Female	11	0	0	0	0	1	1		1	2	0	2	3
	Male	11	0	0	0	0	1	1		1	9	0	2	10
Professionals	Female	1	0	1	1	1	7	7		0	6	1	8	14
	Male	20	0	0	0	0	11	11		2	2		13	13
Sub total	Female	17	0	1	1	1	8	8		1	11	1	10	20
	Male	60	0	0	0	1	17	17		14	17	1	31	34
Total		77	0	1	1	2	25	25		15	28	2	41	54

Financial Competency Development: Progress Report*					
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed for (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))	Current number of officials busy (Regulation 14(4)(e))	Total number of competency assessments outstanding
Financial Officials					
<i>Accounting officer</i>	1	0	0	1	0
<i>Chief financial officer</i>	0	0	0	0	0
<i>Senior managers</i>	1	0	0	1	0
<i>Any other financial officials</i>	7	2	2	0	3
Supply Chain Management Officials					
<i>Heads of supply chain management units</i>	1	1	1	0	0
<i>Supply Chain Management Officials</i>	1	0	1	1	0
TOTAL	26	3	4	5	12

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

A Total amount of R203 750 was allocated for the Workplace Skills of which R39 981 was spent in the 2011/2012 financial year. Our focus was mainly on the MFMA Competency Regulation. Only 3 officials completed the training according to the MFMA Competency Regulation, while 11 are currently busy with training. Council requested extension on the deadline of 2013.

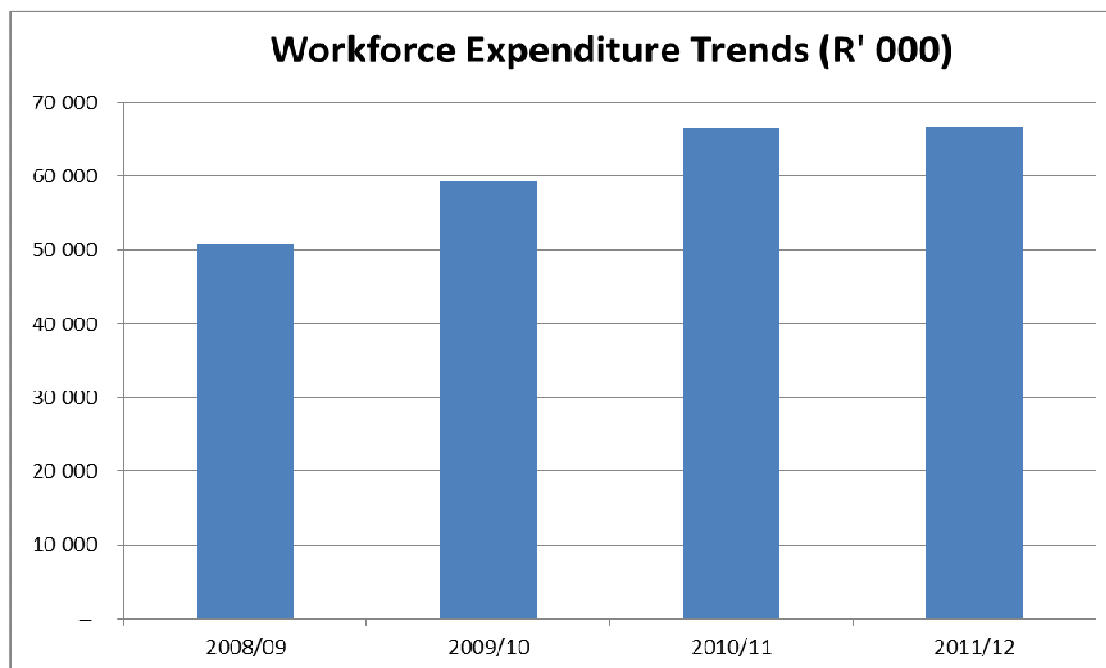
The ODM had reported on its Skills Development Plan to LGSETA on 29/06/2012. A new plan for 2012/2013 was also submitted to LGSETA. The skills plan for the next year was developed, taking into account the accessibility and affordability of training.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The workforce expenditure is controlled by means of an approved staff establishment and a salary budget. The salary structure and increase in workforce expenditure are controlled by Human Resource Policies and Bargaining Council Collective Agreements.

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22

COMMENT ON WORKFORCE EXPENDITURE

The workforce expenditure for the year under review is 45% of the total budget, which is 10% above the norm of 35%. The reason for the high rate is the limited income of the municipality in relation to core functions. The expense decreased from the two previous years as result of posts that could not be filled due to the Municipality's financial constraint.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation			
Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	N/A

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	-	-	-	-

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

No posts were upgraded or exceeded post grades, nor were appointments made in positions not on the staff establishment.

DISCLOSURES OF FINANCIAL INTERESTS

Financial disclosures were made by the Municipal Manager, Acting CFO, Acting Director Community Services and Council. See **Appendix G** for disclosures.

INTRODUCTION

The financial situation of the municipality was unstable and very uncertain during the year under review. For a couple of years the budget was prepared and adopted by the previous council, with inflated revenue amounts and expenditure amounts unrealistic low. This resulted in the municipality's financial position deteriorating every year. Furthermore the Equitable Share allocation replacing the RSC levies increased with less and in some instances much less than the CPI index.

All of this contributed to the municipality currently being in very serious financial constraints. Although all the municipality's creditors are paid to date the financial position is so bad that the auditors forced the municipality to disclose in the financial statements that there is reasonable doubt if the municipality can still be regarded as a going concern.

Component A: Statement of Financial Performance: The municipality realized a deficit of R6 891 156. This contributed towards an accumulated deficit on 30 June 2012 of R27 930 473. Although a turn-around strategy and serious savings measures have been put in place it is doubtful if the financial position will improve if the Equitable share portion that replaced the RSC levies are not increased significantly.

Component B: Spending against capital budget: Due to the financial position of the municipality very little was spent against the capital budget. The original capital budget was for an amount of R1 545 000. With the adjustment budget provision was made for the expansion of the Karwyderskraal landfill site. The capital budget increased to an amount of R9 102 184.

The actual expenditure for the year amounted to R328 433 or 3.61% of the budget. The main reason for the huge under spending was the inability to obtain funding for the expansion of the landfill site that amounted to 93.38% of the total capital budget. Only 54.54% of the rest of the capital budget was spent. This was a direct result of the municipality's poor financial position.

Component C: Other financial matters: The one big positive in the current financial position is that all creditors are paid. Unfortunately the municipality had to raise an overdraft facility to honour all its commitments at the end of the financial year. With strong financial discipline this will hopefully be avoided for the current year.

The vacant CFO position could not be filled as yet and the position is outsourced. Although the position has been advertised twice no suitable candidate that complies with the minimum competency requirements could be found. This is a matter of urgency and will be addressed as soon as possible.

Although everything possible was done to improve the financial position of the municipality, the financial position is still negative. The municipality had a negative cash flow for the year under review and this contributed to the accumulated negative cash position of the municipality.

Unfortunately district municipalities have very limited own sources of revenue. The only significant revenue sources the municipality have, is the resorts and the regional landfill site at Karwyderskraal. The net result of the resorts was a significant deficit while the landfill site is closed due to a lack of funding to expand it.

The municipality is totally reliable of government grants. Unfortunately the increases in the grants over the last couple of years were totally insufficient to cover the increase in expenditure. Although the municipality had meetings with all relevant role players it does not seem as if any significant improvement will happen in the near future. This could have a serious impact on the municipality's ability to render acceptable basic services as allocated to district municipalities in legislation.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements of the municipality were prepared according to GRAP as prescribed in the relevant legislation. This is a medium capacity municipality and all the requirements of GRAP had to be adhered to for the year under review. This makes the unqualified audit opinion even a greater achievement as there were many GRAP standards that had to be implemented during the year under review.

Furthermore the financial statements were prepared in accordance with the going concern principle. Due to the municipality's precarious financial position it is doubtful if the municipality still meets the requirements of a going concern. Although it is a known fact that no municipality has ever been forced to close down all ratios indicate that the municipality is in serious financial trouble.

Seen in the light of the limited own revenue sources of district municipalities the only significant measures the municipality can implement to improve its financial position is to cut back on expenditure. The municipality has already cut back in such a way that any further cuts may lead to a total collapse of service delivery. The municipal health and fire brigade services are both under staffed and this may well have a serious impact on service delivery. Unfortunately a lack of service delivery in both these functions may lead to a serious impact on the community the municipality has to serve.

Significant improvements have been achieved in the preparation of the financial statements. The statements were prepared and submitted to the Auditor General within the prescribed time frames. Unsolved audit findings were reduced from 133 in the previous year to 59 for the year under review. Several of these findings were in relation to the first half of the financial year. Issues raised during the previous year's audit were addressed after the previous audit report was received and should not be a problem in future.

Several of the findings could have been avoided if the reporting was done in terms of the prescribed requirements. We have good faith that this should not be an issue in future.

Furthermore several findings were raised that was a result of a difference in interpretation between the municipality and the Auditor General. A typical example of this was the provision for the rehabilitation of the landfill site. The provision was done according to the National Treasury guidelines, but the Auditor General had a different view on the calculation of the provision. The financial statements were adjusted according to the Auditor General's opinion to avoid a qualified audit opinion.

The results as reflected in the financial statements are very unsatisfactory and it is doubtful if these results can be improved in the near future. The main reason for this is that the increase in the equitable share portion replacing the RSC levies did not keep up with inflation and therefore this grant is insufficient to cover the increase in expenditure levels. This also causes that the employee related costs is becoming a ever growing percentage of total expenditure.

The financial position forced the municipality to cut back on repairs and maintenance which had a negative impact on the condition of the municipality's assets. Upgrading and replacement of assets have been seriously neglected and this may well cause serious problems for the municipality.

Furthermore the financial position prohibited the municipality from filling essential vacancies. This can be observed from the audit report where several recommendations are made that crucial vacancies should be filled. This has an impact on service delivery as well as on compliance issues. Statements and Revenue Collection Performance by vote and by source are included at **Appendix H**.

Note 37 of the Financial Statements referred to unauthorised, irregular, Fruitless and Wasteful expenditure for the year under review.

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary							R' 000
Description	2010/11	Current Year: 2011/12			2011/12 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Financial Performance							
Service charges	4,510	5,462	2,261	2,172	-151%	-4%	
Investment revenue	523	165	302	338	51%	11%	
Transfers recognised - operational	78,290	82,404	87,763	81,540	-1%	-8%	
Other own revenue	15,128	21,014	15,862	16,241	-29%	2%	
Total Revenue (excluding capital transfers and contributions)	98,451	109,045	106,188	100,290			
					-9%	-6%	
Employee costs	52,207	52,282	52,089	50,864	-3%	-2%	
Remuneration of councillors	3,754	4,537	4,580	4,205	-8%	-9%	
Depreciation & asset impairment	2,690	3,450	2,548	4,989	31%	49%	
Finance charges	1,620	1,738	2,295	1,131	-54%	-103%	
Materials and bulk purchases	-	-	-	-	%	%	
Transfers and grants	311	300	50	12	-2349%	-308%	
Other expenditure	53,526	46,725	52,213	45,998	-2%	-14%	
Total Expenditure	114,107	109,031	113,775	107,199	-2%	-6%	
Surplus/(Deficit)	(15,656)	14	(7,587)	(6,909)	100%	-10%	
Transfers recognised - capital					%	%	
Contributions recognised - capital & contributed assets	-	-	-	18	100%	100%	
	(15,656)	14	(7,587)	(6,891)			
Surplus/(Deficit) after capital transfers & contributions					100%	-10%	
Share of surplus/ (deficit) of associate	-	-	-	-	%	%	
Surplus/(Deficit) for the year	(15,656)	14	(7,587)	(6,891)	100%	-10%	
Capital expenditure & funds sources							
Capital expenditure					%	%	
Transfers recognised - capital					%	%	
Public contributions & donations	-	5	5	18	72%	72%	
Borrowing					%	%	
Internally generated funds					%	%	
Total sources of capital funds	-	5	5	18	72%	72%	
Financial position							
Total current assets	4,652	4,291	2,768	2,768	-55%	0%	
Total non current assets	52,320	44,607	50,147	38,217	-17%	-31%	
Total current liabilities	18,221	17,202	19,709	14,116	-22%	-40%	
Total non current liabilities	75,540	51,572	77,580	57,810	11%	-34%	
Community wealth/Equity	(36,788)	(19,876)	(44,375)	(27,930)	29%	-59%	
Cash flows							
Net cash from (used) operating	(52)	5,363	(4,895)	(1,517)	454%	-223%	
Net cash from (used) investing	(520)	(1,545)	(374)	(328)	-370%	-14%	
Net cash from (used) financing	(2,899)	(1,656)	(1,550)	(1,553)	-7%	0%	
Cash/cash equivalents at the year end	1,430	(1,447)	(5,389)	(1,968)	26%	-174%	
Cash backing/surplus reconciliation							
Cash and investments available	1,430	(1,447)	(5,389)	(1,968)	26%	-174%	
Application of cash and investments	7,463	7,058	4,026	6,327	-12%	36%	
Balance - surplus (shortfall)	(5,805)	(8,505)	(9,415)	(8,295)	-3%	-14%	
Asset management							
Asset register summary (WDV)	39,924	44,607	46,879	35,831	-24%	-31%	
Depreciation & asset impairment	2,690	3,450	2,548	4,989	31%	49%	
Renewal of Existing Assets	-	-	-	-	%	%	
Repairs and Maintenance	15,908	17,479	22,647	15,866	-10%	-43%	

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1

Financial Performance of Operational Services							R '000
Description	2010/11	2011/12			2011/12 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Operating Cost							
Waste Management	3 361	4 304	4 258	2 463	-74.76%	-72.90%	
Component A: sub-total	3 361	4 304	4 258	2 463	-74.76%	-72.90%	
Roads	57	-	15	55	72.84%	72.84%	
Component B: sub-total	57	-	15	55	100.00%	72.84%	
Planning	2 278	2 615	2 073	2 282	-14.58%	9.15%	
Component C: sub-total	2 278	2 615	2 073	2 282	-14.58%	9.15%	
Human Development	854	983	596	560	-75.40%	-6.35%	
Component D: sub-total	854	983	596	560	-75.40%	-6.35%	
Environmental Mangement	238	106	182	147	27.88%	-23.86%	
Component E: sub-total	238	106	182	147	27.88%	-23.86%	
Health	8 127	9 051	9 674	8 955	-1.08%	-8.03%	
Component F: sub-total	8 127	9 051	9 674	8 955	-1.08%	-8.03%	
Fire Services	12 673	13 880	13 474	14 659	5.31%	8.09%	
Disaster Management	-	323	283	250	-29.15%	-13.40%	
Component G: sub-total	12 673	14 203	13 757	14 909	4.74%	7.73%	
Sport and Recreation	11 543	9 384	11 773	11 926	21.32%	1.29%	
Component H: sub-total	11 543	9 384	11 773	11 926	21.32%	1.29%	
Executive & Council	(28 952)	(29 415)	(32 521)	(33 380)	11.88%	2.57%	
Financial Services	15 402	5 845	6 070	8 070	27.58%	24.78%	
Human Resource Services	-	1 379	1 291	1 228	-12.32%	-5.14%	
Support Services	5 079	3 175	3 302	2 388	-32.92%	-38.25%	
Component D: sub-total	(8 471)	(19 017)	(21 859)	(21 694)	12.34%	-0.76%	
Total Expenditure	30 660	21 629	20 469	19 604	-10.33%	-4.42%	

In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

COMMENT ON FINANCIAL PERFORMANCE

The financial performance of the municipality deteriorated significantly over the last couple of years. This was mainly due to the Equitable Share replacing RSC levies not growing with the same percentage as the CPI. In fact over the last few years it grew with only 3% per annum. This causes huge problems for the municipality and hampers basic service delivery.

The municipality has very limited own revenue sources. The only significant revenue sources are the resorts and the regional landfill site at Karwyderskraal. Although the resorts do raise revenue the net result of the resorts was a huge deficit for the year under review. The landfill site at Karwyderskraal is currently closed due to the available space fully utilized. A third cell has to be developed and to date no funding could be obtained for this project. All own revenue sources of the municipality are thus currently operating at a deficit.

As can be seen in table "Financial Summary" above the municipality had a negative cash flow for the year under review. The net cash position of the municipality is also negative. This is the result of the deficit that realized for the last couple of years. The financial position at this stage is very serious and there is serious doubt if the municipality can still be regarded as a going concern.

Chapter 5

Although the Equitable Share formula is currently reviewed on national level the replacement of the RSC levies is not being reviewed. If the Equitable Share does not increase it will mean that this municipality will be unable to perform its core functions at an acceptable level. The core functions of the municipality are essential services to ensure the health and safety of the community. If these functions cannot be performed properly it might well cause a serious crisis in the near future.

5.2 GRANTS

Grant Performance						
R' 000						
Description	2010/11	2011/12			2011/12 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	42 014	43 731	43 731	45 325	3.52%	3.52%
Equitable share	9 308	9 758	9 758	9 758	0.00%	0.00%
Municipal Systems Improvement	723	790	790	1 327	40.45%	40.45%
Levy replacement	31 001	31 933	31 933	31 934	0.00%	0.00%
Finance Management Grant	982	1 250	1 250	2 242	44.25%	44.25%
Municipal Infrastructure Grant				64	100.00%	100.00%
Provincial Government:	39 984	36 632	41 575	36 214	-1.15%	-14.80%
Health subsidy	105		120	103	100.00%	-15.98%
Finance Management Grant				150	100.00%	100.00%
SETA	173		200	40	100.00%	-400.24%
Bulk Waste Water Infrastructure	1 194			306	100.00%	100.00%
Fire Brigade Subsidy	333					
Global Funds	478					
Alcohol Abuse				2	100.00%	100.00%
EPWP				158	100.00%	100.00%
Roads subsidy	37 701	36 632	41 255	35 455	-3.32%	-16.36%
Total Operating Transfers and Grants	81 998	80 363	85 306	81 540		
<i>Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality is to a large extent dependent on grants. Grant funding to the municipality represented 81.28% of its total revenue for the year under review. Since the abolishment of the RSC levies on 30 June 2006 no other source of revenue has been provided to district municipalities other than the Equitable Share portion that replaced the levies. Unfortunately district municipalities have no input into the amount needed to perform their core functions. The annual increase in the replacement grant is totally insufficient and places a huge burden on the municipality to fulfill its core functions at an efficient and acceptable level.

Chapter 5

The financial position of the municipality forced the municipality to use all available funds to perform its core functions. This resulted in the spending of unspent government grants to an amount of R2 070 173. This is in strong contradiction of prescribed legislature as all unspent grants have to be cash backed.

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2010/11	Actual Grant 2011/12	2011/12 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
WCPG		17 793	30 000	Once-off	Once-off	Fencing of workshop and grounds at Swellendam
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The fencing of the grounds at the Swellendam workshop and facilities was totally depleted and had to be replaced. The administrative offices of the municipality moved to this site and it is still being used by the roads section. A new fence was erected and electrified and both parties using the facility made a contribution towards the cost.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset management is one of the most neglected functions within the municipality. Due to the financial position of the municipality no asset manager has been appointed. The staff member responsible for assets has resigned and the post is still vacant. Currently one of the financial Interns is responsible for the management of the municipality's assets.

The municipality's assets mainly consist of moveable assets. No clarity about the land that was and still is registered in the name of the former divisional councils. According to the Section 16 notice issued with the establishment of the district municipality all immovable assets not used for a specific function should be transferred to the local municipality where it is situated. During the audit for the year under review the Office of the Auditor-General determined that these properties should be on the fixed asset registers of the local municipalities. Investigations in this regard are still under way.

During the year under review the municipality decided to sell some of the properties that could be determined to belong to the district municipality. Revenue realized from these transactions will be used to fund the capital budget for the 2012/13 financial year.

The resorts make up the bulk of the municipality's assets. Although the land at Uilenkraalsmond as well as at Dennehof does not belong to the municipality, the improvements developed from municipal funds are recognized on the fixed asset register. Unfortunately some of these assets, especially at Dennehof, are in a poor state. Due to financial constraints no proper repairs and maintenance could be performed on these assets. The repairs and upgrading of these facilities will be extremely expensive and it is doubtful if the municipality will have the necessary funds to perform the essential maintenance and renewal of these assets. Some of the facilities are in such a bad state that it might even be unsafe to use it. The municipality will have to consider the possibility of injuries to people using the facilities and if it proves to be unsafe a decision on the future of the resorts will have to be made.

The Karwyderskraal regional landfill site is another major section of the fixed asset register. A third cell has to be developed, but in spite of dedicated efforts no funding for the project could as yet be obtained. The site is currently closed as the available cells are used to their full capacity. If funding cannot be obtained the future of the site will have to be reconsidered.

During the year under review moveable assets that is in a unsatisfying condition were impaired to zero value and was removed from the asset register. This had a significant impact on the total value of the fixed asset register.

Due to the financial position of the municipality only essential items budgeted for were procured. The total expenditure incurred was only 3.6% of the budgeted amount. If Karwyderskraal, for which no funding could be obtained, are left out of the calculation the actual expenditure was still only 54.48% of the budgeted amount.

A new asset management policy was developed. It will be approved and implemented during the 2012/13 financial year. Although the old as well as the new policy make provision for the maintenance and replacement of assets, the municipality's financial position does not allow the municipality to properly implement the prescribed measures.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2011/12

Due to the precarious financial position of the municipality no significant assets were procured during the year under review. As mentioned above very little capital expenditure was incurred during the 2011/12 financial year.

COMMENT ON ASSET MANAGEMENT

Asset management is not really performed in this municipality. Although measures were developed to improve the management of assets, the financial constraints prevented the municipality from implementing these measures.

Repair and Maintenance Expenditure: 2011/12

R' 000

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	16 939	22 642	15 866	6.33%

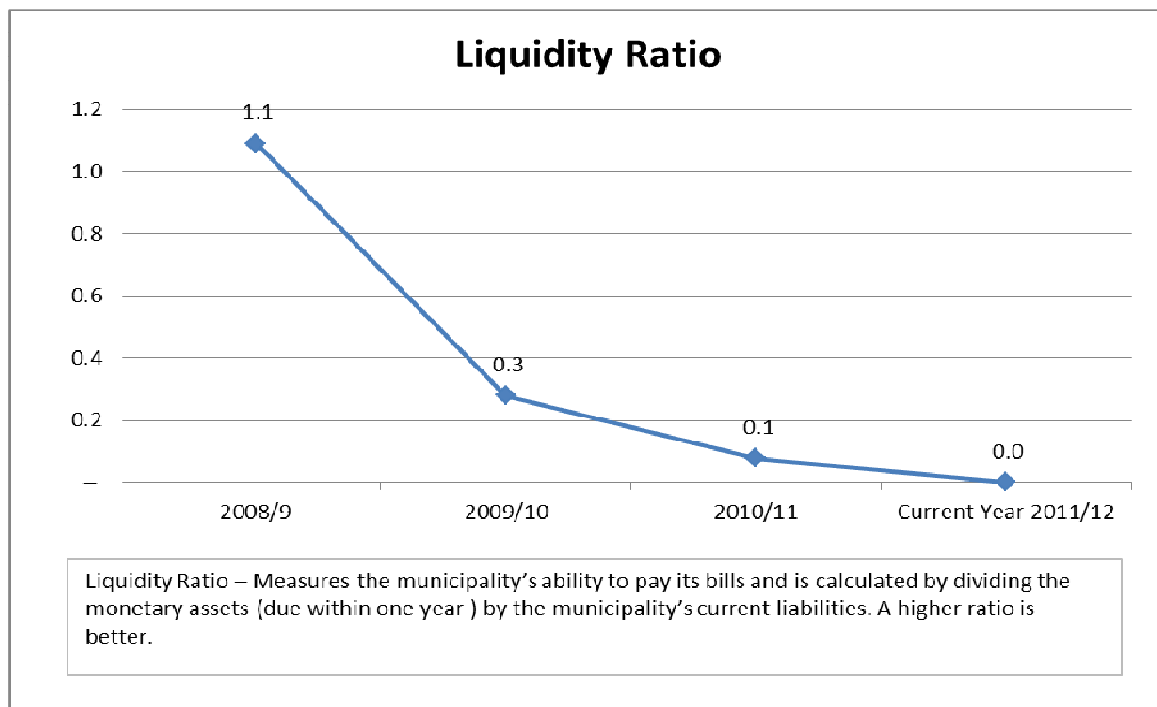
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The repairs and maintenance amount to 15.70% of total expenditure. This is well within the accepted norm. This however is not a realistic reflection of the true results for the financial year under review. The roads function, performed on an agency basis on behalf of the provincial legislature, represents 87.67% of the repairs and maintenance expenditure.

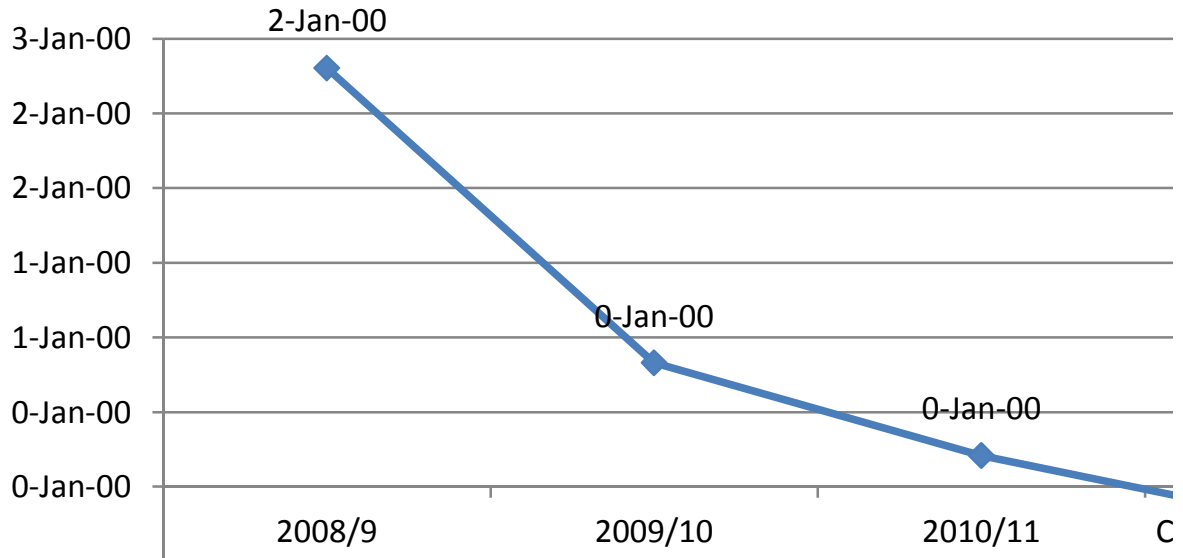
The total amount spent on the repairs and maintenance of the municipality's assets amounts to R1 956 934 or 2.74% of total expenditure of the municipality if the roads functions is excluded. This is way below the accepted norm and will certainly in future have a negative impact on the condition of the municipality's assets. It can already be noticed in the condition of the resorts operated by the municipality.

The main reason for the small amount spent on repairs and maintenance can be directly linked to the financial constraints of the municipality. For several years the repairs and maintenance were neglected in an attempt to balance the budget. Unfortunately this resulted in the municipality's assets being neglected seriously.

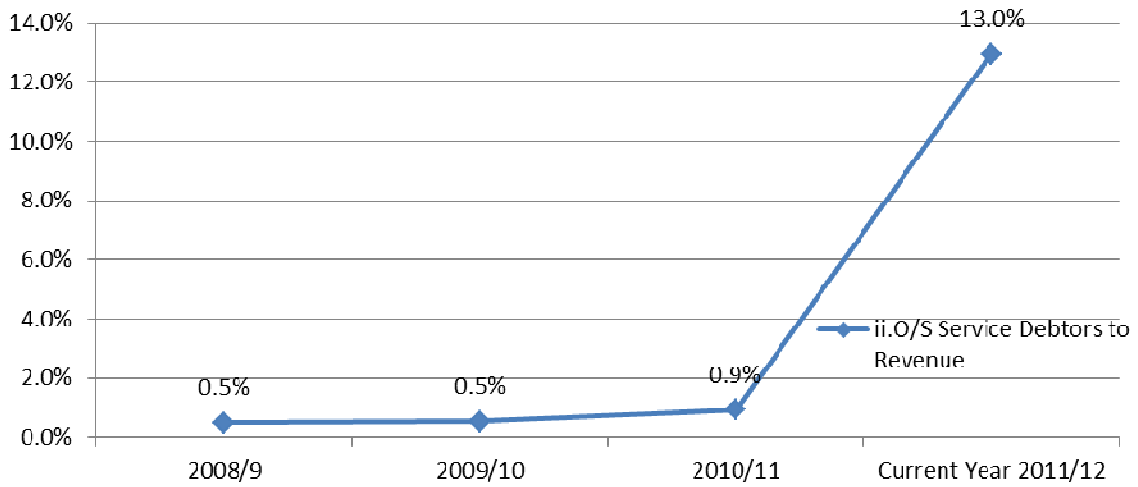
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Cost Coverage

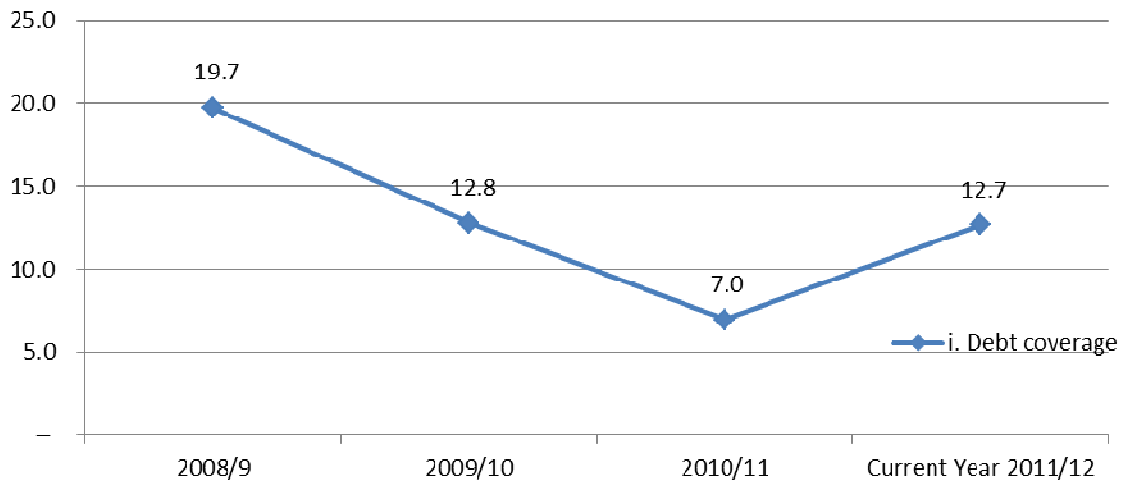


Total Outstanding Service Debtors



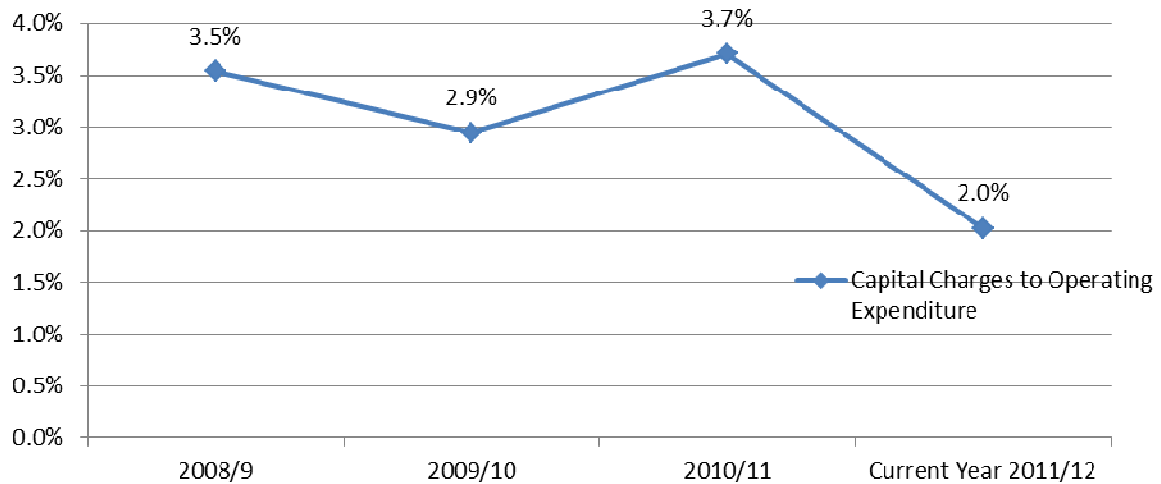
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Debt Coverage



Debt Coverage— The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

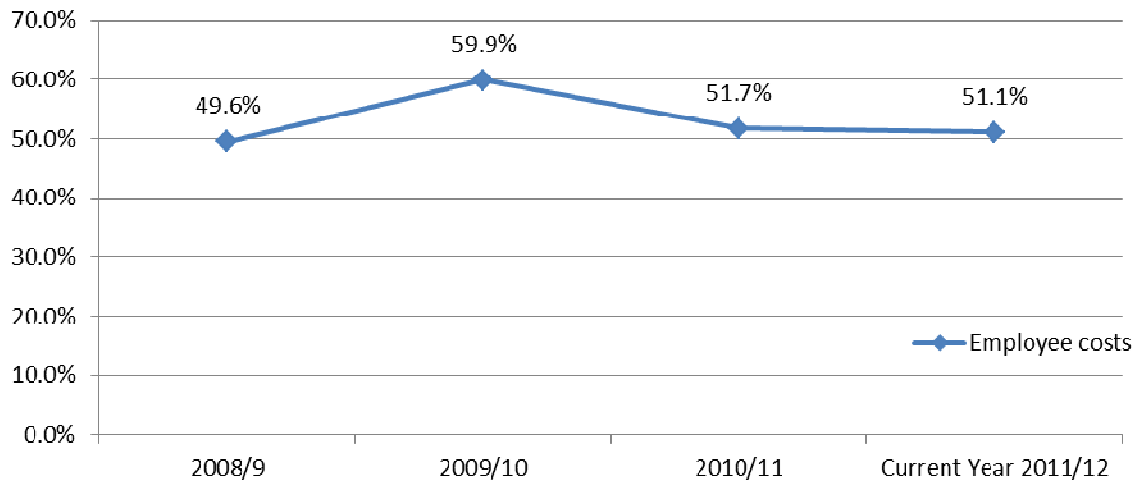
Capital Charges to Operating Expenditure



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

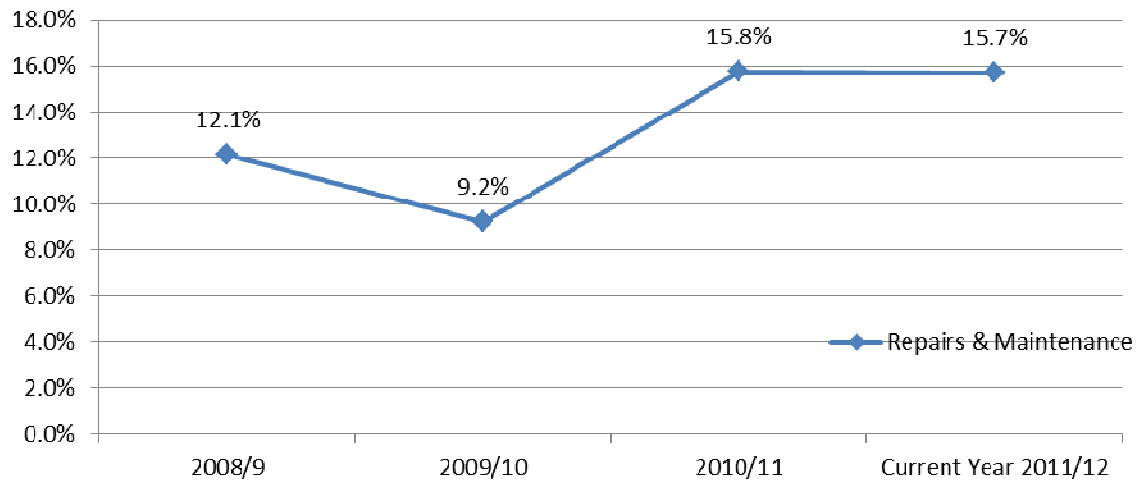
Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

Repairs & Maintenance



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

Data used from MBRR SA8

COMMENT ON FINANCIAL RATIOS

From the ratios calculated and displayed above it is very obvious that the municipality is at a serious risk not to be regarded as a going concern. It is also very obvious that the municipality is totally dependent on government grants and that it would not be able to pay salaries or any of its creditors should the grants decrease or be abolished.

Furthermore the ratio in regards to employee related costs clearly indicates that the municipality's cost of its staff component is way outside the acceptable norm. The ratio in regards to capital cost on the other hand is way below the acceptable norm. Unfortunately the capital cost is almost insignificant and thus this argument is totally irrelevant.

The greatest concern is in regards to the liquidity ratio. This municipality cannot pay any of its creditors with its own resources. Furthermore the government grants are not increasing at the same rate as that of the expenditure.

The increase in the graph relating to total outstanding service debtors is a direct result of the temporary closure of the Karwyderskraal regional landfill site. The debtors for this facility were the Overstrand and Theewaterskloof municipalities. Their accounts have been paid on time and thus the outstanding debtors in relation to the annual levy were relatively low. Not only is the annual levy now reduced by a huge amount, the percentage outstanding is much higher than what it used to be.

The only way to improve the ratios and in other words the financial position of the municipality is to increase the government grants or to develop a revenue source for district municipalities.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

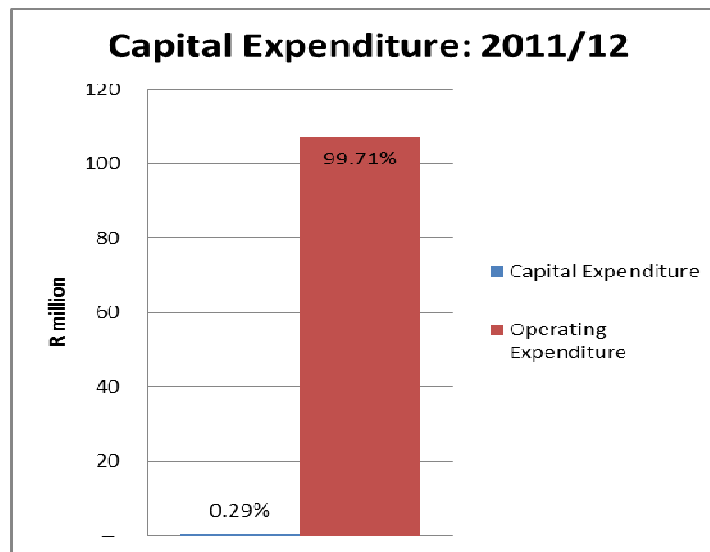
INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality originally budgeted for essential capital items. In the adjustment budget provision was made for the expansion for the Karwyderskraal regional landfill site. This resulted in a huge increase in the capital expenditure budgeted for.

Unfortunately no external funding for the expansion of the landfill site could be obtained during the financial year under review. This resulted in 93.38% of the capital budget not being spent.

Furthermore the financial position of the municipality is in such a bad state that capital expenditure was limited to the absolute minimum to ensure that cash would be available to service the municipality's creditors. The net result of all this was that very little money was spent on capital expenditure. – **Appendix I**

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources 2010/11 to 2011/12							R' 000
Details	2010/11	2011/12					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans					0.00%	0.00%	
Public contributions and donations					0.00%	0.00%	
Grants and subsidies					0.00%	0.00%	
Other		1 545	9 102	312	489.13%	-79.82%	
Total	0	1 545	9 102	312	489.13%	-79.82%	
Percentage of finance							
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grants and subsidies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Capital expenditure							
Water and sanitation					0.00%	0.00%	
Electricity					0.00%	0.00%	
Housing					0.00%	0.00%	
Roads and storm water					0.00%	0.00%	
Other		1 545	9 102	312	489.13%	-79.82%	
Total	0	1 545	9 102	312	489.13%	-79.82%	
Percentage of expenditure							
Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Electricity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Roads and storm water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

COMMENT ON SOURCES OF FUNDING

Due to the financial limitations of the municipality very little capital expenditure was incurred. All capital expenditure was funded from own sources.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

COMMENT ON CAPITAL PROJECTS

The only significant project budgeted for was the expansion of the Karwyderskraal regional landfill site. Unfortunately no funding for this project could be obtained and the project had to be postponed.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Basic Services such as water, sanitation electricity, refuse and housing are delivered by the Local Municipalities in the district.

For information see Annual Report of Local Municipalities.

COMMENT ON BACKLOGS

Although the municipality does not render basic services directly to consumers, it renders a service to two local municipalities within its area with a regional landfill site located at Karwyderskraal. Unfortunately the developed space is currently fully utilized. A third cell has to be developed, but the municipality could not obtain funding to develop the cell. This development meets all the requirements for MIG funding, but unfortunately District Municipalities do not receive any MIG funding. The inability to develop the landfill site causes serious waste disposal problems within the area of this municipality.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

During the year under review the municipality experienced serious cash flow problems. This was a result of accumulated problems over the last couple of years. It was inevitable that the situation would erupt at some stage. In the past the revenue figures in the budget were inflated to balance the budget. The revenue never realized, but expenditure was incurred in accordance with the inflated revenue amounts.

Furthermore the increases in the Equitable Share that replaced the RSC levies were insufficient to fund the increases in expenditure. For the last three years the grant increased by 3% annually while expenditure increased at a much higher rate. Salary increases determined by the Bargaining Council for instance were more than double the increase in the grant.

The cash flow position of the municipality deteriorated to the extent that unspent conditional grants, that have to be cash backed, were used to fund other operations of the municipality. The municipality ended the financial year with a negative cash flow position. Unfortunately this may take years to turn around the negative cash flow results of the last couple of years. Since the abolishment of RSC levies during 2006 the municipality had a positive cash flow result in only one of the six financial years since then.

Currently the municipality has no investments and managing the cash flow is a daily struggle to ensure that salaries and creditors can be paid. A huge bonus however is that all creditors are paid for services rendered to the municipality.

If the current situation persists it might hamper the rendering of basic services. Some of the municipality's core functions are already under staffed and in future this may have a negative impact on the municipality. Some of the municipality's goals had to be adjusted downwards due to the cash flow constraints.

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2010/11	2011/12		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	19 692	25 075	18 625	19 285
Government - operating	77 594	82 404	87 763	79 931
Government - capital	-	-	-	-
Interest	525	165	302	341
Dividends	2	40	5	3
Payments				
Suppliers and employees	(96 718)	(100 283)	(109 244)	(100 573)
Finance charges	(838)	(1 738)	(2 295)	(492)
Transfers and Grants	(311)	(300)	(50)	(12)
NET CASH FROM/(USED) OPERATING ACTIVITIES	(52)	5 363	(4 895)	(1 517)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	228	-
Payments				
Capital assets	(520)	(1 545)	(602)	(328)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(520)	(1 545)	(374)	(328)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	-
Borrowing long term/refinancing	-	-	-	-
Increase (decrease) in consumer deposits	8	-	-	(2)
Payments				
Repayment of borrowing	(2 907)	(1 656)	(1 550)	(1 550)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 899)	(1 656)	(1 550)	(1 553)
NET INCREASE/ (DECREASE) IN CASH HELD				
	(3 471)	2 162	(6 819)	(3 398)
Cash/cash equivalents at the year begin:	4 901	(3 609)	1 430	1 430
Cash/cash equivalents at the year end:	1 430	(1 447)	(5 389)	(1 968)
Source: MBRR SA7				

COMMENT ON CASH FLOW OUTCOMES

As can be seen from Table “Cash Flow Outcomes” the municipality had a negative cash flow for the year under review. This was the trend for the last couple of years. This resulted in the municipality currently having a cash flow shortage and is also the reason why unspent conditional grants had to be used to fund operating expenditure.

The cash flow constraints also resulted in the Office of the Auditor General insisting on a note to the financial statements that the going concern principle of the municipality is in doubt. Although the municipality can be regarded as a going concern, because it is unlikely that a municipality will have to close down as a result of cash flow problems it is a major concern that the municipality had to utilize an overdraft to fulfill its commitments for the whole year.

Expenditure and especially capital expenditure was cut to the bare minimum, but this resulted in the standard of basic services being lowered. It is impossible to cut expenditure any further if the municipality wants to render acceptable services.

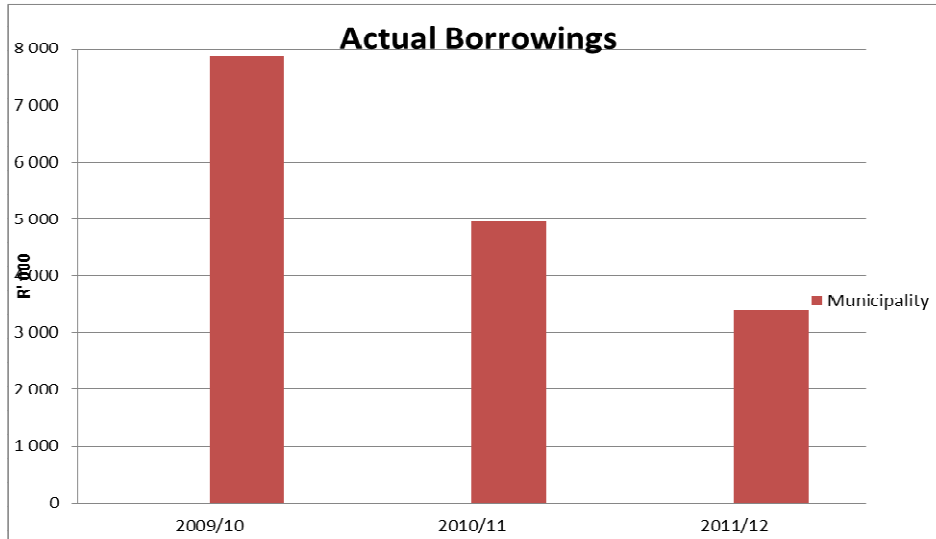
5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Due to the scaling down of the municipality’s functions very little money was borrowed during the last couple of years. The municipality experienced serious problems in raising external loans for projects that had to be performed. The most recent example of the problems experienced by raising a loan was the expansion of the Karwyderskraal regional landfill site. The municipality’s financial position had a huge impact on the willingness of financial institutions to make money available to the municipality, because the Municipality is seen as a huge risk.

The outstanding amounts of long-term debt decreased significantly. As can be seen from Table “Actual Borrowing” most of these loans will be repaid shortly. The financial leases are mainly for vehicles and office machines rented for operational use. During the new year there will be new agreements that will increase the outstanding amounts for financial leases.

Actual Borrowings Year 2009/10 to 2011/12			
	R' 000		
Instrument	2009/10	2010/11	2011/12
Municipality			
Long-Term Loans (annuity/reducing balance)	5 192	3 220	2 618
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	2 676	1 741	793
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Municipality Total	7 869	4 961	3 411



Municipal Investments			
	R' 000		
Investment* type	2009/10	2010/11	2011/12
	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	145	228	331
Municipality sub-total	145	228	331
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			
Consolidated total:	145	228	331

COMMENT ON BORROWING AND INVESTMENTS

The municipality did not raise any long-term debt since the 2004/05 financial year. Currently the only long-term debt required is for the expansion of the Karwyderskraal regional landfill site. Negotiations with the Development Bank of South Africa is underway for a loan of R8 500 000.

Financial leases reflected above expire within one year from the reporting date. This is for vehicles and office machines. New leases will have to be raised when the current leases expire.

The only investments that the municipality has are shares in the local agricultural company. These shares were obtained long ago. The company unbundled their shares and some Sasko shares were issued to the municipality. All shares will be sold within one year from the reporting date.

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality has no Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

SCM policy and unit are in place and a checklist was developed to comply with SCM regulations. The unit consists of seven posts, including one vacancy. Two officials reached the prescribed levels as required for their positions and one official is nearly completed. Three officials still have to undergo training to reach the necessary competency levels.

No councilor form part of the bid process. All officials dealing with Supply Chain Management signed a declaration of interest and a code of ethics.

During the 2010/11 audit 21 findings were raised in connection with SCM. During the 2011/12 audit the findings on SCM were reduced to 5. Although the auditors raised some findings on the operation of SCM it was mostly in connection with the first half of the year. It is very obvious that there was huge improvement in the operation of this section during the year under review.

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.*

The municipality has fully implemented GRAP and has been audited as such. Problems experienced during the previous audit, especially in connection with assets, were mostly resolved during the year under review. This is the most important reason why the municipality progressed from a qualified audit report for the 2010/11 financial year to an unqualified audit report for the year under review.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Auditor General conducted the audit of this municipality. The financial statements were submitted to them within the prescribed time frames. The audit was conducted and completed on time and an unqualified opinion with other matters specified was issued.

Throughout the audit there was good communication between the audit team and the municipality. The audit was conducted in a professional manner and findings raised were replied on in the prescribed time frames. The auditors conducted a thorough investigation into the operations of the municipality and concentrated especially on the assets which were the reason for a qualified opinion during the previous audit.

Although certain adjustments had to be made in the financial statements it was merely a case of different interpretation and no changes made had a significant impact on the final results as disclosed in the financial statements.

The generally accepted opinion of the auditors was that there was a huge improvement from the previous year's audit. Several of the findings raised were matters that have been addressed since the previous audit, but the findings were raised as the matters were only addressed after the previous report was received.

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement... must be audited annually by the Auditor-General

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2010/11

6.1 AUDITOR GENERAL REPORTS 2010/2011

Auditor-General Report on Financial Performance Year 2010/11	
Audit Report Status:	Qualified
Non-Compliance Issues	Remedial Action Taken
Emphasis of matter	
<p><i>Significant uncertainties:</i> A possibility exists that a claim may be instituted against the municipality in relation to a labour dispute.</p> <p><i>The municipality has materially under spent its operating and capital budgets.</i></p> <p><i>Going concern:</i> The municipality incurred a nett loss of R17 403 693.</p>	<p><i>The necessary adjustments had been made to the final AFS.</i></p> <p><i>This was due to a lack of cash flow during the year.</i></p> <p><i>This was due to cash flow problems during the year.</i></p>
Matter of Governance	
<p><i>The audit committee did not provide oversight over the effectiveness of the internal control environment. Contracts of members were terminated in January 2011 and did not operate for the full year under review.</i></p>	<p><i>A newly appointed audit committee were established during November 2011.</i></p>

Chapter 6

An inadequately resourced internal audit could not effectively identify internal control deficiencies.	The internal audit unit was capacitated by appointing internal audit interns.
Non compliance with regularly requirements	
An audit committee was not in place for the entire year under review as required by section 166 of the MFMA.	A newly appointed audit committee were established during November 2011.
The AFS were not submitted within two months after year end.	The necessary planning will be done to ensure that the AFS is submitted in a timely manner.
The AFS submitted for auditing were not prepared in all material respects in accordance with section 122 of the MFMA.	Material misstatements and disclosure items were corrected in the AFS.
The internal audit unit did not function as required by section 165 of the MFMA.	The internal audit unit was capacitated by appointing internal audit interns.
The allocations for conditional grants were used for purposes other than those stipulated in the DORA.	Management was forced to use conditional grants as the municipality experienced cash flow problems due to unforeseeable legal costs. Management will ensure that conditional grants to be only utilized for the purposes it is intended for in the future.
The AO did not inform the mayor, MEC and AG of any unauthorised, irregular or fruitless and wasteful expenditure as required by section 32 of the MFMA.	Management will monitor compliance with legislation and ensure that wasteful expenditure are detected in a timely manner and reported on.
Various deficiencies regarding compliance with the SCM process.	Management will ensure that sufficient policies and procedures be drafted and communicated to SCM staff so that there is a clear understanding of all relevant laws, regulations and policies to be complied with.
Various deficiencies regarding compliance with the budget process.	Adequate and appropriate controls will be instituted in order to ensure that the budget and related information will be appropriately compiled as required, within the required timeframes and submitted in time to the relevant institutions as required by the MFMA.
The AO did not ensure that the municipality had and maintained an effective system of internal control for assets.	Management will take steps to institute proper controls over asset management and institute and communicate an asset management policy for moveable assets as well to ensure that all assets of the municipality are properly maintained and accurately accounted for.

Auditor-General Report on Service Delivery Performance: Year 2010/11	
Audit Report Status:	Qualified
Non-Compliance Issues	Remedial Action Taken
Reported performance against predetermined objectives was deficient in respect of consistency, measurability	
The reported performance against predetermined objectives was deficient in respect of validity accuracy and completeness	
The 2009/2010 annual report was not tabled within seven months after year end.	A compliance checklist will be implemented to ensure the timely publication of the oversight report.
Did not within the prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality as required by sec. 25 of the MSA	
Non compliance with relevant time frameworks within the IDP process.	Management will monitor compliance with legislation to ensure that the IDP process is within prescribed time limits.

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION 2011/12

6.2 AUDITOR GENERAL REPORT 2011/12

Auditor-General Report on Financial Performance: 2011/12	
Status of audit report:	Unqualified with other matters specified
Non-Compliance Issues	Remedial Action Taken
KPIs not comparable between five year and annually amended IDP	The KPI's will be adjusted to comply with prescriptions
KPIs not disclosed on the IDP	KPI's will be disclosed on the IDP
Municipality affairs not conducted consistently with IDP	Will be adjusted in future to comply with prescriptions
No notice given of adoption of IDP	Will be done in future
Audit Committee	Audit Committee now fully functional and operating well
Annual performance report does not contain evaluation of external service providers	Will be done in future
Unspent conditional grants	Cannot be addressed due to financial constraints
Tender register details and results not published on website in timely manner	Will be done in future
Assesment of existing level of development outdated	Will be adjusted in future to comply with prescriptions
Quarterly reporting to council by mayor	Have been corrected for the last two quarters of the year
SDBIP not made public in ten working days	Will be done in future
No community participation in setting of targets	Will be done in future
Municipal manager's proof of previous employment	Have since been obtained
Monthly supply chain management reports to the accounting officer in five working days	Will be on time in future
Monthly budget reporting	Will be done according to prescriptions
Payments not made in 30 days	Will be done according to prescriptions
Three quotes not obtained	Will be done according to prescriptions
Authorisation by delegated official	Will be done according to prescriptions
Advertisements placed on municipality's website	Will be done according to prescriptions
Report on compliance with prescribed competency levels	Will be done according to prescriptions
Evaluation and adjudication criteria applied not consisted with original bid	Will be done according to prescriptions
Not on supplier database nor meet listing requirements	Will be done according to prescriptions
No declarations of interest	Will be done according to prescriptions
No tax clearance certificates	Will be done according to prescriptions
Misstatements in financial statements	Remedial Action Taken
Contingent liabilities disclosure	Have been adjusted in the AFS
The condition of assets	Assets with condition 5 have been impaired and adjustment was done in AFS
Assets held for sale	Have been adjusted in the AFS
Land not completely disclosed	Have been adjusted in the AFS
Accounting of non-current investments	Have been adjusted in the AFS
Impairment of resort	Have been adjusted in the AFS
Going concern assumption	A note to the AFS in this regard has been included
Debtors with credit balances	Have been adjusted in the AFS
Assets not located during management's verification	Have been adjusted in the AFS
Budget disclosure	Have been adjusted in the AFS
Employee benefits: leave provision	Will be adjusted to comply with prescriptions
Disclosure of supply chain management deviations	Have been adjusted in the AFS
Recoverability of receivables	Have been adjusted in the AFS
VAT reconciliation	Have been adjusted in the AFS
Cut-off of operating grant expenditure	Have agreed with auditors to leave as it was - not material
Asset verification	Have been adjusted in the AFS
Agency fees	Have been adjusted in the AFS
Irregular expenditure not disclosed	Have been adjusted in the AFS
Provision for the rehabilitation of landfill site	Have been adjusted in the AFS

Chapter 6

Internal control deficiencies	Remedial Action Taken
Risk Management	Cannot be addressed due to financial constraints
Employee Cost - changes to employee data	Changes have been made to ensure that changes are documented and approved
Employee Cost - Leave Balances	Leave records for all types of leave will be opened on the payroll system
Asset count procedures	Asset count will be adjusted to comply with prescriptions
Remittance advices	Will be adjusted in future to comply with prescriptions
Performance targets not verifiable and lack of portfolios of evidence	Will be adjusted in future to comply with prescriptions
IT General Controls: Security and Access management: IT Security Policy	Will be drafted, approved and implemented
Asset register deficiencies	
Leave forms not signed in a timely manner	Will be done in future
IT general Controls - Backup and recovery policy	Will be drafted, approved and implemented
IT General Controls - Lack of an approve IT strategic plan	Will be drafted, approved and implemented
IT General Controls - Environmental controls within the server room	Will be addressed and implemented as far as financial position allows
IT General Controls - Activities of system administrator account not monitored	Will be raised with main frame service provider to be able to implement in future
Authorisation of journal entries	Will be done according to prescriptions

Auditor-General Report on Service Delivery Performance: 2011/12	
Status of audit report**:	<i>Unqualified with other matters specified</i>
Misstatements in annual performance report	Remedial Action Taken
<i>Discrepancies in the performance report</i>	<i>Will be adjusted in future to comply with prescriptions</i>
<i>Predetermined objectives disagreements and limitations</i>	<i>Will ensure that reliable proof of evidence are available in future</i>
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 1	
** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.	

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2011/12

See **appendix I** for the Auditor General Report.

COMMENTS ON AUDITOR-GENERAL'S OPINION 2011/12

The opinion of the Auditor General was a huge improvement from the previous year's opinion. Huge effort was put into the operations of the municipality to improve the opinion and the desired result was achieved. Although certain findings were still raised the aim for the year under review was to obtain an unqualified opinion.

Although the municipality is satisfied with the audit opinion it is doubtful if the municipality will be able to improve the opinion in the near future. The ultimate aim of the municipality is to achieve a clean audit opinion as this is a national goal for all municipalities. Many of the recommendations from the auditor in connection with findings raised suggest that essential vacancies have to be filled. Due to the current financial position there is no possibility that the suggested vacancies can be filled with the available resources.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements.

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

GLOSSARY

GLOSSARY

Accessibility indicators	<i>Explore whether the intended beneficiaries are able to access services or outputs.</i>
Accountability documents	<i>Documents used by executive authorities to give “full and regular” 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.</i>
Activities	<i>The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.</i>
Adequacy indicators	<i>The quantity of input or output relative to the need or demand.</i>
Annual Report	<i>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.</i>
Approved Budget	<i>The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.</i>
Baseline	<i>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.</i>
Basic municipal service	<i>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.</i>
Budget year	<i>The financial year for which an annual budget is to be approved – means a year ending on 30 June.</i>
Cost indicators	<i>The overall cost or expenditure of producing a specified quantity of outputs.</i>
Distribution indicators	<i>The distribution of capacity to deliver services.</i>
Financial Statements	<i>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.</i>
Impact	<i>The results of achieving specific outcomes, such as reducing poverty and creating jobs.</i>

GLOSSARY

Inputs	<i>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.</i>
Integrated Development Plan (IDP)	<i>Set out municipal goals and development plans.</i>
National Key performance areas	<ul style="list-style-type: none"> • <i>Service delivery & infrastructure</i> • <i>Economic development</i> • <i>Municipal transformation and institutional development</i> • <i>Financial viability and management</i> • <i>Good governance and community participation</i>
Outcomes	<i>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".</i>
Outputs	<i>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.</i>
Performance Indicator	<i>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)</i>
Performance Information	<i>Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.</i>
Performance Standards:	<i>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.</i>
Performance Targets:	<i>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.</i>

GLOSSARY

Service Delivery Budget Implementation Plan	<i>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.</i>
Vote:	<i>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.</i> <i>Section 1 of the MFMA defines a “vote” as:</i> a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDIX

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Patricia Athyosi	PT	None	ANC	80	20
Johan Niewoudt	PT	Portfolio Corporate & IGR Services	DA	90	10
Dudley Coetzee	PT	Portfolio Community Services and Portfolio Financial Services	DA	100	N/A
Phillipus May	PT	Portfolio Financial Services	ANC	100	N/A
Ntombizine Sapepa	PT	Portfolio Corporate & IGR Services	ANC	95	5
Anton Coetsee	PT	Portfolio Community Services	DA	75	25
Isaac Sileku	PT	Mayco and Portfolio LED & Tourism,	DA	100	N/A
Kiro Tiemie	PT	Mayco and Portfolio Corporate Services	DA	100	N/A
Marie Hector	PT	Portfolio LED & Tourism	DA	100	N/A
Charles November	PT	Portfolio LED & Tourism	ANC	60	40
Unathi Sipunzi	PT	Portfolio Corporate & IGR Services	ANC	100	N/A
Manie Damon	PT	Portfolio Community Services	ANC	95	5
Samuel Tebele	PT	Portfolio Financial Services	ANC	95	5
Jan Gelderblom	PT	Portfolio Community Services	ANC	90	10
Lincoln de Bruyn	FT	Mayor	DA	90	10
Andries Franken	FT	Mayco and Portfolio Community Services	DA	90	10
Daan Oosthuizen	PT	Mayco and Portfolio Financial Services	DA	95	5
Daniel Du Toit	FT	Mayco and Speaker	DA	100	0
Johan Kriel	PT	Portfolio LED & Tourism	DA	100	0
Deanna Ruiters	PT	Portfolio LED & Tourism	ANC	80	20
Jasper du Toit Loubser	PT	Mayco and Portfolio Corporate Services & IGR	DA	95	5

30 June 2012

APPENDIX

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Section 80 Committee	The Section 80 Committees assist the Executive Mayor and Executive Mayoral Committee in respect of Community Services, Financial Services, Corporate & IGR Services and Local Economic Development a& Tourism, This Committees has no statutory powers and report to the Executive Mayoral Committee.
Audit & Performance	In terms of section 166 of the MFMA.
Municipal Public Accounts Committee (MPAC)	In assisting the council with its oversight function a Municipal Public Accounts and Oversight Committee was established in terms of section 79 of the Municipal Structures Act, no 117 of 1998. Section 129(4)(b) of the MFMA. The MPAC serves also as the Oversight Committee of the Annual Report.
Training Committee	In terms of Skills Development Act 97 of 1998.
Employment Equity	In terms of the Employment Equity Act. To promote equal opportunities and fair treatment to all in the workplace.
Local Labour Forum	In terms of Section 55 of 1998.
Section 32 Committee	It is an ad hoc committee, appointed by Council, to investigate unauthorised, irregular or fruitless and wasteful expenditure.
Alleged breaches	It is a special committee established by Council to assist in the discipline of Councillors.
Combined Steering Committee	The Combined Steering Committee serves the purpose of a Budget Steering Committee, which was established in terms of the Budget and Reporting Regulation, and to monitor the Municipal Financial Improvement Plan.

APPENDIX

APPENDIX C - THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Sr Internal Auditor - Mr. W P Coetzee
	Risk & Fraud Officer - Vacant
	Communication Officer - Mrs. T Nefdt
Directorate: Management Services	Manager: Expenditure, Income & IT - Mr. J H Snyman
	Manager: Financial Services - Vacant
	Manager: SCM – Mr. D Lambrechts
	Chief Admin Officer - Vacant
	Sr Human Resource Officer - Miss. G Spangenberg
	Performance Management Officer - Mrs. M Dunn
Directorate: Community Services	Manager: Resorts - Mrs. S Petersen
	Manager: Municipal Health - Mr. W A du Toit
	Manager: Environmental Management - Mr. F Kotze
	Manager: Protection Services - Mr. R Geldenhuys
	Manager: Roads - Mr. A van Eeden

APPENDIX

APPENDIX D- RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2011/12

Municipal Audit Committee recommendations		
Date of Committee	Committee recommendations during 2011/2012	Recommendations adopted (Yes) / not adopted (No)
07/02/2012	Recommendations pertaining to MFMA Compliance: Complete scheduled tasks before deadlines set out in the MFMA. Address the Auditor general issues.	No, ongoing assessment.
	Recommendations pertaining to Risk Management: Implement a Risk Management Strategy and appoint Risk Management Officer.	No, due to financial constraints a Risk Management Officer could not be appointed.
	Recommendations pertaining to Asset Management: 1. Create formal movement of assets document. 2. Categorize Asset Register according to general ledger accounts. 3. Evaluate reasonableness of expected useful life. 4. Update and reconcile asset register monthly. 5. Ensure barcodes are not in use before assigning them to an item. 6. Asset management policy to be implemented. 7. Appoint an asset manager.	1. No comment received 2. Yes 3. Yes. 4. No Comment received 5. No comments received. 6. No comment received 7. No, due to financial constraints.
	Recommendations pertaining to Expenditure and Creditors: 1. Checklists to be completed and ensure all supporting documents are attached. 2. A Stamp date on the invoices to use. 3. Ensure funds are available before authorising requisition. 4. Attach suppliers copy to cancelled order form.	1. No comment received. 2. Yes 3. No comment received. 4. Yes
	Recommendations pertaining to Performance Management (Quarterly Oct 2011- Dec 2011): All KPI's should be reviewed. Accountability system should be in place. Performance Management policy to be approved and implemented. An implementation policy to be approved and implemented. Performance targets should be aligned with budget. Management should provide corrective measures. Manager to provide supporting evidence when updating KPI's.	Yes
	Recommendations pertaining to Performance Management (Quarterly May 2011- Sept 2011): All KPI's should be reviewed. Accountability system should be in place. Performance Management policy to be approved and implemented. A implementation policy to be approved and implemented. Performance targets should align with budget. Baseline and Performance targets should coincide with each other.	Yes

Continued next page

APPENDIX

<i>Continued from previous page</i>		
Municipal Audit Committee recommendations		
Date of Committee	Committee recommendations during 2011/2012	Recommendations adopted (Yes) / not adopted (No)
07/02/2012	<p><i>Recommendations pertaining to Payroll:</i></p> <ol style="list-style-type: none"> 1. Transport claims to be completed. 2. All amendments to be reviewed. 3. All amendments to be based on written agreements. 4. Line drawn through empty spaces on travel claims. 5. Attain attendance registers from Fire Department. 6. Ensure policies are approved before implementation. 7. Managers should not approve empty travel claiming reports. 8. Rectify irregularity. 9. Segregation of duties to be implemented. 	<ol style="list-style-type: none"> 1. No, Head of Payroll does not agree with the finding. He believes Payroll Department is only interested in the actual kilometres travelled by the employee. 2. Yes 3. Yes 4. No, Payroll division informed management about this matter, but no changes are made to the source document design. 5. No, a summary of the attendance registers is sent to the Payroll department after review. 6. Yes 7. Yes 8. Yes 9. No, still a work in progress. Intern is being trained to fill vacant posts
	<p><i>Recommendations pertaining to Debtors:</i></p> <ol style="list-style-type: none"> 1. Outstanding debt to be reviewed. 2. The Credit and Debt Collection Policy should be revised and amended according to minimum requirements as stated in the MSA. 3. By- laws should be put in place. 4. The Credit control and Debt collection policy should provide for interest on arrears as stated in the MSA. 5. Source documents to be signed of official. 6. Outstanding debt of municipal officials to be deducted from salary. 	<ol style="list-style-type: none"> 1. Yes 2. No comment received. 3. No comment received 4. No comment received 5. No comment received 6. No comment received

Continued next page

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<i>Continued from previous page</i>		
Municipal Audit Committee recommendations		
Date of Committee	Committee recommendations during 2011/2012	Recommendations adopted (Yes) / not adopted (No)
07/02/2012	<p><i>Recommendation pertaining to Corporate Services:</i></p> <ol style="list-style-type: none"> Council decisions to be followed up. Date of approval to be added when the minutes are approved and signed. Water hose to be removed from archives. Achieves to be decontaminated from pests. Archive department to attain fire extinguishers. Wooden shelves to be removed from archive. A reasonable time should be given to officials to have the items in possession. New registers to be added to all files. Ensure that all securities are updated on a regular basis. Work Place Skill Plan to be approved by Training committee. Attendance registers to be sorted out. Number of votes for each decision to be recorded in minutes. Responsibility for each decision made in council to be recorded in minutes. Archive vault to be locked when no officials are inside to supervise. Securities to be sorted out. 	<ol style="list-style-type: none"> Yes Yes No, insufficient funds restricts the municipality from removing the water hose. Yes No, due to financial constraints. No, due to financial constraints. Yes No, still work in progress. No, still work in progress. Yes. Yes. Yes No, responsibility for each decision made in council is referred back to the agenda of the specific meeting. Yes No, still work in progress.
10/04/2012	<p><i>Recommendations pertaining to Health and Safety:</i></p> <ol style="list-style-type: none"> Implement a formal Health and Safety policy. Implement the maintenance plan. Implement a formal emergency and safety plan. Restrict officials from performing daily duties if safety equipment and emergency action plans aren't in place. 	<ol style="list-style-type: none"> Yes No, due to financial constraints maintenance plan can't be implemented. No, still work in progress. A independent fire service company was appointed to address No comment received

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APPENDIX

APPENDIX E - REPORT AUDIT AND PERFORMANCE COMMITTEE

OVERBERG DISTRICT MUNICIPALITY: ANNUAL OVERSIGHT REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

INTRODUCTION

The Audit Committee presents its report for the year ended 30 June 2012 in terms of its responsibilities and duties.

The Committee was dissolved by the Council on 20 January 2011, but was reinstated after the municipal elections of 2011 and the same members who had served on the dissolved committee were appointed with effect from 28 November 2011 in terms of section 166 of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The Committee also serves as the Performance Audit Committee in terms of the Municipal Planning and Performance Management Regulations, 2001.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of the following independent, external members:

Name of member No. of meetings attended

A Pienaar (Chairman)	3 meetings
B Van Staaden	2 meetings
HV Liebenberg	3 meetings
E Parry (Resigned April 2012)	1 meeting

After the resignation of Mr. Parry, who moved from the area due to professional responsibilities, the Council decided not to replace him. The Committee now consists of the remaining three members.

The Audit Committee is required to meet at least four times per annum, although additional special meetings may be called as the need arises. During the 2011/2012 year only three meetings were held due to the fact that the Committee was only appointed during November 2011.

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from sections 166(2) and 121(4) (g) of the MFMA and the Performance Management Regulations.

The following is a list of the matters that were attended to by the Audit Committee from its appointment on 28 November 2011:

- Review and adoption of Audit Committee Terms of Reference.
- Approval of Internal Audit Charter.
- Approval of Risk Based Internal Audit Plan for 2011/12.

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- Dealing with the action plan to remedy the shortcomings listed in the AG report of 2010/11.
- Considering Internal Audit reports on matters such as transport claims, compliance with the MFMA, Asset Management, Expenditure and Creditors, Salary Office, Corporate Services, Performance Information and Management, Debtors, Risk Management and Fraud Prevention, Occupational Health and Safety, Properties and Development, DoRA, Supply Chain Management, Fire and Disaster Management and Year-end Stock Counts.
- Approval of Internal Audit Plan for 2012/13.
- Dealing with the Audit Findings Tracking Schedule.

In an effort to prevent a re-occurrence of the unfortunate decision to dissolve the Audit Committee, the following clauses were added to the Audit Committee Charter for acceptance by the Council:

- a) The Executive Mayoral Committee and the Committee shall maintain a professional working relationship, characterized by an open channel of communication between the Council and the Committee.
- b) Any disagreements or areas of conflict between the Executive Mayoral Committee or Council and the Committee shall firstly be addressed through engagement between the parties.
- c) The Committee shall be consulted on matters that directly affect its functioning and its existence.

The Chairperson of the Audit Committee attended and participated in a meeting between Council representatives and officials of the AG's office on 21 February 2012 to discuss the Dashboard Report: Drivers of Internal Control to achieve clean administration, a meeting on 6 March 2012 of a Council Working Group that drew up an action plan to deal with the findings in the AG's report on the 2010/11 audit and an MPAC meeting on 9 March 2012 to consider the Council's Annual Report.

The Audit Committee also reports that it has regulated its affairs in compliance with the Audit Committee Charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

In accordance with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that the system of internal control was not in all respects adequate and effective for the year under review. Several deficiencies in the system of internal control and/or deviations were reported by the internal auditors. In certain instances, the matters reported previously had not been fully and satisfactorily addressed.

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PERFORMANCE MANAGEMENT

As the Council's Performance Audit Committee, the Committee executed its responsibilities in term of the approved Terms of Reference. Quarterly reports, conducted by the Internal Audit Unit on performance information and predetermined objectives, were reviewed and the necessary recommendations were made to management in order to enhance the adequacy and effectiveness of the internal control environment. While there is still much room for improvement concerning performance information, much progress has been made towards the accuracy and adequacy of performance information. Progress with the provision of performance information is still monitored closely on a quarterly basis, with relevant recommendations made to management on general controls.

THANKS

The knowledgeable contributions and cooperation by the committee members and the Internal Audit staff are appreciated. The Committee also appreciates attendance of its meetings by the Executive Mayor, councillors and members of senior management.

MR. R PIENAAR
CHAIRMAN

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APPENDIX F - LONGTERM CONTRACTS

To be completed

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APPENDIX G - DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2011 to 30 June 2012		
Position	Name	Description of Financial interests* (Nil / Or details) excluding primary residential
(Executive) Mayor		
Member of MayCo / Exco		
Executive Mayor	Lincoln De Bruyn	Property, GEPP
Deputy Mayor	Jasper du Toit Loubser	Property, livestock, Trustee, Shares, Pension
Mayco	Andries Franken	Property, livestock, Trustee
Mayco	Isaac Sileku	Share holder (Events Company)
Mayco	Kiro Tiemie	Share holder (Building Construction)
Mayco	Daan Oosthuizen	Property, Pension, Shares
Speaker	Daniël Du Toit	Property, Trustee
Councillor		
Clr	Patricia Atyhosi	Pension
Ald	Johan Nieuwoudt	Property, Pension
Clr	Dudley Coetzee	Property, Pension
Clr	Phillipus May	Property, Share Holder (Fishing Company), Pension
Clr	Ntombizine Sapepa	None
Clr	Anton Coetsee	Attorney Business, Property, Pension, Subsidy
Clr	Marie Hector	None
Clr	Charles November	Property, Pension, Subsidy
Clr	Unathi Sipunzi	None
Ald	Manie Damon	None
Clr	Simphiwe Tebele	Share holder (Trading Company), Director of a Company
Clr	Jan Gelderblom	Shareholder (Events company), roperty
Clr	Johan Kriel	None
Clr	Deanna Ruiters	None
Municipal Manager	M P du Plessis	Director Business, Property
(Acting Chief Financial Officer	K Burger	Employee of Company who provide the CFO function to the Municipality, Property
Directors		
Acting Director Community Services	W A du Toit	Property
Other S57 Officials	N/A	

* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

APPENDIX

APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX H(I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							R' 000
Vote Description	2010/11	2011/12			2011/12 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Vote 1 - Municipal Manager	1 549	1 480	2 525	1 680	11.88%	-50.33%	
Vote 2 - Management services	46 507	48 429	48 761	49 991	3.12%	2.46%	
Vote 3 - Community and Technical services	50 396	58 955	54 903	48 637	-21.21%	-12.88%	
Total Revenue by Vote	98 451	108 864	106 188	100 308	-8.53%	-5.86%	

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

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APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2010/11	2011/12			2011/12 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Service Charges - refuse revenue	4,192	5,450	1,867	1,814	-200.45%	-2.95%	
Service Charges - other	317	285	394	358	20.36%	-10.05%	
Rental of facilities and equipment	10,492	15,903	10,619	10,537	-50.92%	-0.78%	
Interest earned - external investments	523	160	300	338	52.61%	11.14%	
Interest earned - outstanding debtors	2	5	2	3	-45.88%	30.16%	
Dividends received	2	40	5	3	-1235.74%	-66.97%	
Licences and permits	9	-	10	10	100.00%	-0.60%	
Agency services	3,727	3,352	3,358	3,404	1.50%	1.35%	
Transfers recognised - operational	78,290	82,599	87,763	81,540	-1.30%	-7.63%	
Other revenue	895	1,070	1,870	2,302	53.50%	18.74%	
Total Revenue (excluding capital transfers and contributions)	98,451	108,864	106,188	100,308	-8.53%	-5.86%	

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

APPENDIX

APPENDIX I: CAPITAL EXPENDITURE - NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX I (I): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2010/11	2011/12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2012/13	2013/14	2014/15
Capital expenditure by Asset Class							
Infrastructure - Total	-	500	8 500	7	-	-	-
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	-	-	-	7	-	-	-
<i>Reticulation</i>		-	-		-	-	-
<i>Sewerage purification</i>		-	-	7	-	-	-
Infrastructure: Other - Total	-	500	8 500	-	-	-	-
<i>Waste Management</i>		500	8 500		-	-	-
<i>Transportation</i>		-	-		-	-	-
<i>Gas</i>		-	-		-	-	-
<i>Other</i>		-	-		-	-	-
Community - Total	-	500	263	-	180	185	-
<i>Parks & gardens</i>		-	-		-	-	-
<i>Sportsfields & stadia</i>		-	-		-	-	-
<i>Swimming pools</i>		-	-		-	-	-
<i>Community halls</i>		-	-		-	-	-
<i>Libraries</i>		-	-		-	-	-
<i>Recreational facilities</i>		500	263		180	185	-
<i>Fire, safety & emergency</i>		-	-		-	-	-
<i>Security and policing</i>		-	-		-	-	-
<i>Buses</i>		-	-		-	-	-
<i>Clinics</i>		-	-		-	-	-
<i>Museums & Art Galleries</i>		-	-		-	-	-
<i>Cemeteries</i>		-	-		-	-	-
<i>Social rental housing</i>		-	-		-	-	-
<i>Other</i>		-	-		-	-	-
<i>Table continued next page</i>							

APPENDIX

Table continued from previous page

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2010/11	2011/12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2012/13	2013/14	2014/15
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings		-	-		-	-	-
Other		-	-		-	-	-
Investment properties - Total	-	-	-	-	-	-	-
Housing development		-	-		-	-	-
Other		-	-		-	-	-
Other assets	460	545	339	305	490	485	-
General vehicles		-	-		-	-	-
Specialised vehicles		-	-		-	-	-
Plant & equipment	49	225	225	137	175	155	-
Computers - hardware/equipment	186	105	30	72	110	110	-
Furniture and other office equipment	197	165	55	32	135	150	-
Abattoirs		-	-		-	-	-
Markets		-	-		-	-	-
Civic Land and Buildings	27	50	30	64	50	50	-
Other Buildings		-	-		-	-	-
Other Land		-	-		-	-	-
Surplus Assets - (Investment or Inventory)		-	-		-	-	-
Other		-	-		20	20	-
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Intangibles	16	-	-	17	-	-	-
Computers - software & programming	16	-	-	17	-	-	-
Other (<i>list sub-class</i>)		-	-		-	-	-
Total Capital Expenditure on new asset	476	1 545	9 102	328	670	670	-
Specialised vehicles	-	-	-	-	-	-	-
Refuse		-	-		-	-	-
Fire		-	-		-	-	-
Conservancy		-	-		-	-	-
Ambulances		-	-		-	-	-
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON OVERBERG DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Overberg District Municipality set out on pages 3 to 62, which comprise the statement of financial position as at 30 June 2012, 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 Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (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 these 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 misstatement.
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 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 audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Overberg District Municipality as at 30 June 2012, 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 and DoRA.

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Emphasis of matters

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

Significant uncertainties

8. With reference to note 44 to the financial statements, the municipality is involved in labour disputes with officials whose employment had been terminated. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the Overberg District Municipality at, and for the year ended, 30 June 2011.

Funding of operations/ financial sustainability/ going concern

10. The statement of financial performance indicates that the Overberg District Municipality incurred a net loss of R6 891 156 during the year ended 30 June 2012 and, as of that date, the municipality's current liabilities exceeded its total assets by R27 930 473. These conditions, along with other matters as set forth in the note 46, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Material impairments

11. As disclosed in note 26 to the financial statements, material losses to the amount of R2 471 364 were incurred as a result of an impairment of property, plant and equipment.

Material underspending of the budget

12. As disclosed in note 36.2 and 36.3 of the financial statements, the municipality has materially underspent its operating and capital budget by R6 575 969 and R8 773 750, respectively. As a consequence, the municipality has not completed all its planned projects, mainly in respect of the expansion of the landfill site.

Additional matter

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

Unaudited supplementary schedules

14. The supplementary information set out on pages 63 to 66 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. 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

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 23 to 84 of the annual report.
17. The reported performance against predetermined objectives was evaluated against the overall 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 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*.
18. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
19. The material findings are as follows:

Reliability of information

Validity

20. The *National Treasury Framework for managing programme performance information* requires that processes and systems which produce the indicator should be verifiable. A total of 24% of the actual reported performance relevant to the selected objectives was not valid when compared to the source information and/or evidence provided. This was due to a lack of standard operating procedures for the recording of actual achievements and record keeping as well as insufficient reviews performed by senior management.

Completeness

21. The *National Treasury Framework for managing programme performance information* requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 36% of the actual reported performance, for the selected objectives, was not completely recorded. This was due to a lack of a proper document management system with regard to actual performance achievements as no schedules/listings of reported performance were available to enable management and the auditors to agree supporting documentation to the reported performance.

Additional matter

22. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

23. Of the total number of 70 targets planned for the year, 37 of the targets were not achieved during the year under review. This represents 53% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process and a lack of human resource capacity at the municipality.

Compliance with laws and regulations

24. 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:

Budgets

25. Quarterly reports were not submitted to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the Municipal Finance Management Act (MFMA), 2003.

Annual financial statements, performance and annual report

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements for non-current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently.

Audit committee

27. The audit committee did not advise the council, accounting officer and the management staff on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

28. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA and DoRA, as required by section 166(2)(b) of the MFMA.

29. The audit committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulations, 2001, regulation 14(4)(a)(iii).

Procurement and contract management

30. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Municipal Supply Chain Management Regulations, 2005, regulation 17(a) and (c).

31. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the Supply Chain Management policy in contravention of Municipal Supply Chain Management Regulations, 2005, regulations 16(b) and 17(b).

32. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its regulations.

APPENDIX

33. Quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by Municipal Supply Chain Management Regulations, 2005, regulation 43.
34. Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Municipal Supply Chain Management Regulations, 2005, regulation 13(c).

Human resource management and compensation

35. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Municipal Regulations on Minimum Competency Levels, 2007 regulation 14(2)(a).

Expenditure management

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

Conditional grants

37. Unspent conditional grant funds not committed to identifiable projects and not approved by the National Treasury for retention were not surrendered to the National Revenue Fund, as required by section 20(1) of the Division of Revenue Act.

Asset management

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

Internal control

40. I considered internal control relevant to my audit of the financial statements, the 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 the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

41. Leadership has not instituted proper asset management procedures as a result of a lack of resources, specifically the appointment of a full-time asset manager with the requisite knowledge to ensure that the municipality complies with SA standards of GRAP in accounting for property, plant and equipment. Leadership appointed consultants to account for assets, but due to the mentioned vacancy, there were no other officials who could review the work of the consultants. As a result, assets identified to not be in a good working condition were not considered for impairment, assets-held-for-sale were not correctly disclosed as a separate line item in the statement of financial position and the impairment of a resort was classified as a disposal.
42. The municipality is experiencing challenges to attract new skills due to the current financial difficulty and for this reason was also not able to ensure that sufficient succession planning is in place.

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43. A deed search identified land not included in the municipality's fixed asset register. This was as a result of the municipality not implementing sufficient steps to identify and record all fixed asset items in the fixed asset register in a timely manner thereby confirming its completeness as support for the financial statements submitted on 31 August. As a result land owned by the municipality was not completely disclosed in the financial statements.
44. Leadership has not taken appropriate steps to ensure that all the required disclosure regarding significant uncertainties relating to the going concern assumption is appropriately considered, evaluated and disclosed in the financial statements, as required by GRAP 1: *Presentation of financial statements*.
45. Leadership did not ensure that processes were in place for the municipality to identify and comply with the requirements of the Municipal Regulations on Minimum Competency Levels, 2007 and as a result the municipality did not submit the consolidated report information on minimum competency levels to the National Treasury and to the relevant provincial treasury by 30 January and 30 July.
46. Oversight responsibilities by leadership with regards to reporting on the state of the municipality's budget as required by the MFMA, was not exercised completely for the year, due to leadership implementing the action plan to address previous audit findings in January 2012 only which resulted in the quarterly reporting by the mayor being performed for the last two quarters only.
47. Leadership did not ensure that sufficient procedures were drafted and communicated to supply chain management (SCM) officials due to the late finalisation of the municipality's action plan at the beginning of 2012. As a result leadership did not investigate awards made prior to the implementation of the action plan to identify instances of non-compliance, resulting in repeat SCM findings.

Financial and performance management

48. The action plan designed by management to address previously reported audit findings in the areas of asset management and financial reporting was not implemented in a timely manner resulting in the financial statements submitted for audit containing a number of material misstatements for the disclosures relating to property, plant and equipment, contingent liabilities, the going concern assumption, provision for the rehabilitation of the landfill site, revenue from agency services, budget disclosure and supply chain management deviations. Management furthermore did not review the financial statements prepared by the consultants for completeness and accuracy in compliance with the GRAP reporting framework.
49. Management has not designed or implemented proper record keeping controls to ensure reported performance against predetermined objectives is complete and can be confirmed to supporting information. This was due to a lack of standard operating procedures for the recording of actual performance achieved, proper record management controls for information supporting performance not implemented as well as insufficient reviews performed by management.
50. Management utilised the funds received for grants for purposes other than intended due to financial constraints experienced by the municipality and did not recognise the importance of strictly complying with the conditions attached to the grants and the related non-compliance.

51. Bid specifications for more complex items included in the annual tender are not specific to facilitate a comparison of bid information submitted by suppliers used in the calculation of points to make awards. This was due to adequate attention not being devoted to describe in sufficient detail in the annual tender the information required for such bids.

Governance

52. The audit committee did not operate throughout the year under review due to it previously being dissolved by the council and new members were only appointed in November 2011. As a result the committee could not perform all its functions and discharge its obligations as set out in its terms of reference and section 166 of the MFMA.

Auditor-General
Cape Town

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDIX

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the audited Annual Financial Statements to the Annual report for 2011/2012