2015/2016

XHARIEP DISTRICT MUNICIPALITY

ANNUAL REPORT

Volume I

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Preface

PROPOSED REVISED ANNUAL REPORT TEMPLATE

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

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

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

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

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

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

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

MFMA Implementation Unit, National Treasury October 2009

Chapter 2

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

In our quest to augment accelerated growth and better service delivery within our society, and thus instilling a better destiny for the current and future generations in the municipality, we have taken upon ourselves the responsibilities of strengthening our service delivery model through proper managed partnerships with our stakeholders around the district and the province, including neighbouring other municipalities in other provinces.

We have continued to have inter-governmental partnerships through the IGR structures headed by the district and focused on all areas of focus for the district as guided by the powers and functions allocated to the District of Xhariep, to ensure that we reinforce the authenticity of a democratic government whithin our communities together with the Local Municipalities.

By so doing we are fully committed to the fulfilment of the mandates of The White Paper on Local government, 1998 and the Municipal Systems Act of 2000.

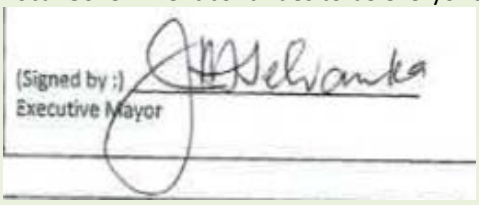
In order to deal with the developmental challenges that are faced by the municipality and improving the service delivery backlogs, the need for capable workforce was well addressed through the occupancy key vacancies

We have also infused programmes on the evaluation of SMME development to assess the impact that municipality has had on the development of small businesses and job creation and sustainability in that arena. Co-operatives, SMME developments, together with projects on Extended Public Works Programmes, are instrumental to creation of jobs within the District.

We note the achievements made by the Municipality in both capable planning and improved financial management and should strengthen our achievement of set targets

This annual report is therefore, a synopsis of our challenges, achievements and progress throughout the 2015/2016 period on the Council IDP`s objectives and goals. The challenges that the municipality has had to endure, the expenditure incurred, the successes and the impact of these factors to the community are the main objectives that are brought to the fore in the mission to accomplish the constitutional service delivery mandate.

Local Government continues to be everyone's business, let's make it all our business.



T 1.0.1

Chapter 2

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

In many respects 2015/16 was an eventful financial year for the municipality. Whereas the municipality faced a considerable number of obstacles and challenges, in the same token, recognizable milestones have been achieved and significant strides have been taken in addressing some of the perennial challenges that still beset the municipality.

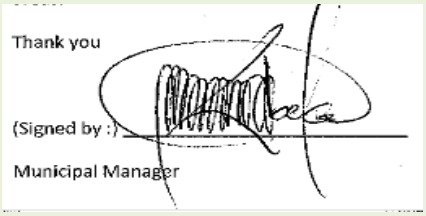
At the beginning of this financial year, there was recognition that whereas we have already laid down a solid foundation for effective operational systems over the past two years, it is important to consolidate our successes and achievements more from an explicit strategic approach.

The municipality took note of the fact that legislation gives effect to local government systems that place greater service delivery responsibilities on managers and make them more accountable for performance, and in response to these, we had to gear all our administrative departments and units towards gradual improvement to ensure better performance at all levels.

The operating strategies and programmes as set out in the Integrated Development Plan, the Budget and the Budget Implementation Plan (SDBIP), which constitutes the basis for performance and reporting, were formulated and developed from a forward looking perspective, aimed at not only consolidating on our previous achievements, but also taking into account critical challenges that we still have to overcome.

Xhariep District Municipality believes that this approach did not only bring about the desired performance results in this financial year, but has also strengthened our ability to exercise proper accountability to council, stakeholders and communities.

Confidently, Xhariep District Municipality is a completely different organization today compared to the same period last year and any other year before. There is a vast scale of improvements in different key performance areas



T1.1.1

Chapter 2

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Out of 16 district functions, Xhariep district municipality is performing 3(18.75%) of these functions.
Xhariep District was estimated at a population of approximately 164 000 people in 2007. According to the 2011 Census statistics, its population size has declined with a lesser average of 2.21% per annum since 2007 to 2011,). The current district's populations is at 145 742 people as per the 2011 census survey statistics.

T 1.2.1

Population Details									**Population '000**
Age	**2013/2014**			**2014/2015**			**2015/2016**		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Age: 0 – 14	25 189	25 022	50 211	26 189	26 241	52430	22 734	22 250	44 984
Age: 15-64	42 333	43 860	86 193	49 859	50 762	100 621	45 309	46 692	92 001
Age: 65+	3 304	5 117	8 421	3 699	5 976	9 676	3 615	5 658	9 273
Total	70 826	74 000	144 826	79 747	82 990	162 727	71 658	74 600	146 259
Source: Statistics SA									T1.2.2

SOCIO ECONOMIC STATUS: Economically Active Population per local municipality

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

Data Source: STATSSA (Census 2011 Survey)

Chapter 2

OVERVIEW OF NEIGHBOURHOODS WITHIN (NAME OF MUNICIPALITY

Type of dwellings	FS161: Letsemeng	FS162: Kopanong	FS163: Mohokare	FS164: Naledi
House or brick/concrete block structure on a separate stand or yard or on a farm	9016	13904	9027	6309
Traditional dwelling/hut/structure made of traditional materials	17	57	74	34
Flat or apartment in a block of flats	63	80	62	35
Cluster house in complex	12	11	5	42
Townhouse (semi-detached house in a complex)	36	31	1	9
Semi-detached house	76	20	97	106
House/flat/room in backyard	133	197	103	15
Informal dwelling (shack; in backyard)	634	475	838	662
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	1179	739	483	436
Room/flat let on a property or larger dwelling/servants quarters/granny flat	22	51	55	10
Caravan/tent	5	6	9	-
				T 1.2.6

Chapter 2

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

COMMENT ON BACKGROUND DATA:

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

T1.2.8

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

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

T 1.3.1

Chapter 2

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

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

T1.4.1

Financial Overview - 2015/2016			R' 000
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income			
Grants	51 774	51 774	52 564
Taxes, Levies and tariffs	461	461	435
Other	101	144	446
Sub Total	52 336	52 379	53 446
Less Expenditure	(55 637)	(55 679)	(60 559)
Net Total*	(3 300)	(3 300)	(7 112)
** Note: surplus/(defecit)*			T1.4.2

Operating Ratios	
Detail	%
Employee Cost	64%
Repairs & Maintenance	0.5%
Finance Charges & Impairment	0.7%
	T 1.4.3

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

T1.4.3

Chapter 2

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

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

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

T1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 2014/2015

Qualified opinion

The Auditor General was unable to obtain sufficient appropriate audit evidence that other payables and trade payables had been properly reconciled and accounted for. The district municipality did not maintain adequate records of outstanding invoices for goods and services received but not yet paid at year-end. The Auditor General was unable to confirm other creditors and trade payables by alternative means. Consequently, the Auditor General was unable to determine whether any adjustment to other creditors of R4 813 307 and trade payables of R1 202 012, as disclosed in note 11 to the financial statements, was necessary.

T 1.6.1

Chapter 2

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 the 4th quarter Report for previous financial year	
4	Submit draft 2015/2016 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	

18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
		T1.7.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

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

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

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

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

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Municipal Council is an executive mayoral system that was proclaimed in the Free State Provincial Gazette by the Minister of Cooperative Governance and Human Settlement. It consists of Sixteen (16) Councillors with an Executive Mayor, Speaker and three (3) Mayoral Committee members as full time Councillors

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

T2.1.0

Chapter 2

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

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

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

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

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

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

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

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

T2.1.1

Chapter 2

POLITICAL STRUCTURE

MAYOR
Cllr M.G Ntwanambi
Exercises powers delegated to the Mayor by Council or the Executive Committee

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

CHIEF WHIP
Cllr V.A Mona

To ensure political mandates are executed

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE
Cllr V.A Mona: Chairperson of the Budget and Treasury Committee
Cllr MG Modise: Chairperson of the Corporate Services Committee
Cllr NI Mehlomakhulu: Chairperson of Planning &Social Development

T2.1.1

COUNCILLORS

The Municipal Council of Xhariep District Municipality is consisted of sixteen (16) Councilors. Six of the fourteen Councilors are directly elected and ten (10) are seconded from the three local municipalities. Five Councilors are full time i.e the Executive Mayor, Speaker and three (3) Mayoral Committee members. Three members of the Mayoral Committee are designated as Chairpersons of Section 80 Committees. Both Budget and Treasury Committee and Planning and Social Development Committee are composed of four (4) members which includes the Chairperson of the Committee. And Corporate Services Committee is composed of four (4) members. Furthermore, it has established an oversight committee which is composed of five members, i.e. three Council members, one Community member and the Chairperson of the Shared and Performance Audit Committee.

T2.1.2

POLITICAL DECISION-TAKING

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

T2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

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

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

T2.2.1

TOP ADMINISTRATIVE STRUCTURE

TIER 1

MUNICIPAL MANAGER

Mr Mazondi Martiens Kubeka

Directors

EXECUTIVE DIRECTOR: Title
Mbuyiselo Khapha(Acting)
DIRECTOR: Corporate Services

EXECUTIVE DIRECTOR: Title
Montjane Clive Mogoale
Chief Financial Officer(Acting)

EXECUTIVE DIRECTOR: Title
Mr Mopedi Sam Mohale
Director: Planning & Social Development

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

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

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

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

T2.3.2

DISTRICT INTERGOVERNMENTAL STRUCTURES

Meetings are been held once in a quarter, whereby the District Municipality is responsible for ensuring the co-ordination of intergovernmental relations within the district municipality with local municipalities in the district**.** **District Coordinating Forum**: Forum consists of the Executive Mayor and 3 primary members of which is the Local Mayors.

Technical Support Committee

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

T2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

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

CONTEXT OF PUBLIC PARTICIPATION AS IMPLEMENTED

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

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

MECHANISMS FOR PARTICIPATION

The following mechanisms for participation were utilized:

a) IDP Representative Forum (IDP RF)

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

b) Media

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

c) Information sheets

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

The DM's Website

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

T2.4.1

Public Meetings					
Nature and purpose of meeting	**Date of events**	**Number of Participating Municipal Councillors**	**Number of Participating Municipal Administrators**	**Number of Community members attending**	**Manner of feedback given to community**
IDP and Budget Public Participation	20-03-2015	1	5	46	IDP and Budget presentations
IDP and Budget Public Participation	23-03-2015	0	9	39	IDP and Budget presentations
IDP and Budget Public Participation	19-05-2015	0	4	43	IDP and Budget presentations
IDP and Budget Public Participation	20-05-2015	1	5	27	IDP and Budget presentations
					T2.4.3

Chapter 3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

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

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

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

The Constitution – 1996

Municipal Structures Act &White Paper on Local Government – 1998

Municipal Systems Act-2000

Municipal Finance Management Act-2003

Municipal Property Rates Act-2004

Municipal Finance Management Act-2003

Guidelines for Operation of Ward Committees-2005

T2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

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

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

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

-The formation and development of an economical, effective, efficient and accountable administration.

- The management of the municipality's administration in accordance with legislation applicable to the municipality.

-The implementation of the municipality's integrated development plan.

-The management and provision of services to the local communities in a sustainable and equitable manner.
-The appointment of staff subject to the Employment Equity Act, 1998.

-The management and effective utilisation and training of staff.

-The maintenance of discipline of staff.

-The promotion of sound labour relations and compliance with labour legislation.

- Advising the political structures and political office bearers of the municipality.

-Managing communications between the municipality's administration and its political structures and political office bearers.

-Carrying out the decisions of the political structures and political office bearers of the municipality.

-The administration and implementation of the municipality's by-laws and other legislation.

-The exercise of any powers and the performance of any duties delegated by the municipal council.

-Facilitating participation by the local community in the affairs of the municipality.

-The implementation of national and provincial legislation.

T2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

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

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

Treasury Regulations S3.2.1 further prescribes that the Accounting Officer must ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution and thus creating an environment of working together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

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

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

2. Promoting continuous improvement

3. Minimizing surprises,

4. Reassuring stakeholders,

5. Rationalization of capital and financial issues,

6. Helps internal audit to comply with Internal Audit Framework and IIA Standards

7. Continuity of service delivery

The Accounting Officer commits the Xhariep District Municipality to a process of risk management that is aligned to the principles of good corporate governance, as supported by:

Municipal Finance Management Act (MFMA), Act 56 of 2003;

Municipal Systems Act (MSA) Act 32 of 2000);

Municipal Structures Act (MSA) Act 117 of 1998); and

Treasury Regulations 3.2.1 T2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury.

Xhariep District Municipality has a **ZERO TOLERANCE** to Fraud and Corruption and thus has the intent to promote consistent organizational behavior by providing guidelines and assigning responsibilities for the development of controls and conduction of investigations relating to fraud and corruption.

The fraud prevention strategy and policy are such documents designed to align Xhariep District Municipality with Municipal Finance Management Act which states that each municipality must develop an effective, efficient and transparent system of financial, risk management and internal control. Fighting against corruption is a national priority and Xhariep District Municipality positions itself to combat the scourge of fraud and corruption.

The fraud and corruption strategy demonstrates the stance of the municipality in preventing and detecting fraudulent and corrupt activities as well as corrective action when fraud has been committed

T2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

As far as the processes are concerned, a **MEMO** for **DEMAND** and **ACQUISITION** has been developed by the municipality to **manage, control** and **monitor** procurement of goods and services. The **MEMO** is signed by the responsible manager to confirm the need of the service or product, the manager for Budget and Reporting Unit confirms the budget availability, relevant HOD recommends as well as the CFO and the Accounting Officer/Municipal Manager or a Senior Manager designated to act in the capacity of the Municipal Manager, finally approves the **MEMO** for **DEMAND** and **ACQUISITION.** During 2015/2016 financial year, Supply Chain Management Policy of the Municipality went for a review and a workshop was conducted to employees of the municipality in February 2016. The policy was adopted by council on the 7th of June 2016 for implementation in the 2016/2017 financial year. The municipality also uses the Procurement Procedure Manual to help it in achieving its policy objectives.

T2.8.1

2.10 WEBSITES

Municipal Website : Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (2014/2015)	Yes	
The annual report (2015/2016) published/to be published	-	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2015/2016) and resulting scorecards	Yes	
All service delivery agreements (2015/2016)	No (documents were not submitted to IT for upload on the municipal website)	
All long-term borrowing contracts (2015/2016)	No (documents were not submitted to IT for upload on the municipal website)	
All supply chain management contracts above a prescribed value (give value) for 2015/2016	Yes (contract register)	
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 2015/2016	No (documents were not submitted to IT for upload on the municipal website)	
Contracts agreed in 2015/2016 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No (documents	

	were not submitted to IT for upload on the municipal website)	
Public-private partnership agreements referred to in section 120 made in 2015/2016	No (documents were not submitted to IT for upload on the municipal website)	
All quarterly reports tabled in the council in terms of section 52 (d) during 2015/2016	yes	
****The municipal website does not show the dates of uploading of the documents.***		
		T2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS
The website of the Municipality is fully functional, all documents that were requested by user departments to be uploaded on the municipal website have been loaded in the 2015/16 financial year.
T2.10.1.1

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

INTRODUCTION

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

T3.0.1

COMPONENT A: BASIC SERVICES

Financial Performance 2015/2016: Planning Services					R'000
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11 549	12 811	12 757	11 549	1 208
Expenditure:					
Employees	7 207	7 957	7 957	7 195	762
Repairs and Maintenance					
Other	4 602	4 854	4 800	4 869	(69)
Total Operational Expenditure	11 809	12 811	12 757	12 064	693
Net Operational Expenditure	(260)	0	0	(515)	(515)
					T3.10.5

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION OF ECONOMIC DEVELOPMENT

Tourism is expected to grow through the construction of major Projects that are currently underway like Trompsburg Hospital, Gariepdam Fish Demonstration Centre, shoe production at Arts and Craft Centre.

A new strategy for marketing the Free State was developed and launched at the Tourism Indaba that took place in May 2013. Tourism Awareness Campaigns are conducted bi-annually with the aim to educate and provide knowledge of opportunities within the tourism industry

T3.11.1

Jobs Created during 2015/2016 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2014/2015	16		16	
2015/2016	35		270 000	Identify beneficiaries, reporting, monitoring and implementing
Initiative A (2015/2016)Reddersburg Irrigation Project	25		270 000	Identify beneficiaries, reporting, monitoring and implementing
Initiative B (2015/2016)	10		270 000	Identify beneficiaries, reporting, monitoring and implementing
Initiative C (2015/2016)	-	-	-	-
				T3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2013/2014	4	275
2014/2015	1	123
2015/2016	4	189
** - Extended Public Works Programme*		T3.11.6

Employees: Local Economic Development Services					
Job Level	2014/2015	2015/2016			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	1	1	1	0	0%
4 – 6	2	2	2	0	0%
7 – 9	0	0	0	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	3	3	3	0	0%

T3.11.8

Financial Performance 2015/2016: Local Economic Development Services R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

T3.11.9

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

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

A key role responsibility in rendering an effective Municipal Health Services is the monitoring of food and government premises in order to ensure compliance with R926, Foodstuffs, Cosmetics and Disinfectants act 1972 (Act no. 54 of 1972) and the National health act, 2003 (Act no 63 of 2003).

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

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

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

No. of COA's issued

No. of non-compliance notices issued

No. of health inspections conducted.

Bimonthly raids are conducted with the assistance of SAPS to curb non -compliance by shop owners and seize expired foods. Monthly monitoring of all premises is conducted by the Environmental Health Practitioners.

T3.64.1

3.67 OTHER (DISASTER MANAGEMENT)

INTRODUCTION TO DISASTER MANAGEMENT

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

Top Four Service Delivery Priorities:

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

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

T3.67.1

Employees: Disaster Management					
Job Level	2014/2015	2015/2016			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	0	2	2	0	0%
7 - 9	2	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	3	4	4	0	0%

T3.67.4

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

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

The Disaster Management Unit attends to most of the incidents within the District to record the incident and report to the authorities and the respective relevant parties. Due to financial constraints, the Unit cannot support all the victims financially.

T3.67.7

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES

The Municipality has developed required policies as per directive of legislations that govern the local sphere of government for all aspects of the Municipality, i.e. financial services, Human Resources, performance management, risk management, disaster management, Local Economic Development strategy, Expanded Public Works Programme Policy and Internal audit Charter.

T3.69.0

3.69 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

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

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

The Disaster Management Division is located in the Office of the Municipal Manager. The division is responsible to ensure a safe and unwavering environment to the Xhariep district community.

T3.69.1

Financial Performance 2015/2016: The Executive and Council					R'000
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 966	11 993	12 113	8 216	3 897
Expenditure:					
Employees	10 384	8 531	8 731	9 679	(948)
Repairs and Maintenance	0				
Other	5 759	6 762	3 382	11693	(8 311)
Total Operational Expenditure	16 143	15 293	15 413	21 372	(5 959)
Net Operational Expenditure	(8 177)	(3 300)	0	(13 156)	(13 156)
					T3.69.5

3.70 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

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

T3.70.1

Employees: Financial Services					
Job Level	2014/2015	2015/2016			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	4	4	4	0	0%
4 - 6	5	6	6	0	0%
7 - 9	8	6	6	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	17	16	16	0	0%

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T3.70.4

Financial Performance 2015/2016: Financial Services					R'000
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14 120	11 337	11 217	14 280	(3 063)
Expenditure:					
Employees	8 289	9 506	9 226	8 023	1 203
Repairs and Maintenance	0				
Other	2 899	1 831	1 991	3 127	(1 136)
Total Operational Expenditure	11 188	11 337	11 217	11 150	67
Net Operational Expenditure	2 932	0	0	3 130	3 130
					T3.70.5

Chapter 3

3.71 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

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

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

Purify leave management

Provide accurate inputs- information to payroll

Recruit people with required competencies

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

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

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

T3.71.1

Employees: Human Resource Services					
Job Level	2014/2015	2015/2016			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	2	1	1	0	0%
4 - 6	5	3	3	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	8	5	5	0	0%

T3.71.4

Financial Performance 2015/2016: Corporate service					R'000
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	19 401	16 195	16 292	19 401	(3 109)
Expenditure:					
Employees	13 887	14 818	14 600	13 684	916
Repairs and Maintenance	307		218	298	(80)
Other	1 148	1 377	1 474	1829	(355)
Total Operational Expenditure	15 342	16 195	16 292	15 797	495
Net Operational Expenditure	4 059	0	0	3 604	3604

T3.71.5

3.72 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The IT Unit is an integral part of Xhariep District Municipality and plays a vital role as an abler of the institution. Our main aim as a unit is to ensure that the business needs of the municipality in relation to IT are prioritised and that the IT Strategy is aligned to those needs.

The ICT division wants to ensure that the municipality implements IT solutions that will help with the smooth operation of the municipality, by identifying gabs in the systems, processes, IT Infrastructure etc. to ensure proper solutions are implemented in response to the identified gaps.

The Municipality also want to ensure that the institution gets value for money for its investment in the IT

As the ICT unit the focus in the 2015/2016 financial year was to further improve on the IT Infrastructure and to implement relevant solutions. The municipality was hoping to get Microsoft License for Offices Suite, MS Operating System and Email Exchanger

Serviced the fire extinguisher in the server room

T3.72.1

Employees: ICT Services					
Job Level	2014/2015	2015/2016			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	2	2	0	0%

T3.72.4

PERFORMANCE OF ICT SERVICES OVERALL:

The IT Unit has achieved so many successes in the 2015/2016 Financial Year to bring the IT environment to a stable position. There is stability with our Financial Information Systems. Documents are uploaded regularly and within acceptable time on the municipal Website. The environment is pretty much stable. The challenges where experienced with the License that could not be purchased as budget was shifted to other projects and budget that was insufficient

T3.72.5

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

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

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REAON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
	Municipal Manager											
D1	To provide open transparent corruption free governance	MT&ID	Implementation anti-fraud, anti-corruption and risk prevention initiatives	No of initiatives implemented to create awareness amongst Councillors and Staff	1	0	(1)	This is due to the resignation of the Chief Risk Officer	The municipality filled the position of the Chief Risk Officer 0n the 01st March 2016. The newly appointed Chief Risk Officer got released from	30-06-15	29-06-15	1 day

									his duties to non-performance			
D2	To provide open transparent corruption free governance	MT&ID	Advise Management and report to Risk Management Committee and SAPC on Risk Management processes	No of reports submitted to Risk Management Committee and SAPC on Risk Management processes	4	0	(4)	This is due to the non-sitting of the Risk Managemen t Committee and the resignation of the Chief Risk Officer	The municipality filled the position of the Chief Risk Officer 0n the 01st March 2016. The newly appointed Chief Risk Officer got released from his duties to non-performance	New KPI	-	-
D3	To create an efficient, effective and accountable administration	MT&ID	Annual Risk assessment and Fraud Risk assessment conducted on 31 July 2015	Final Risk assessment report and Risk register	31-07-16	0	(31-07-16)	Risk Register was compiled but not approved by the Risk Managemen t Committee	Chief Risk Officer to stick to timeframes determined by the municipality to meet target dates	New KPI	-	-

D4	To create an efficient, effective and accountable administration	MT&ID	Quarterly reports to Management	No of progress reports on Risk Implementation Plan	4	0	(4)	This is due to the non-sitting of the Risk Managemen t Committee and the resignation of the Chief Risk Officer	The municipality filled the position of the Chief Risk Officer 0n the 01st March 2016. The newly appointed Chief Risk Officer got released from his duties to non-performance	New KPI	-	-
D5	To create an efficient, effective and accountable administration	MT&ID	Review the antifraud and corruption policy by 30 June 2016	Approved antifraud and corruption policy	31-08-15	0	(31-08-15)	This is due to the resignation of the Chief Risk Officer	The municipality filled the position of the Chief Risk Officer on the 01st March 2016. The newly appointed Chief Risk Officer got released from	30-03-15	29-08-14	7 months

									his duties to non-performance			
D6	To create an efficient, effective and accountable administration	MT&ID	Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and related matters (MFMA, Act 56 of 2003, Section 165(2)(b).	No of quarterly reports prepared for Audit Committee	4	4	0	-	-	4	4	0
D7	To create an efficient, effective and accountable administration	MT&ID	Functional Internal Audit Unit (MFMA 62(1))	Risk based audit plan approved by Audit Committee by 31 August 2015	31-08-15	30-11-15	3 months	This is due to the suspension of the Internal Audit employees	The municipality filled the vacancies of the Internal Audit on the 01st March 2016	31-08-14	25-08-14	6 days

D8	To implement effective performance management system by 30 June 2016	MT&ID	Compile draft Annual Report for submission to Council by 31 January 2016	Draft Annual Report approved by Council	31-01-16	28-01-16	03 days	-	-	31-01-15	30-01-16	01 day
D9	To implement effective performance management system by 30 June 2016	MT&ID	Compile Oversight Report on Annual Report and submit to Council by 31 March 2016 (MFMA 129(1) and MSA 46(2)	Oversight Report adopted by Council	31-03-16	30-03-16	1 day	-	-	31-03-15	31-03-15	0
D10	To implement effective performance management system by 30 June 2016	MT&ID	Compile the Mid- Year budget and Performance Report by 25 January 2016 (MFMA S72)	Mid-year report submissions (Mayor, Provincial and National Treasury) by 25 January 2016	25-01-16	25-01-16	0	-	-	25-01-15	26-01-15	(1)
D11	To implement effective performance management	GGPP	Implement Council Resolutions within	% resolutions implemented within timeframe	95%	63%	(32%)	The outturning resolution is implemented	Follow up on all outstanding resolutions and report progress	95%	86.96%	(13.04%)

	system by 30 June 2016		prescribed timeframe stipulated on system					over a period of time due to project requirements	thereof			
D12	To create an efficient, effective and accountable administration	BSD	To ensure access to services delivery across the Municipal area in order to improve the livelihood of communities	No of municipal disaster management advisory forum meetings held (section 51 of the Disaster Management Act 2002)	4	4	0	-	-	4	4	0
D13	To create an efficient, effective and accountable administration	BSD	To ensure access to services delivery across the Municipal area in order to improve the livelihood of communities	No of disaster management reports submitted to management/Council	4	3	(1)	This is due to the non-sitting of Council in the second quarter	Council to sit as per the approved schedule of Council meetings to consider reports	4	2	(2)
D14	To create an efficient, effective and	BSD	To ensure access to services	No of Disaster Management basic awareness	2	1	(1)	The budget allocated to conduct	These campaigns will be conducted	3	3	0

	accountable administration		delivery across the Municipal area in order to improve the livelihood of communities	sessions held in the District				awareness sessions is not sufficient to mobilise communities , purchasing of banners and awareness raising material	when the financial position of municipality improves			

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
	Financial Services											
D15	To improve financial viability of the municipality	MFV&M	Production of annual Audit file by mid-August	No of Audit files produced	1	1	0	-	-	1	1	0
D16	To improve financial viability of the municipality	MFV&M	Closing of all municipal financial accounts at the end of each month in terms of sec 65 of the MFMA	No of monthly reports	12	12	0	-	-	12	12	0
D17	To improve financial viability of the municipality	MFV&M	No of creditors reconciliations done monthly (30 days)	No of creditors reconciliation reports submitted	12	12	0	-	-	12	12	0

D18	To improve financial viability of the municipality	MFV&M	Financial Viability: Cost coverage (Reg 796)	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure (SA8)	>1	0.02	(0.98)	Available cash and investment is less than the monthly operating expenditure due to R14.2 million cut from financial assistance	Improve on the cash management of the municipality	>1	0.17	(0.83)
D19	To improve financial viability of the municipality	MFV&M	Financial Viability: Debt coverage (Reg 796)	Debt coverage (Total operating revenue- operating grants received)/debt service payments due within the year) (SA8)	>1	(22.80)	No probability of recovering debt	Total operating revenue excluding grants contributes only to less than 5% of the revenue total	Municipality to engage COGTA and Treasury in finding other sources of funding	>1	(46.55)	(45.55)
D20	To improve financial viability of the municipality	MFV&M	Monthly notification of awards over R 100 000	List of awards	12	12	0	-	-	12	12	0

D21	To improve financial viability of the municipality	GGPP	Annual advertisement for updating supplier data base by 31 March 2016	Advertisement placed in local newspaper	31-03-16	29-02-16	1 month	-	-	31-03-2015	20-03-2015	11 days
D22	To improve financial viability of the municipality	MFV&M	Effective management of payroll by providing the section 66 payroll report on a monthly basis	Monthly reports to management ito sec 66 of the MFMA	12	12	0	-	-	12	12	0
D23	To improve financial viability of the municipality	MFV&M	Ensure the submission of IRP5's	IRP5's submitted not later than 30 May 2016 to SARS	30-05-16	25-05-16	5 days	-	-	30-05-2015	19-05-2015	11 days
D24	To improve financial viability of the municipality	MFV&M	Monthly salary reconciliations	No of reconciliations done	12	12	0	-	-	12	12	0
D25	To improve financial	GGPP	Implement Council	% resolutions implemented	95%	77%	(18%)	The outturning	Follow up on all outstanding	95%	87.93%	(12.07%)

	viability of the municipality		Resolutions within prescribed timeframe stipulated on system	within timeframe				resolution is implemented over a period of time due to project requirements	resolutions and report progress thereof			

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
	Directorate: Corporate Services											
D26	To implement effective performance management system by June 2016	MT&ID	Draw quarterly resolution execution report for all directorates	No of reports	4	4	0	-	-	4	4	0
D27	To create an efficient, effective and accountable administration	MT&ID	Implement Council resolutions within required timeframe	% of Council resolutions implementation within required timeframe	95%	71.25%	(23.75)	The outturning resolution is implemented over a period of time due to project requirements	Follow up on all outstanding resolutions and report progress thereof	95%	62.38%	(37.62%)
D28	To create an efficient, effective and accountable	MT&ID	Distribute agendas for all scheduled meetings to all relevant	Agendas for the scheduled meetings distributed at least 2 days	2 days before the meeting	0	(2 days)	This is due to non-availability of a Councillor in the fourth	The Administration to check availability of Councillors	Within 48 hours	Within 48 hours	0

	administration		Councillors and officials	before the meeting				quarter	before delivery of agenda			
D29	To create an efficient, effective and accountable administration	MT&ID	Distribute Council resolutions within 7 working days of each meeting	Resolutions distributed within prescribed timeframe (7 working days)	7 working days	7 working days	0	-	-	7 working days	0	(7 working days)
D30	To create an efficient, effective and accountable administration	MT&ID	Training and development of personnel	Total number of training courses attended by 30 June 2016	(1MFMP)	(1MFMP)	0	-	-	23	2	(21)
D31	To create an efficient, effective and accountable administration	MT&ID	Training and development of personnel	% of courses resulting in competency certificates by 30 June 2016.	95%	95%	0	-	-	95%	0%	(95%)
D32	To create an efficient, effective and accountable administration	MT&ID	Training and development of personnel	Total number of employees attending training courses by 30 June 2016	11	11	0	-	-	75	10	(65)

D33	To create an efficient, effective and accountable administration	MT&ID	Training and development of personnel	Total number of skills development forum meetings held on or before 30 June 2016	2	2	0	-	-	New KPI	-	-
D34	To create an efficient, effective and accountable administration	MT&ID	Training and development of personnel	WSP approved by the LLF and submitted to LGSETA on or before 30 April 2016	30-04-16	29-04-16	1 day	-	-	30-04-15	30-04-15	0
D35	To create an efficient, effective and accountable administration	MT&ID	Training and development of personnel	% of employees from the designated groups	95%	98%	2%	-	-	95%	97.7%	2.7%
D36	To create an efficient, effective and accountable administration	MT&ID	Improve labour relations	No of LLF meetings held as planned by 30 June 2016.	12	2	(10)	This is due to unavailability of members	Appointment of a new Committee in the 2016/2017 financial year	6	3	(3)

D37	Training and supervision to ensure health and safety of employees in the workplace	MT&ID	Training of employees on Occupational Health and Safety(OHS)	No. of employees trained on OHS before 31-Mar-2016	20	35	15	-	-	New KPI	-	-
D38	Compliance with the Sec.8(2) of the OHS Act	MT&ID	Development of Occupational Health and Safety (OHS)Policy	Approval of the OHS Policy before 31-Mar-2016	31-03-16	30-03-16	1 day	-	-	New KPI	-	-
D39	Compliance with the Sec.8(2) of the OHS Act	MT&ID	Training of employees on Disciplinary procedures	Employees trained on Disciplinary procedures before 31March 2016	31-03-16	28-01-16	4 days	-	-	New KPI	-	-
D40	To create an efficient, effective and accountable administration	GGPP	Public Participation Plan in place	Review of the Public Participation Plan/Strategy on or before 30 June 2016	30-06-16	28-01-16	5 months	-	-	New KPI	-	-

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL VARIANCE		REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
Planning and Social Development												
D41	To create an efficient, effective and accountable administration	LED	To report on the EPWP progress, grant, staff and wages paid	No of monthly reports submitted to the MM/ Council	12	12	0	-	-	12	5	(7)
D42	To create an efficient, effective and accountable administration	LED	To review the District EPWP Policy by 30/06/2016	District EPWP Policy reviewed and approved by Council on or before 30 June 2016	30-06-16	09-02-16	4 months	-	-	30-06-15	0	(30-06-15)
D43	To create an efficient, effective and accountable administration	LED	To report on the EPWP progress	No. of EPWP steering committee meetings held quarterly	4	4	0	-	-	4	4	0

D44	To create an efficient, effective and accountable administration	LED	100% expenditure on the EPWP Grant	100% Expenditure by end of June 2016	100%	97.96%	(2.04%)	Some contracts were terminated due to non-attendance, misbehavior and resignations of EPWP labourers	A briefing session to be conducted with all labourers to explain acceptable conduct and to replace employees who resigned with new ones	New KPI	-	-
D45	To create an efficient, effective and accountable administration	GGPP	100% % expenditure on the RRAMS Grant	100% Expenditure by end of June 2016	100%	100%	0	-	-	New KPI	-	-
D46	To create an efficient, effective and accountable administration	GGPP	Public Participation meetings	No. of Public Participation meetings held by 30 June 2016	3	3	0	-	-	4	4	0
D47	To create an efficient, effective and accountable	GGPP	Compile IDP / Budget (Time schedule of key deadlines	Approved IDP Framework and Process Plan on or before 31 Aug	31-08-15	28-08-15	3 days	-	-	31-08-14	29-08-14	2 days

	administration		(Process Plan) by 30 August 2015 (MSA 28 / MFMA 21)	2015								
D48	To create an efficient, effective and accountable administration	GGPP	Compile Draft IDP, Review and submit to Council by 31 March 2016 (MSA 34)	Draft IDP approved on or before 31 March 2016	31-03-16	30-03-16	1 day	-	-	31-03-15	31-03-15	0
D49	To continuously prepare, adopt, effectively implement and annually review IDP	GGPP	Compile final IDP and submit to Council 31 May 2016 (MSA 34)	Final IDP approved on or before 31 May 2016	31-05-16	07-07-16	(68 days)	Final IDP was submitted to Council on the 31st May 2016 but was approved on the 07th June 2016(continuation meeting)	-	31-05-15	27-05-15	4 days
D50	To improve economic growth of the District	LED	Quarterly reports on the implementation of LED to Management/ Council	No of reports submitted	4	4	0	-	-	4	4	0

D51	To improve economic growth of the District	LED	Review of the LED Strategy	Adopted LED Strategy by 30 June 2016	30-06-16	30-03-16	3 months	-	-	New KPI	-	-
D52	To contribute to Tourism Development and Marketing	LED	Tourism development	No. of tourism awareness campaigns conducted	2	2	0	-	-	New KPI	-	-
D53	To improve economic growth of the District	LED	Quarterly District LED Forums	No. of Quarterly District LED Forums held	4	4	0	-	-	New KPI	-	-
D54	To improve economic growth of the District	LED	LED Projects	No. of LED projects supported	2	2	0	-	-	New KPI	-	-
D55	To manage and prevent harm of the environment and ensure its sustainability	BSD	Improve service delivery to communities	No. of person attending Health Education programmes/projects	1000	2214	1214	-	-	New KPI	-	-

D56	Facilitate provision of sufficient bulk water supply to all municipalities	BSD	Improve service delivery to communities	No of quarterly water quality reports submitted to Council	4	4	0	-	-	4	4	0
D57		BSD	Improve service delivery to communities	No of water quality samples collected per local municipality	Mohokare 72	87	15	-	-	New KPI	-	-
					Letsemeng 108	116	8					
					Kopanong 218	295	77					
					Naledi 72	84	12					
D58	Facilitate provision of sustainable basic sanitation all households in the district	BSD	Improve service delivery to communities	No of quarterly sanitation quality reports submitted to Management/Council	4	4	1	-	-	4	4	0

D59	Facilitate provision of sustainable basic sanitation all households in the district	BSD	Improve service delivery to communities	No of quarterly waste water samples taken per local municipality	Mohokare 12	10	(2)	This due to unavailability of water due to draught.	Water samples will be taken in all local Municipalities as soon water becomes available	New KPI	-	-
					Letsemeng 8	6	(2)					
					Kopanong 16	7	9					
					Naledi 8	8	-					
D60	To build capacity of the district to perform its municipal health function	BSD	Improve service delivery to communities	No. of Environmental Health awareness	Water 5	5	0					
					Hygiene 5	7	2					
					Food safety/ control 5	6	1					

					Waste Management 5	5	0	-	-	New KPI	-	-
					Communicable diseases 3	5	2					
					Basa njengo Magogo 1	1	0					
D61	Facilitate increased access by all households to electricity service	BSD	Improve service delivery to communities	No of quarterly District Energy Forum Meetings held by 30 June 2016	4	2	(2)	This is due to non-attendance of other stakeholders	KPI to be reviewed	4	4	0
D62	To create an efficient, effective and accountable administration	GGPP	Implement Council Resolutions within prescribed timeframe stipulated on system	% resolutions implemented within timeframe	95%	77%	(18)	The outturning resolution is implemented over a period of time due to project requirement	Follow up on all outstanding resolutions and report progress thereof	New KPI	-	-

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

KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
GGPP	-	Good Governance and Public Participation
MFVM	-	Municipal Financial Viability and Management
MTID	-	Municipal Transformation and Institutional Development
LED	-	Local Economic Development
BSD	-	Basic Service Delivery
MFMA	-	Municipal Finance Management Act 56 of 2003
MSA	-	Municipal Systems Act 32 of 2000
EEA	-	Employment Equity Act 55 of 1998
SDA	-	Skills Development Act 97 of 1998
MPPR	-	Local Government: Municipal Planning and Performance Management Regulations, 2001
MPR	-	Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable To Municipal Managers, 2006

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

The Municipality is constituted of four departments, namely: the Office of the Municipal Manager, Corporate Services, Planning and Social Development and Budget and Treasury. The Office of the Municipal Manager comprises of four divisions i.e. Internal Audit, Risk Management, Performance Management and Disaster Management. The Department of Corporate Services consists of four divisions, i.e. Administration, Human Resources, Information Technology and Labour Relations. The Department of Planning and Social Development is composed of four divisions, namely Local Economic Development, Integrated Development Planning, Municipal Health Services and Expanded Public Works Programme. The Budget and Treasury Office comprises of four divisions namely: Expenditure and Payroll, Supply Chain Management, Budget and Assets and Reporting and Compliance.

T4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Vacancy Rate: 2015/2016			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	1	100%
Other S57 Managers (excluding Finance Posts)	2	1	50%
Other S57 Managers (Finance posts)	0	0	0%
Police officers	0	0	0%
Fire fighters	0	0	0%
Senior management: Levels 13-15 (excluding Finance Posts)	0	0	0%
Senior management: Levels 13-15 (Finance posts)	0	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	0	0	0%
Highly skilled supervision: levels 9-12 (Finance posts)	0	0	0%
Total	4	2	50%
			T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2013/2014	10	15	1.06%
2014/2015	22	19	1.1%
2015/2016	7	6	1.04%
			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The low turnover is an indicatation of Xhariep District Municipality`s employees who have a positive working relationship with their direct supervisors and co-workers hence they are likely to stay at their jobs. Another cause of low turnover is having room for for advancement so employees feel like they can move up in their careers if they stay at the municipality. Poor economic conditions can also contribute to low turnover because employees fear not being able to find other work.

T4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

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

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

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

T4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%	100%	24 April 2012
2	Attraction and Retention	100%	100%	24 April 2012
3	Code of Conduct for employees			24 April 2012
4	Delegations, Authorisation & Responsibility	100%	100%	24 April 2012
5	Disciplinary Code and Procedures			24 April 2012
6	Essential Services	100%	100%	24 April 2012
7	Employee Assistance / Wellness			24 April 2012
8	Employment Equity	100%	100%	24 April 2012
9	Exit Management			24 April 2012
10	Grievance Procedures	100%	100%	24 April 2012
11	HIV/Aids			24 April 2012
12	Human Resource and Development	100%	100%	24 April 2012
13	Information Technology			24 April 2012
14	Job Evaluation	100%	100%	24 April 2012
15	Leave			24 April 2012
16	Occupational Health and Safety	100%	100%	24 April 2012
17	Official Housing			24 April 2012
18	Official Journeys	100%	100%	24 April 2012
19	Official transport to attend Funerals	100%	100%	24 April 2012
20	Official Working Hours and Overtime			24 April 2012
21	Organisational Rights	100%	100%	24 April 2012
22	Payroll Deductions			24 April 2012
23	Performance Management and Development	100%	100%	24 April 2012
24	Recruitment, Selection and Appointments			24 April 2012
25	Remuneration Scales and Allowances	100%	100%	24 April 2012
26	Resettlement			24 April 2012
27	Sexual Harassment	100%	100%	24 April 2012
28	Skills Development			24 April 2012
29	Smoking			24 April 2012
30	Special Skills	100%	100%	24 April 2012
31	Work Organisation			24 April 2012
32	Uniforms and Protective Clothing	100%	100%	24 April 2012
33	Other:			
Use name of local policies if different from above and at any other HR policies not listed.				*T 4.2.1*

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

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

T4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	57	1	0.84	57	52 025,61
Temporary total disablement	-	-	-	-	-
Permanent disablement	-	-	-	-	-
Fatal	-	-	-	-	-
Total	57	1	0.84	57	52 025,61

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	64	0	10	10	6.40	39087.48
Skilled (Levels 3-5)	254	0	20	20	12.70	166473.11
Highly skilled production (levels 6-8)	353	0	29	29	12.17	365521.50
Highly skilled supervision (levels 9-12)	457	0	25	25	18.28	591719.97
Senior management (Levels 13-15)	0	0	0	0	0	0
MM and S57	33	0	2	2	16.50	1026635.08
Total	**33**	**0%**	**86**	**86**	0.38	**2189437.14**

T4.3.2

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Internal Auditor	Disclosure of Information	03-08-2015	Case withdrawn due to lack of evidence	01 09-2015
Internal Audit Manager	Insurbodination	03-08-2015	Reached settlement agreement	30-11-2015
IDP Manager	Gross Insurbodination and Dereliction of duty	30-05-2014	Suspension without pay for maximum of 10 days	01-09-2015
Maintenance Assistance	Habitual Abseentism Dishonesty None reporting for duty	08-04-2016	Found guilty on all the charges pending finalisation	Pending
				T4.3.5

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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

T4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2015/2016	Number of skilled employees required and actual as at 30 June 2015/2016											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2014/2015	Actual: End of 2015/2016	Target	Actual: End of 2014/2015	Actual: End of 2015/2016	Target	Actual: End of 2014/2015	Actual: End of 2015/2016	Target	Actual: End of 2014/2015	Actual: End of 2015/2016	Target
MM and s57	Female	**0**	**0**	**0**										
	Male	**2**	**2**	**2**										
Councillors, senior officials and managers	Female	**15**	**8**	**4**		**4**								
	Male	**16**	**6**	**6**		**4**								
Technicians and associate professionals*	Female													
	Male													
Professionals	Female	20	20	7		3								
	Male	7	3	3										
Sub total	Female	35	32	11		7								
	Male	24	9	11		4								
Total		**119**	**80**	**44**		**22**								

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

T4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	0	0	0	0
Chief financial officer	0	0	0	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial officials	20	0	0	0	0	0
Supply Chain Management Officials	**2**	0	0	0	0	0
Heads of supply chain management units	1	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	**24**	**0**	**0**	**0**	**0**	**0**

** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)* T4.5.2

Skills Development Expenditure R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2015/2016							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female									
	Male	2	**200 000**	**84 000**	-	-	-	-	-	-
Legislators, senior officials and managers	Female	3	**200 000**	**42 000**	-	-	-	-	-	-
	Male	7	200 000	126 000	-	-	-	-	-	-
Professionals	Female	9	0	0	-	-	-	-	-	-
	Male	3	0	0	-	-	-	-	-	-
Technicians and associate professionals	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Clerks	Female	4	0	0	-	-	-	-	-	-
	Male	3	0	0	-	-	-	-	-	-
Service and sales workers	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Elementary occupations	Female	-	-	-	-	-	-	-	-	-
	Male	-	-	-	-	-	-	-	-	-
Sub total	Female	16	**0**	**0**	-	-	-	-	-	-
	Male	15	**0**	**0**	-	-	-	-	-	-
Total		62	200000	252000	0	0	0	0	0	0
% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									***%***	*R
										T4.5.3

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

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

T4.6.0

CHAPTER 5 – FINANCIAL PERFORMANCE

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

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

T5.3.1

Repairs and Maintenance Expenditure: 2015/2016				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	276	218	298	(80)
				T 5.3.4

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

As far as the processes are concerned, a **MEMO** for **DEMAND** and **ACQUISITION** has been developed by the municipality to **manage, control** and **monitor** procurement of goods and services. The **MEMO** is signed by the responsible manager to confirm the need of the service or product, the manager for Budget and Reporting Unit confirms the budget availability, relevant HOD recommends as well as the CFO and the Accounting Officer/Municipal Manager or a Senior Manager designated to act in the capacity of the Municipal Manager, finally approves the **MEMO** for **DEMAND** and **ACQUISITION.** During 2015/2016 financial year, Supply Chain Management Policy of the Municipality went for a review and a workshop was conducted to employees of the municipality in February 2016. The policy was adopted by council on the 7th of June 2016 for implementation in the 2016/2017 financial year. The municipality also uses the Procurement Procedure Manual to help it in achieving its policy objectives.

T5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice 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.

T5.13.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FIND

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/2015

6.1 AUDITOR GENERAL REPORT 2014/2015(PREVIOUS YEAR)

Auditor-General Report on Financial Performance: 2014/2015(2014/2015)	
Audit Report Status*: Qualified	
Non-Compliance Issues	Remedial Action Taken
Cash Flow Statement: Incorrect amounts disclosed	The Interim Financial Statements and the Annual Financial Statements will be presented to the AGSA and the Provincial Treasury Task Team timeously prior to commencement of the 2015/16 Audit.
Employment Performance Management System	The Municipality is still under financial constraints to be able to implement the assessment on the performance of non-section 56 employees. Management will submit a report to council to request council to place the HR policy of the assessment on lower level employees on a moratorium (delayed). The HR Manager and DCS will perform a benchmark analysis with other Municipalities within the Free State to establish their system in place for implementation of the Performance Management Systems for all employees.
Internal Audit- Quarterly reports not submitted	Internal Audit reports were tabled to Audit Committee as per Section 165(2)(b)(vii) of the MFMA on the 30th November 2015.
Unauthorized, irregular and fruitless and wasteful expenditure - No section 32 committee set	Management will ensure the section 32 committee is appointed as prescribed by the MSA and MFAM or recommended by AGSA. Management will ensure Delegation of authority framework is developed and approved by council. Investigation of unauthorized, irregular, fruitless and wasteful expenditure incurred will commence effectively after appointment of the section 32 committee.
Procurement and contract Management - No approval of extension of contracts	Management shall ensure that any extension to a contract is reported to the council and approved by the Accounting Officer. Contract extension will only be valid for a period no longer than three (3) months to ensure that competitive bidding is not prohibited. Management should that they developed Guidelines for Contract Management, the Guidelines will be tabled to the Council and will be approved by Council.
Procurement and Contract Management : No declaration of interest identified	Management shall ensure that prior to awarding, all awards between R10 000.00 and R30 000.00 are accompanied by signed declaration of interests by suppliers All payment vouchers above R10 000.00 will be accompanied by declaration of interest by supplier
Procurement and Contract Management : Competitive bidding - Njunga Construction and Projects tender irregular	The Adjudication Committee shall ensure that it adheres to the SCM policy in instances where it disagrees with the Evaluation Committee recommendations. Management should ensure that TEC recommendations are presented to the BAC prior to BAC Finalisation.

Procurement and Contract management : Month to month contracts prohibits competitive bidding	Both Digicoms and Multitech went through a competitive bidding process. As for O2 Information Technology (i.e. Website Maintenance) the municipality has moved to the Province for such a service. Management will ensure that all service contracts coming to an end will be taken through competitive bidding three months prior to expiry of current service contracts.
Procurement and Contract Management : No deviations letter attached and no 3 quotations	Management shall ensure that in instances where there are proper and relevant supporting documents, deviations approved by the Accounting Officer are attached The SCM checklist will be effectively implemented and reviewed prior payment is processed.
Property, plant and equipment - Valuation of assets could not be confirmed	Management will use the 2014/15 Audited Asset Register as a base for consistency. Management will prepare the asset register as per requirements of GRAP17, Directive 7 and according to the municipality fixed asset policy and correct the financial statements as such. Management should ensure that Asset Unit is performing a spot check on assets on monthly basis and report will be issued to confirm the state of the assets.
Expenditure: Payment made later than 30 days after receipt of invoice	Payments will be made within 30 days after receipt of invoice when the municipal financial position permits.
Irregular expenditure - Non-compliance	Management shall ensure that all internal controls in place, as well as policies and procedures, are adhered to at all times in order to minimize the incurring of such expenditure.
FMG 4th quarter report/annual performance report	Management will ensure that: (a) the requirements of DORA are met when submitting reports to Treasury; and (b) the information on the support plan submitted to treasury agrees to the annual performance report Management should ensure that APR is reviewed by Internal Audit Unit.
Receivables- Interest understated	1. Management will ensure that interest is re-calculated retrospectively. 2. Management will review all trade debtors account to ensure that interest is charged on outstanding invoices.
Receivables- Sundry debtors not complete	Management will scrutinize the payroll run to ensure that all deductions that qualify as debt from the payroll input are clearly recorded as debtors. Management will keep a debtors list for sundry debtors and agree the list to the general ledger on a monthly basis.
Receivable - Debtors not raised	Management will ensure that all employees of the municipality who are owing the municipality be raised as individual debtors and ensure that the repayments from debtors must be recorded and accounted properly. Management will perform monthly reconciliations on all individual debtors
Employee Costs - Non-Compliance (no assessments competencies)	Management will ensure that all Finance and Supply Chain Officials are assessed on their respective competencies. HR to continuously monitor the completion of all employees that have been enrolled for competency skills assessment as required by Municipal Regulation on Minimum competency level reg 6 and 7(GNR 493). Furthermore, all certificates of completion will be filed in each employee's respective file.
Assessment of Senior	The Municipality is still under financial constraints to be able to implement the

Management	assessment on the performance of non-section 56 employees. However management will make necessary provision in its forthcoming budget that will enable for the appointment and remuneration of the committee that will assess the performance of senior management.
Cash & Cash Equivalents - New bank account	Management will submit the list on all bank accounts to Provincial Treasury and AGSA
Commitments - No accounting policy	The Chief Financial Officer will ensure that all the applicable tabs on Caseware are selected for fair presentation.
Employee costs: Overpayment of allowances to managers	Management acknowledges that the incumbents were paid in excess, and therefore debtors will be raised. Subsequently management will obtain council approval to write the debts off. Furthermore, management will ensure going forward to remunerate the incumbents as per the government regulations on the appointment od senior managers.
Employee Related Costs - Non-Compliance key position not filled	The municipality will commence with the recruitment processes of filling the vacant position of Director Corporate Services and ensure compliance with section 56 when a senior manager is appointed.
Employee costs: Acting more than 3 months	Management will obtain approval from the MEC for local government to extend acting periods of incumbents if a vacancy of such nature exists.
Municipal vacancies increased	All vacant positions were abolished. See attached Council Resolution The municipality will commence with the recruitment processes of filling the vacant position of Director Corporate Services and ensure compliance with section 56 when a senior manager is appointed. All vacant positions will be filled before 01 April 2016.
Municipal Public Account Committee not functioning	The Municipal Manager will ensure that the Municipal Public Account Committee sits and review the investigation reports provided by management and accountability should be held.
Unspent conditional grants - Quarterly reports not submitted within 30 days	Management will ensure that quarterly monthly Grants reports are submitted to COGTA and Treasury within 30 days. Management will ensure compliance by having a schedule in which quarterly reports are compiled, reviewed, signed and subsequently submitted.
Going Concern Assessment	Management will perform a 12 month assessment to include all other risks for going concern purpose.
Procurement and contract management - Contract ending within the next 6 months	New appointments have been made through a competitive bidding process except only for Travel Agency and Insurance. New service provider will be appointed for travel agency, while the contract for insurance has been extended for another twelve months. In future, the municipality shall ensure that correct processes are followed when a contract has to be extended, or shall invite competition in time prior to contract coming to an end.
Procurement and contract management - Schalk General Trading	Management will liaise with Provincial Treasury to advice the way forward regarding the project.
Procurement and Contract Management : Tenders not advertised on the municipal website	Management shall ensure that all transactions above the value of R30 000.00 are placed on the official municipal website.

Procurement and contract management - No monthly monitoring	Management shall ensure that all contracts for more than one month are monitored on a monthly basis. A report on a monthly basis will be submitted to the office of the Chief Financial Officer in respect of performance of appointed suppliers
Procurement & Contract Management - Contract value exceeded	Management will review all contracts entered by the Municipality to include the terms and conditions for a dispute resolution. Management will develop a controls that will enable the Municipality to measure the performance of service providers.
Unspent Conditional Grant - No Roll-over applications	Management will ensure that it implements proper controls to ensure that applications for roll-overs are made timelessly and records are kept.
Unspent Conditional Grant - Progress report not complying with DORA **(**	Management will ensure that all requirements for the application of roll-over are met.
Employee costs - Vetting omitted	Employee vetting will be conducted for all newly appointed candidates. The vetting process will be outsourced and all evidence will be kept for records purposes. The position of the CFO has been advertised and all shortlisted candidates will be subject to the vetting process.
- Invoice without VAT numbers	Monthly reports will be reviewed to ensure that all transactions that are inclusive of VAT are accurately recorded
	T 6.1.1

CHAPTER 6

COMPONENT B: AUDITOR-GENERAL OPINION 2015/2016 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2015/2016

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2015/2016

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Xhariep District Municipality set out on pages 108 to166, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as 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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No. 1 of 2015) (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 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 Xhariep District Municipality as at 30 June 2016 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.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 31 to the financial statements, the corresponding figures for the 30 June 2015 have been restated as a result of errors discovered during 2015-16 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

Irregular Expenditure

9. As disclosed in note 37 to the financial statements, the municipality incurred irregular expenditure of R4 653 888 (2015: R3 710 358) in 2015-16 due to non-compliance with supply chain management (SCM) regulations.

Unauthorised Expenditure

10. As disclosed in note 35 to the financial statements, the municipality incurred unauthorised expenditure of R2 797 621 (2015: R746 110) during 2015-16 due to expenditure that exceeded the limit of the amount provided for in the main division of the approved budget.

Going concern

11. Note 33 to the financial statements indicates that the Xhariep District Municipality incurred a net loss of R6 937 981 during the year ended 30 June 2016 and, as of that date, the municipality's current liabilities exceeded its current assets by R9 763 148. These conditions, along with other matters as set forth in the note 33, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Additional matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages 161 to 163 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 on them.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on them.

Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance areas presented in the annual performance report of the Xhariep District Municipality for the year ended 30 June 2016:

    - Key performance area : Local economic development on pages 45 to 66
    - Key performance area : Basic service delivery on pages 45 to 66
    - Key performance area : Public participation and good governance 45 to 66

17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned key performance areas. I further

    performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).

18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following key performance areas:

- Basic service delivery
- Local economic development
- Public participation and good governance

Additional matter

20. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected key performance areas, I draw attention to the following matters:

Unaudited supplementary schedules

21. The supplementary information set out on pages 1 to 44 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.

Compliance with legislation

22. I performed procedures to obtain evidence that the Xhariep District Municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows

Annual financial statements

23. 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 of non-current assets, liabilities, expenditures and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

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

25. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA.

26. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

27. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

28. Capital assets were transferred without the approval of the council as required by section 14(2)(a) of the MFMA.

Conditional grants received

29. The provincial infrastructure grant and Motheo disestablishment grant allocation was not spent in accordance with the applicable grant framework, in contravention of section 17(1) of the DoRA.

Human resource management and compensation

30. Sufficient appropriate audit evidence could not be obtained that the municipality developed and adopted appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff as required by section 67(d) of the Municipal Systems Act.

Consequence management

31. Unauthorised expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the Municipal Finance Management Act.

32. Irregular expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the Municipal Finance Management Act.

33. Fruitless and wasteful expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the Municipal Finance Management Act.

Liability management

34. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Procurement management

35. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).

Internal control

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for unqualified opinion, the findings on the

annual performance report and the findings on compliance with legislation included in this report.

Leadership

37. There has been a slow response from the leadership in implementing and monitoring the audit action plan to address qualification areas and internal control deficiencies identified during the previous audits and as a result it was again a last minute effort to avoid audit report matters.

38. The leadership did not take effective steps to ensure that there were consequences for poor performance and transgressions, as none of the unauthorised, irregular as well as fruitless and wasteful expenditure incurred was investigated during the financial year.

39. The leadership did not ensure that vacancies in key positions were filled to facilitate sound financial management, as the position of chief financial officer and director corporate services remained vacant during the financial year under review.

Financial and performance management

40. The financial statements were not properly reviewed for completeness and accuracy prior to submission for auditing. This resulted in material adjustments being made to the financial statements. It was also identified through the audit that some officials were not sufficiently skilled to ensure that the daily financial transactions were recorded fully and correctly. Internal reviews and reconciliations of all financial records and transactions were noted to be inadequate.

41. The municipality did not always comply with applicable legislation. No formal processes were in place to monitor compliance with legislation, which resulted in the number of reported non-compliance issues. Consequences for poor performance and non-compliance with legislation were lacking.

Governance

42. The accounting officer did not ensure that there is an adequately resourced and functioning internal audit unit throughout the year that identifies internal control deficiencies and recommends corrective action effectively.

43. Audit committee does not adequately promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislations, due to limited reports submitted from the internal audit unit.

CHAPTER 6

Auditor - General.

Bloemfontein

30 November 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

GLOSSARY

GLOSSARY	
Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"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.
Activities	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"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution	The distribution of capacity to deliver services.

indicators	
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

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

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %
CLLR MG NTWANAMBI	FT	Mayoral Committee	-	100
		Council	ANC	89
CLLR MG MODISE	FT	Corporate Services		100
		Mayoral Committee		100
		Council	ANC	44
CLLR JAFTA	PT	Planning & Social Development		60
		Council	ANC	78
CLLR T MOKHELE	PT	Corporate Services		100
		Council	ANC	56
CLLR MJ MOHAPI	PT	Budget and Treasury		20
		Council	ANC	78
CLLR MJ MPHORE	PT	Corporate Services		60
		Council	COPE	100
CLLR AJJ VAN RENSBURG	PT	Planning & Social Development	DA	100

		Council	DA	67
CLLR SA SOLA	PT	Budget &Treasury		80
		Council	ANC	67
CLLR NC SPOCHTER	PT	Corporate Services	ANC	80
		Council		89
CLLR H SHEBE	PT	Budget &Treasury		100
		Council	DA	100
CLLR VA MONA	FT	Budget &Treasury	ANC	80
		Mayoral Committee		100
		Coouncil		89
CLLR P DIBE	PT	Planning & Social Development		100
		Council	ANC	67
CLLR I MEHLOMAKULU	FT	Planning & Social Development		60
		Mayoral Committee		43
		Council	ANC	67
CLLR MJ SEHANKA	FT	Speaker – Council	ANC	89
CLLR JJ MAKITLE	PT	Budget &Treasury	ANC	40
		Council	ANC	89
CLLR ML SEHLOHO	PT	Planning & Social Development	ANC	20
		Council	ANC	0

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2015/2016

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2014/2015	Recommendations adopted (enter Yes) If not adopted (provide explanation)
29 April 2016	The Audit Committee recommended that the Audit Committee pack be circulated within 7 days as per Internal Audit Charter	Yes – Adopted as per Internal Audit Charter
	The Audit Committee welcomed the New Internal Audit Team to the Xhariep District Municipality and sought clarity from Management the process followed to appoint CAE.	Yes
	Audit Committee noted 2nd Quarter Internal Audit Report and recommend to management that those findings have been recurring and management should ensure that the same finding are not recurring in the 3rd Quarter Internal Audit Report	Yes
	Audit Committee recommended that management should look for minutes of the previous meetings as some issues were discussed there.	No – Management could not locate Minutes of the previous meeting due to the resignation of theprevious internal audit unit and non-handing over of strategic documents.
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APPENDIX H(i) – LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING 2015/2016

Long Term Contracts (20 Largest Contracts Entered into during 2015/2016)					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Lateral Unison	Insurance of municipal assets	01/07/2015	30/06/2016	Office of the Municipal Manager	568,908.43
Thepa Trading	Supply and Maintenance of Telephone System	02/10/2015	30/09/2018	ICT Manager/Corporate Services	539,779.32
Thepa Trading	Supply and Maintenance of Printers/Photocopiers	01/06/2015	31/05/2018	ICT Manager/Corporate Services	1,161,390.86
Testit Labs	Water sampling	01/09/2015	31/08/2016	Environmental Health Manager/Planning & Social Development	247,035.80
Procon IT Solution	Back up service	06/01/2016	31/12/2016	31/12/2016	48,000.00

Missao Ponto Investment Holdings	Rural roads asset management grant	31/10/2015	31/10/2016	IDP Manager/Planning & Social Development	1,500,000.00
Procon IT Solution	Back up service	06/01/2016	31/12/2016	31/12/2016	48,000.00
Missao Ponto Investment Holdings	Rural roads asset management grant	31/10/2015	31/10/2016	IDP Manager/Planning & Social Development	1,500,000.00
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APPENDICES

APPENDIX I –SERVICE PROVIDER PERFORMANCE SCHEDULE

Service Provider	Project Name	Contract Amount	Project Status	End User Remarks
Lateral Unison	Insurance of municipal assets	568,908.43	Complete	Good
Thepa Trading	Supply and Maintenance of Telephone System	539,779.32	On-going	Good
Thepa Trading	Supply and Maintenance of Printers/Photocopiers	1,161,390.86	On-going	Good
Testit Labs	Water sampling	247,035.80	On-going	Good
Procon IT Solution	Internet service provision	64,500.00	On-going	Good
Procon IT Solution	Back up service	48,000.00	On-going	Good
Missao Ponto Investment Holdings	Rural roads asset management grant	1,500,000.00	On-going	Good

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2015/2016 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
(Executive) Mayor	M.G Ntwanambi	Nil
Member of MayCo / Exco		
	M.G Modise	Nil
	N.I Mehlomakhulu	Nil
	V. Mona	Nil
Councillor	N Jafta	Nil
	H Shebe	Nil
	T Mokhele	Nil
	M.J Mohapi	Nil
	M.J Mphore	Nil
	NC Spochter	Nil
	S. A Sola	Nil
Municipal Manager	MM Kubeka	Nil
Chief Financial Officer	L Mashiane	Nil
	MC Mogoale	Nil
(Executive) Directors	M Khapha	Nil
	MS Mohale	Nil
T J		

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						R '000
Description	2013/2014	2014/2015			2015/2016 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Agency services						
Transfers recognised - operational	51 773	51 774	52 202	51 564	51 774	51 774
Other revenue	561	563	836	882	563	563
Total Revenue (excluding capital transfers and contributions)						

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

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APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

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

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

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