

OVERBERG



District Municipality
Distriksmunisipaliteit
Umasipala Wesithili



Annual Report 2018/19

In terms of section 121 of the
Municipal Finance Management Act
(Act 56 of 2003)

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As the Executive Mayor of the Overberg District Municipality, it is my privilege to present the Annual Report for the 2018/2019 financial year.

Reflecting on the past year, there is much to be proud of and this in turn has strengthened our sense of purpose as we continue to work with our stakeholders towards the fulfilment of the Municipality’s Vision and Mission statement.

Vision

Overberg – the opportunity gateway to Africa through sustainable services

Mission

To render sustainable, customer-directed services and to be the preferred Provider of Shared Services within the Overberg.

Policy Development

The strategic goals were formulated to achieve freedom, fairness and opportunity within the community and to direct an open opportunity society through diversity and delivery of the goals. The strategic goals were aligned with Government Objectives, National Outcomes, National Development Plan, Back-to-Basics and with the Western Cape Provincial Strategic Plan.

The five-year strategic goals (SGs) as adopted by Council for the period 2017-2021 are:

- **SG 1** To ensure well-being of all in the Overberg through the provision of **efficient basic services and infrastructure**.
- **SG 2** To **promote regional economic development** by supporting initiatives in the district for the development of a sustainable district economy.
- **SG 3** To ensure **municipal transformation and institutional development** by creating a staff structure that would adhere to the principles of employment equity and promote skills development.
- **SG 4** To attain and maintain **financial viability** and sustainability by executing accounting services in accordance with National policy and guidelines.
- **SG 5** To ensure **good governance practices** by providing a democratic and pro-active accountable government and ensuring **community participation** through IGR structures.

The adopted Performance Management System monitors the implementation of the strategic goals and budget. Key performance indicators and targets were assigned to each of the strategic outcomes. These indicators have been measured and monitored throughout the year and all relevant information was captured on an electronic performance management system. Continuous monitoring of performance and corrective measures resulted in the fulfilment of the Municipality’s responsibilities in accordance with its strategic goals and legislative mandate during the reporting period. For the year under review the Municipality received an unqualified audit opinion with findings from the Auditor-General.

Key Service Delivery Improvements

Some of the key achievements during the year included: The construction of a cell 4 at the Regional Landfill Facility (Karwyderskraal) was completed and came into operation. A district fire training centre was established. The aim of the centre is to provide training for fire officers. The first Firefighter One training class started in June 2019. The Municipality was also intensely involved in the establishment of the Overberg District Community Safety Forum and safety initiatives are being implemented.

Public Participation

Public Participation is of utmost importance to our District and therefore we created an open opportunity for our clients, the four Local municipalities, and other stakeholders through various platforms. An information session was held whereby senior learners were invited with the emphasis on the importance of public participation in the affairs of the municipality.



CHAPTER 1

Agreements/Partnerships:

Partnerships were established and maintained during the year under review. A Memorandum of Understanding was signed with the Department Social Development to coordinate and assist the local municipalities with social development initiatives across the region. Strategic partnerships also exist with the Greater Overberg Fire Protection Association, Working on Fire and National, Rescue Institute, Commercial Agricultural and private sector.

Future action:

As a collective, in collaboration with Local municipalities in the District and Department Local Government, the following key priorities were identified as a Joint District Approach (JDA) and captured in the District Support Plan:

- Rehabilitation facilities and Safe Houses
- Resorts
- Education facilities

The Municipality will coordinate the implementation of the planned deliverables as contained in the approved Regional Economic Development and Tourism Strategy, as well as the District Social Development Action Plan.

Conclusion

A healthy working relationship exists between the governing party and the opposition as well as with the administration, which proves to be beneficial to the communities in the Overberg.

I would like to thank all Councillors, for their effective oversight of the municipality's operations. My sincere thanks to the Municipal Manager, the Directors and our dedicated officials for your hard work and contribution to our success and diligence to serve this Municipality and our communities and stakeholders. I also have to express my gratitude to the external Audit and Performance Audit Committee for their guidance and oversight role.

Ald A E Franken
Executive Mayor



1.1 MUNICIPAL MANAGER'S OVERVIEW



This Annual Report provides an overview of the performance and progress made by the Overberg District Municipality in fulfilling its strategic objectives and priorities, as aligned with the Integrated Development Plan (IDP), Budget as well as National and Provincial Government strategic directives.

Reflecting on the 2018/2019 financial year, this report captures the considerable effort made by the Overberg District Municipality to advance the efficiency and effectiveness of service rendering to the community and stakeholders.

The municipality continues to focus on efforts to strengthen governance structures, through the review and adoption of policies, procedures, improving systems and implementing new regulations. A review of the organisational structure was conducted to improve the functionality and alignment to the Municipality's strategy and to promote service delivery.

The past year offered some unique challenges. Within its current form, District municipalities will continue to experience difficulties to render optimal services within the Municipality's financial means. However, the Municipality will continue to strive for excellence through improved service delivery. The Municipality implemented cost containment measures and adopted a Cost Containment Policy to strengthen the financial management of the Municipality.

The Municipality is mainly dependent on government grants and support. The total revenue received for the 2018/2019 financial year amounted to R217 million, with a total expenditure of R212 million, resulting in a net surplus of R4.5 million. The total liabilities of the Municipality amounted to R139 million (current liabilities R31.9 million, long-term liabilities R107.1 million). Assets, both current and non-current, exceeded the liabilities, indicating that the Municipality will be able to meet all its responsibilities. For the year under review, the Municipality achieved an unqualified audit opinion. I am confident that the Administration, under my leadership, will steer this Municipality to greater successes in the future.

I would like to highlight the following as critical elements that the Administration will focus on for the next financial year, to improve on the efficiency and effectiveness of the Municipality:

- Continued efforts in ensuring the Municipality is financially sustainable;
- Increased innovative and strategic thinking – mitigating risks and identifying potential opportunities; and
- Continue to render high quality services in partnership with our counterparts in the District.

The Shared Services for Risk Management is still ongoing and an investigation for an ICT Shared Service, which was initiated by the Overberg District Municipality, has been concluded. Cape Agulhas Municipality was identified as the host to collaborate with Overberg District Municipality and Swellendam Municipality. Fire services are also delivered on a shared service and a co-operative model to the Local municipalities in the District.

The Risk Management Committee, under the leadership of the Municipal Manager, meet quarterly and report to Council and the Audit- and Performance Audit Committee. During the financial year, formal risk assessments of all departments were completed and measured to mitigate all identified risks affecting the Municipality. All the risks were included in a Risk-Based Action Plan, for monitoring and management purposes.

Considering the difficult economic climate the country is currently experiencing, the Municipality is proud to state that there is no mismanagement of funds and that, as Municipal Manager, I consider the Administration to be committed and competent.

The Annual Report for the 2018/2019 year reflects the performance and challenges for the financial year. I would like to extend my sincere appreciation to the Executive Mayor, Council and Staff for their dedication towards serving the communities and all stakeholders.

David Beretti
Municipal Manager



1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Overberg District Municipality (ODM) is classified as a ‘Category C’ municipality and functions within a legislative framework. The Municipality is situated in the south of the Western Cape and borders the Indian and Atlantic Oceans to the south, and Cape Town, Cape Winelands and Eden to the west, north and east respectively, with its head office in Bredasdorp and 4 regional offices in the 4 local municipal areas.

The District consists of four (4) local municipalities (Category B Municipalities), namely Theewaterskloof, Overstrand, Cape Agulhas and Swellendam.



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



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



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



Swellendam Local Municipality with its headquarters in Swellendam includes Suurbraak, Buffeljagsrivier, Infanta and Barrydale. Agricultural activities include fruit, wheat, barley, young berry, livestock, dairy farming, grapes for export and wine-making. Other sectors are retail and manufacturing, mining and quarrying. Swellendam is also known as a tourism destination.

Table 1: Background Data

Demographics¹				
	Population (projection 2018)	308 010		Households
				91 835
Labour		Unemployment Rate¹	Poverty¹	
		11.8%		Gini Coefficient 0.61
				Human Development Index 0.71
Water¹	Refuse Removal¹	Electricity¹	Sanitation¹	Housing¹
				
97.90%	87.1%	95.7%	94.6%	81.8%
Health		Socio-economic Risks¹		
	40 Primary Health Care Facilities 4 District Hospitals 1 Private Hospital	Risk 1 Slow Economic Growth Risk 2 Increasing Population & Demand for Services Risk 3 Rising Unemployment		
Education²				
	Matric Pass Rate 2018 81.5%			

¹ Socio-economic Profile – Overberg District Municipality 2018

² Western Cape – Department of Education

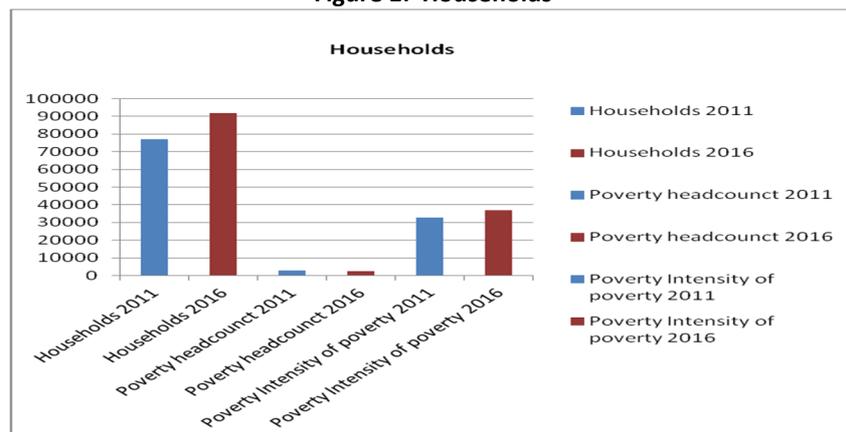


Table 2: Person Indicators

Person indicators													Population '000	
2011						Persons age 20 years+ who have completed	2016						Persons age 20 years+ who have completed	
Total Population (Actual)			Youth (15-34 years) (Actual)				Total Population (Actual)			Youth (15-34 years) (Actual)				
Male	Female	Total	Male	Female	Total		Male	Female	Total	Male	Female	Total		
129	129	258	45	42	88	59%	143	143	287	48	47	94	70%	

Source: Community Survey 2016 – Provinces at a Glance

Figure 1: Households



Source: Stats SA Community Survey 2016 – Provinces at a Glance

Table 3: Natural Resources

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

COMMENTS ON BACKGROUND DATA

The Municipality is committed towards social development and planning and concluded a Memorandum of Understanding with Department of Social Development to support the social development work undertaken by the Department. The Municipality adopted a Regional Economic Development & Tourism Strategy to build strong partnerships with business with the aim of boosting the Overberg economic development and tourism landscape.

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

As a district municipality, the ODM has no households as the functions of water, sanitation, electricity, refuse and housing, etc. are delivered by the local municipalities. For information on basic service delivery, see the annual reports of the Local Municipalities in the district.

The Overberg District Municipality is responsible for maintaining the provincial road network in the district, whilst streets in towns are the responsibility of the local municipalities.



CHAPTER 1

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

The Municipality renders a fire and disaster management service in the municipal area of Swellendam, Theewaterskloof and Cape Agulhas and works on an agreement basis in the Overstrand area when necessary.

The Municipality continuously promotes sustainable development by means of commenting on various development applications regarding environmental issues such as biodiversity conservation, coastal management and solid waste management.

Electricity

Eskom is the main supplier of electricity in the Overberg District area and sells electricity to the four Local Municipalities for distribution. Eskom also supply electricity directly in the rural areas. The Municipality recognises the use of renewable energy as a means to generate electricity to supplement Eskom's needs to increase natural energy. The Overberg Rûens area was identified through a study by the Council for Scientific and Industrial Research (CSIR) as a suitable area for the placement of wind farms. A windfarm has been established in the Theewaterskloof Municipal area and one is under construction in the Swellendam Municipal area.

Water

The main sources of water in the Overberg district are boreholes, springs, dams, pools, rivers, streams and rainwater. The Overberg Water Board distributes water to the surrounding and rural areas of Cape Agulhas, Theewaterskloof and Swellendam. Catchments play an important role in the storage and distribution of water in the Overstrand area.

1.4 – FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Municipality submitted its Annual Financial Statements to the Auditor-General timeously. During the financial year all existing finance related policies were reviewed and an additional policy, namely the Cost Containment Policy was adopted to strengthen the financial management of the Municipality. Even though the Municipality ended the year with a cash increase from the previous financial year, current controls must still be enforced to ensure that cash resources do not deplete. All creditors were paid within 30 days. The Municipality maintained the debt collection ratio of 15 days.

The total liabilities of the Municipality amount to R139 million with the current position amounting to R31.9 million and the long-term liabilities amount R107.1 million. Assets, both current and non-current, exceed liabilities indicating that the Municipality will be able to cover all liabilities. The liquidity ratio slightly decreased from the previous year to 1.7:1, which is above the norm.

Concern can be raised regarding the long-term financial viability of the Municipality due to the higher increase of expenditure versus revenue allocation received.

Please refer to chapter 5 of the annual report for more information on financial performance.

Table 4: Financial Overview 2018/2019

Financial Overview 2018/19				R'000
Details	Original budget	Adjustment Budget	Actual	
<u>Income</u>				
Grants	75 208	78 997	74 858	
Taxes, Levies and tariffs	21 277	14 462	17 303	
Other	107 031	110 877	125 164	
Sub Total	203 515	204 336	217 325	
<u>Less Expenditure</u>	201 905	203 904	212 740	
Net Total*	1 610	432	4 585	
<i>* Note: surplus/(deficit)</i>				



CHAPTER 1

Table 5: Operating Ratios

Operating Ratios		
Detail	2017/2018	2018/2020
Employee Cost	48.29%	47.57%
Repairs & Maintenance	2.96%	2.80%
Finance Charges & Depreciation	6.70%	6.18%

COMMENT ON OPERATING RATIOS

Employee cost represents 47.57% of total expenditure. This is above the accepted norm however, this is comparable to other district municipalities. The Municipality managed to decrease the percentage from the previous year.

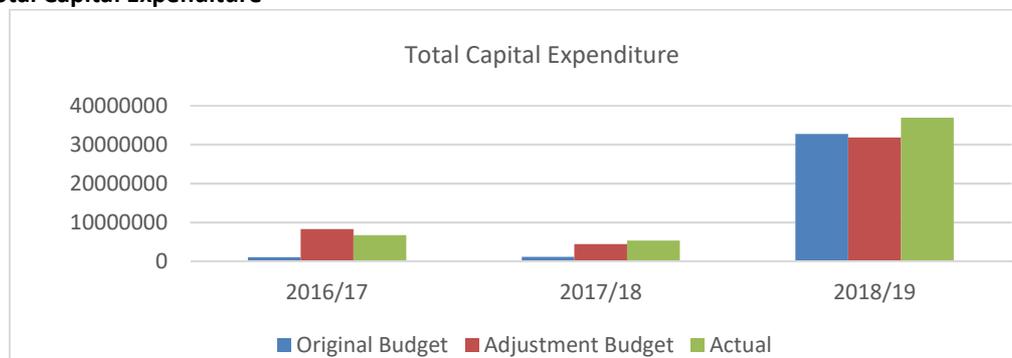
Repairs and maintenance as disclosed, being 2.80%, is under the acceptable norm of 8%. Repairs and maintenance is no longer a line item in the financial statements, but consist of employee related cost, contracted services and other expenditure that relates to a repairs and maintenance project.

Finance Charges and Depreciation cost represent 6.18% which is within the acceptable norm.

Table 6: Total Capital Expenditure: 2016/17 to 2018/19

Total Capital Expenditure: 2016/17 to 2018/19			
Detail	2016/17	2017/18	2018/19
Original Budget	1 097	1 221	32 741
Adjustment Budget	8 275	4 470	31 869
Actual	6 782	5 332	36 910

Figure 2: Total Capital Expenditure



COMMENT ON CAPITAL EXPENDITURE

The increase of the capital budget from the previous year relates to the construction of cell 4 at the regional landfill site.

The Municipality overspent on its capital budget, due to the capitalization of the rehabilitation cost for the landfill site (non-cash item), which was not budgeted for.

1.5 – ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality's organisational structure consists of the Office of the Municipal Manager and three directorates, namely Directorate Finance, Directorate Corporate Services and Directorate Community Services. The Municipal Manager, as the head of the administration, was assisted by the Chief Financial Officer and Director Community Services, while the position of Senior Manager: Corporate Services was vacant, which was filled by 31 October 2019.



CHAPTER 1

The review of specific departments or divisions on the organizational structure took place during the year. Additional posts were identified to address service delivery needs. Preference was given to the filling of posts in the Directorate Community Services, to improve service delivery.

There are still fourteen (14) outstanding job descriptions to be completed. Vacancies on the organizational structure will be filled as and when the budget allows.

1.6 AUDITOR-GENERAL REPORT

AUDITOR-GENERAL REPORT 2018/2019

The Municipality received an unqualified outcome with findings from the Auditor-General. An action plan (OPCAR – Operation Clean Audit Report) has been implemented to address unsolved audit findings.

Table 7: Audit Opinions

Financial year	Audit Opinions
2016/2017	Unqualified without findings
2017/2018	Unqualified without findings
2018/2019	Unqualified with findings

See Chapter 6 - Auditor-General Audit Finding - Component A and B for the Auditor-General opinions for 2017/2018 and 2018/2019. Auditor-General report on the 2018/2019 financial year – **Appendix N**

1.7 STATUTORY ANNUAL REPORT PROCESS

Table 8: Statutory Annual Report Process

No.	Activity	Timeframe
1	Consideration of the 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 feed seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Municipality submits annual financial statements and draft Annual Report to Auditor- General.	August
5	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase	
6	Audit and Performance Audit Committee considers draft Annual Performance Report and Financial Statements of the Municipality	
7	Auditor-General assesses draft Annual Performance Report including consolidated Annual Financial Statements and Performance data	September - November
8	Municipalities receive Auditor-General's comments	November
9	Municipalities start to address the Auditor-General's comments	December
10	Mayor tables draft Annual Report and Audited Financial Statements to Council complete with the Auditor-General's Report	January
11	Audited Annual Report is made public and representation is invited	February
12	Oversight Committee assesses Annual Report	March
13	Council adopts Oversight report	
14	Oversight report is made public	March
15	Oversight report is submitted to PT, NT and MEC for Local Government	
16	Commencement of Draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January



INTRODUCTION TO GOVERNANCE

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151(3) of the Constitution states that the Council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community.

Council, as political governance, performs both legislative and executive functions and focuses on decision-making to formulate policy and to play an oversight and participatory role.

The Municipal Manager heads the administration and primarily serves as chief custodian of service delivery and implementation of political priorities.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

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

The Council is controlled by a majority political party. Council is governed by applicable legislation, the Rules of Order and the Code of Conduct. The speaker is affiliated to a political party and elected to the role of speaker through a process of nomination and closed ballot voting by the Council. Should the speaker not be available, Council will appoint a person for each meeting through the closed ballot process.

The Council was democratically elected through the Electoral Act and a new Council was established on 30 August 2016 for a 5-year period. The composition of the Council is through a system of proportional representation based on that municipality's segment of the national common voters roll, and which provides for the election of members from lists of party candidates drawn up in a party's order of preference; or proportional representation combined with a system of ward representation based on the municipality's segment of the national common voters roll. The political structures deemed the Councillors to have the necessary competence to serve as a Councillor.

A Council member's experience is indicated by the title of Councillor or Alderman. Mayors can change status from Councillor to Alderman after a period of 5 years; other Councillors after 10 years.

Council also established Section 80 Committees that specialise in specific functional areas of the Municipality. The committees advise on policy matters and make recommendations to the Mayoral Committee or the Council via the Executive Mayoral Committees. External members are appointed to the committees in areas where specific expertise is required to reflect an appropriate mix of knowledge, skills, experience, diversity and independence. The Municipality has 4 Section 80 Committees, viz. Finance, Corporate & Intergovernmental Relations, Strategic Services and Community Services.

The Audit and Performance Audit Committee is an independent advisory body that advises the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality on financial control, risk management, accounting policies, performance management and effective governance. The Municipality has a Municipal Public Account Committee (MPAC), comprised of non-executive Councillors and chaired by a member of the

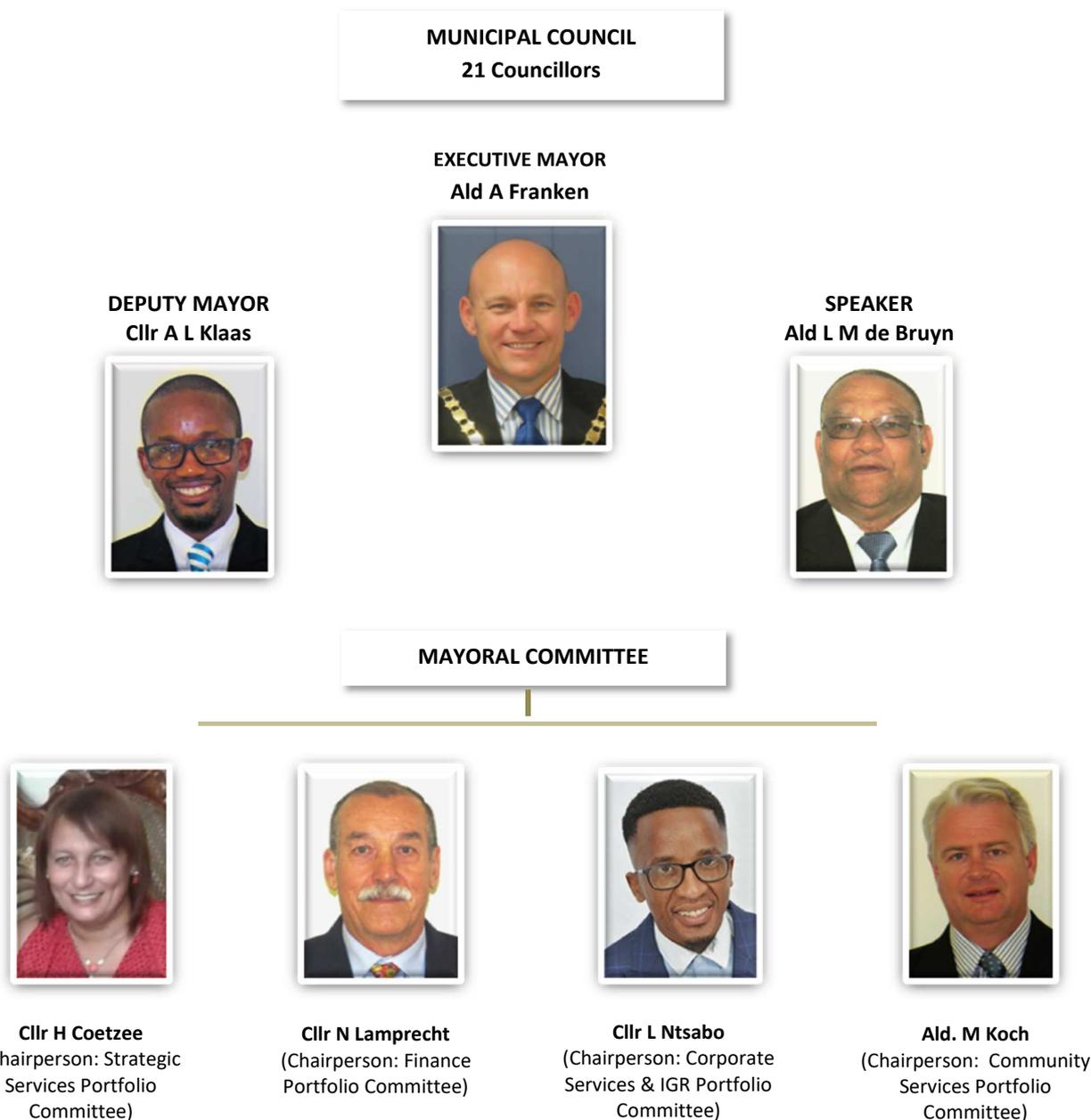


CHAPTER 2

opposition party. One of the tasks of the MPAC is to provide Council with comments and recommendations on the Annual Report. The Oversight report on the Annual Report is published separately in accordance with the MFMA guidelines.

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

POLITICAL STRUCTURE



COUNCILLORS

The Overberg District Municipality has 21 Councillors, 12 of which represent local municipalities and 9 of which are directly elected. The average age of Councillors is 52. During the year 1 Councillor resigned due to other commitments and was replaced by a new Councillor.

Appendix A contains a full list of Councillors (including committee allocations and attendance at Council meetings). Please also refer to **Appendix B**, which sets out committee's and committee purposes.

Councillors were remunerated according to "Determination of the Upper Limits for the Salaries, Allowances and Benefits of Municipal Councillors for the 2018/2019 financial year" Regulation.



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In order to ensure that Councillors fulfil their obligations to their communities and support the achievement by the Municipality in an ethical manner, Councillors must adhere to the Code of Conduct as established in Schedule one (1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), section 117 prohibits Councillors from being part of the tender process.

POLITICAL DECISION-MAKING

Political decisions are taken at a formal meeting where all participating political parties in Council have an equal opportunity to deliberate the items as per agenda whereafter a resolution is adopted. The Mayoral Committee also makes recommendations to Council on matters which have been delegated to it.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of legislation, the Municipal Manager is the head of administration and accounting officer of the Municipality. He must provide guidance to political structures and political office-bearers of the Municipality to comply with legislation.

The Municipal Manager is ultimately responsible for all the departments; namely Corporate Services, Finance and Community Services.

TOP ADMINISTRATIVE STRUCTURE



MUNICIPAL MANAGER

Mr D P Beretti

*BComm. MPA (UCT) MILGM FIAC IPMF
MHRP*

Directorate Finance



CHIEF FINANCIAL OFFICER

Mr C F Hoffmann

BCompt

Directorate Corporate Services



SENIOR MANAGER CORPORATE SERVICES

Vacant

(This position was filled in September 2019)

Directorate Community Services



DIRECTOR COMMUNITY SERVICE

Mr. P A Oliver

MPS (US)

The municipal manager is appointed by Council on a fixed-term contract. His contract has a 30-day notice period, and follows the process in terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). A disciplinary process may be followed if needed. The succession plan for the municipal manager determines that the municipal manager may not be in office longer than one year after the election, except when he is re-appointed. The Municipal Manager was assisted by two directors who is appointed on fixed-term contracts, that is the Director Community Services and a Chief Financial Officer (CFO). With the resignation of the previous CFO, it was necessary to appoint an acting CFO for the first half of the financial year. After following a recruitment and selection process a CFO was appointed from 1 February 2019 on a fixed-term contract. The position of Senior Manager: Corporate Services was still vacant at year-end. **Appendix C** provides the third-tier administrative structure.



INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

A number of intergovernmental relation (IGR) structures promote and facilitate co-operative governance and intergovernmental relations between the respective spheres of government. Intergovernmental relations are regulated by the Intergovernmental Relations Framework Act, 2005. The IGR structures assist in aligning municipal planning and development initiatives, promotes an approach which fosters shared service agreements and collaborates on matters of mutual concern to the district.

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

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Participation in national structures takes place indirectly through district and provincial intergovernmental structures, for example IDP structures, SALGA, Premiers Co-ordination Forums and District Co-ordination Forums. With these engagements, the District Municipality and Local Municipalities filtered items to national level to ensure coordination.

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

Politicians and management actively participated in the following provincial intergovernmental structures:

Premier's Co-ordination Forum, MinMay, Provincial SDF Forum, Provincial Treasury Forums, MGRO, Provincial Public Participation & Communication, Provincial Communication Technical Forum, LG MTEC, Chief Audit Forum, Chief Risk Officers' Forum, Chief Financial Officers' Forum, Provincial LED Forum, Western Cape Municipal Health Working Group, Western Cape Air Quality Forum, Western Cape Food Control Committee, Provincial Disaster Management Advisory Forum, Provincial Fire Working Groups, Provincial Waste Management Forum, Provincial Estuary Management Task Team, Coastal Committee, Provincial Disaster Management: Head of Centre Management, IDP Indaba, Provincial IDP Indaba Working Group (IHWG), Provincial IDP Managers' Forum, Integrated Municipal Health Promotion Working Group, Provincial Safety Forum, Municipal Managers' Forum, Speakers Forum and various SALGA Working Groups.

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

The District Municipality succeeded in developing an Integrated Development Plan (IDP) for the District, which is one of the most important instruments of co-operation between the National Government, Provincial Government and Local Government.

The Municipality has sound relations with the Department of Transport and Public Works relating to the road agency function delivered on their behalf. The Municipality also signed a Memorandum of Understanding with the Department of Social Development.

RELATIONSHIPS WITH MUNICIPAL ENTITIES - No municipal entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The District Municipality, Local Municipalities and other role-players actively take part in the following district intergovernmental structures:

The District coordinating Forum (DCF), DCF Tech, District IDP Managers' Forum, Disaster Management Advisory Forum, IDP Rep/Public Participation & Communication Forum, District LED/Tourism Forum, District Skills Development Forum, District Safety Forum, Integrated Municipal Health Promotion Working Group, Air Quality Officers Forum, Regional Waste Management Forum, Municipal Coastal Committee, Karwyderskraal Landfill Monitoring Committee, District Fire



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Working Group, Disaster Management Advisory Forum, Overberg EPWP Forum, District Land Reform, District Joint Operational Centre, ICT forum, Western Cape Districts Integrated Forum and others.

The benefit of the forums is that problems and solutions emanating from them can be utilized to the benefit of the community. The forums give strategic direction and development and serve as a structured way of communication.

The future area of focus is a district-wide District Funding Research Initiative.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of Section 15(b) of the Municipal Systems Act, 2000 (Act 32 of 2000) a municipality is required to establish and organise its administration to facilitate a culture of accountability among its staff. Section 16 (i) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18(i)(d) requires a municipality to supply its community with information concerning municipal governance, management and development.

Guided by the principles of King IV, the Overberg District Municipal Council's primary governance role and responsibilities, principles towards good corporate governance and governance outcomes are enhanced by way of (a) steering and setting the strategic direction; (b) approving policy and planning; (c) overseeing and monitoring; and (d) ensuring accountability. The benefits that the ODM derive through these good governance practices, include: ethical culture, good performance, effective control and legitimacy. For the 2018/19 period, the ODM ensured:

- Good IGR structures exist throughout all its activities. The purpose is to align, promote and assist the Municipality in respect of shared service agreements and to collaborate on matters of mutual concern in the District.
- Good relationship between all political parties, which results in a functional Council.
- New policies were revised and approved during the year to give the administration clear guidance.

Accountability and community participation were enhanced by engagements through media, publication, electronically, and communication tools such as public participation meetings for the IDP and sector plans linked to the IDP. This is further enhanced through other direct engagements with the local municipalities and sectors in the district. In this regard, priority issues from local municipal areas are incorporated into the Integrated Development Plan of the District Municipality.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

District Awareness Campaigns: IDP, Public Participation and Role of a District Municipality:

As part of the District Awareness Campaign and public participation process, the Overberg District Municipality invited senior learners from the Agulhas School of Skills in Napier to attend a District Awareness Workshop on Friday 2 November 2018 in the Council Chamber of the ODM Head Office where they were presented with an overview of the roles and functions of the District Municipality, the importance of public participation in affairs of the Municipality, and the District's 5-year Integrated Development Plan.

The Swellendam Municipality in collaboration with the Overberg District Municipality held a sector engagement on Wednesday 17 April 2019 at the Swellendam Thusong Centre. Various Provincial Government departments were invited to participate and engage communities on the financial footprint and programs rolled out in respective areas. Each department had an exhibition space for information to be made available to communities.

Legislative Review Project on Ward Committees and Community Participation:

A Provincial Legislative Review Steering Committee has been established to review current legislation pertaining to ward committees and community participation. This committee comprises of four representatives from the Metropolitan Municipality and three from each District, (one representative from the District Municipality and one from two Local Municipalities).

The District solicited inputs from Local Municipalities in the Overberg and submitted a consolidated report to DLG. A Project Steering Committee Meeting was held on 16 May 2019 where all district reports were discussed and presented to CoGTA. Various recommendations and proposed changes were made. The Western Cape Position Paper on the Legislative Review Project is therefore currently being finalised for presentation to the DCFTech and submission to CoGTA.



District IDP Rep/PPComm Forum: In initiating a structured collaborative approach, the Overberg District Municipality opted to establish a combined structure that would comprise integrated development planning, public participation and communication stakeholders. This structure, namely the District IDP Representative, Public Participation and Communication Forum (District IDP Rep/PPComm Forum), was officially established in 2012 and held on a quarterly basis. However, following an assessment of the effectiveness of the forum and in a bid to improve the efficiency and ensure required information reaches communities at large, it was resolved to instead embark on sector-focused engagements which would directly address community needs raised at local public participation engagements.

A sector-focused engagement was held in Swellendam on 17 April 2019 and proved to be more effective. Provincial Sector Departments exhibited various materials and were accessible to communities, allowing for engagement on area-specific matters. The next round of sector-focused engagements will take place in October 2019.

District IDP Managers Forum: This forum is chaired by the District IDP Manager and meets on a quarterly basis. One of the predominant purposes of the forum is to ensure horizontal and vertical alignment between the District and Local municipalities in the region. Apart from quarterly meetings, the District avails itself for meetings with the Local municipalities as and when assistance is required. The last engagement took place on 6 June 2019.

District Participation and Representation of Local Municipalities at Provincial Fora: In exercising our coordinating role as a District Municipality, the District presents inputs on behalf of the Local municipalities in the Overberg, at the Provincial IDP Managers Forum, the IDP Indaba Working Group Forum, the Provincial Public Participation Forum, the Provincial CommTech Forum, and the Western Cape Districts Integrated Forum.

Table 9: Key Stages and Consultations during the 2019/2020 IDP Review Process

Key Stages and Consultations during the 2019/2020 IDP Review Process	
5 July 2018	IDP Awareness: Association for Persons with Disabilities
24 July 2018	Overberg EPWP Forum
2 August 2018	Western Cape Districts Integrated Forum
16 August 2018	Provincial Public Participation Forum
5 September 2018	Provincial IDP Managers Forum
2 November 2018	District Awareness Campaign: Agulhas School of Skills
6 November 2018	Overberg EPWP Forum
18 November 2018	Strategic Integrated Municipal Engagement
20 November 2018	Provincial Steering Committee EPWP
6-7 December 2018	Provincial IDP Managers Forum
30 January 2019	District IDP Managers Forum
6 February 2019	Strategic Session of Council
18 February 2019	IDP Indaba Working Group
19 February 2019	Technical Integrated Municipal Engagement
25 February 2019	ODM/Swellendam IDP Alignment Meeting
28 Feb – 1Mar 2019	Provincial IDP Managers Forum
7-8 March 2019	Provincial Thusong Programme Forum
14 March 2019	Provincial CommTech Meeting
15 March 2019	IDP Indaba II / IDP Managers Forum
25 March 2019	Strategic Session Feedback to Council
25 March 2019	Draft IDP Review presentation to Council
4 April 2019	Joint IDP Analysis Session 2019/2020
17 April 2019	Sector Engagement Swellendam/Overberg DM
3 May 2019	SIME / LG MTEC Engagement
23 – 24 May 2019	Districts Strategic Session
27 May 2019	Final IDP Review presentation to Council



2.5 IDP PARTICIPATION AND ALIGNMENT

Table 10: IDP Participation and Alignment Criteria

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	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the system rules, practices and processes by which municipalities direct and control their functions in relation to the relevant stakeholders.

The Municipality strives to govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the Municipality being ethical and a good corporate citizen. The Municipality therefore embarked to adhere to the disclosure requirements of the King IV principles. The overarching objective of King IV™ is to make corporate governance more accessible and relevant to a wider range of organisations, and to be the catalyst for a shift from a compliance-based mindset to one that sees corporate governance as a lever for value creation. The planned area of future focus is the consolidation of compliance activities to limit duplications in the compliance environment.

Council reviewed the Combined Assurance Policy Framework on 18 June 2018. The aim is to optimise the assurance coverage obtained from Council, management, corporate support functions, internal and external assurance providers on the risk areas affecting the Municipality of which the Risk Management, Internal Audit and the Audit & Performance Audit Committee forms an integral part.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

In terms of section 62(1)(c) of the MFMA, the accounting officer of the municipality must take reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; accompanied by the crucial motto of the public sector: “that the resources of the municipality are used effectively, efficiently and economically”.

The risk management function was performed by a Chief Risk Officer on a Shared Service agreement between all the municipalities in the district for the first half of the year. With the resignation of the Chief Risk Officer the Shared Service Agreement was reconsidered. Only four municipalities will continue with the function. Until the filling of the position each municipality is responsible for its own risk function.

The Risk Management Committee consists of the Municipal Manager, Directors, IDP Manager, Performance Management and an independent member who is also a member of the Audit and Performance Audit Committee.



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Internal Audit and the Chief Risk Officer also form a fundamental part of this committee. The committee provides primary oversight on effectiveness of risk management process at its quarterly meetings.

Each member of the committee completed an individual assessment on the performance of the Committee. The assessments are used as a tool that will guide the committee to improve the effectiveness and efficiency of the risk management oversight function.

The following actions were taken to monitor the effectiveness of risk management and the outcomes of risk management activities. According to the MFMA section 166, the Audit and Performance Audit Committee, as an independent advisory body, must advise the municipal council, the political office bearers, the accounting officer and the management staff of the Municipality on matters relating to risk management.

Assurance provided is classified in three levels, namely Senior Management (first level), Internal Audit & Audit and Performance Audit Committee (second level) and thirdly Council and Municipal Public Accounts Committee (MPAC). The Auditor-General is an external body that also provides assurance.

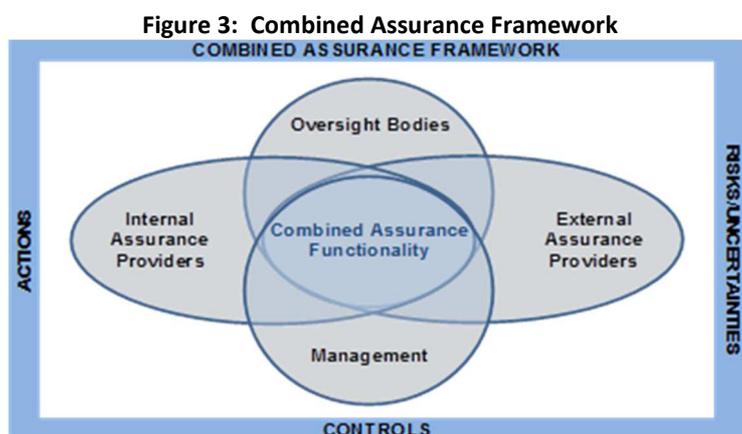


Table 11: Dates of Risk Management Committee (RMC) and Audit and Performance Audit Committee (APAC) meetings

Committee	Date	Quorum	Risk Management Feedback
APAC	27 September 2018	Yes	Yes
RMC	27 September 2018	Yes	Yes
RMC	29 November 2018	Yes	Yes
APAC	5 December 2018	Yes	Yes
APAC	28 January 2019	Yes	No (Focus was Annual Report)
RMC	27 March 2019	Yes	Yes
APAC	23 April 2019	Yes	Yes
RMC	19 June 2019	Yes	Yes

Table 12: Top Five Strategic Risks

Risk Level	Risk Description	Cause of risk	Current Controls	Residual Risk
Strategic	Lack of revenue source	Lack of legal clarity on revenue generation initiatives	Budget process	High
Strategic	Karwyderskraals Influence on the Financial Viability of ODM	<ul style="list-style-type: none"> A lot of variables and legislative compliance that may lead to increase in financial liabilities and IGR considerations Determination of tariffs based on the full cost account of the waste service rendered 	<ul style="list-style-type: none"> Lease Agreement with Overstrand & TWK to maintain function Repeated Requests to review MIG Funding 	High
Strategic	Delegations not in alignment with the approved organisational structure, IDP and SCM policy	No alignment with approved structure and IDP	Approved Delegations	High



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Strategic	Loss of Roads agency function	Non alignment between spheres of government	<ul style="list-style-type: none"> • Annual renewable SLA with Provincial Government • Good relationship with Provincial Government 	High
Strategic	Attraction and retention of skilled staff	<ul style="list-style-type: none"> • Current funding levels not optimal to pay a premium for Employment Equity candidates • Location of the Municipality • Salaries regulated • Lack of transfer of skills 	<ul style="list-style-type: none"> • Commitment of current staff • Critical posts identified • MFIP • EPWP skills programme • Internship programme • Grant funding (Provincial and National) • Consultants are used when required • Staff recruitment policy and directive • Employment Equity plan • Municipality submitted report on the negative impact on the grading system. 	High

The risk pertaining to the *Delegations* were addressed on 24 June 2019.

Strategic risks are identified by the Executive Mayoral Committee and the departmental risk by the risk champions of each department. Internal Auditor uses the information in the risk registers to draft a Risk Based Audit Plan.

Council resolved with the revision of the Risk Management Policy that the Municipality use the standard 10X10 rating scale for 2018/2019. The Municipality has set its risk appetite level at a risk grading of 40 (out of a maximum of 100). This implies that all risks, strategic and operational, with a grading of 40 or higher will be addressed each year. However, the Municipality's risk appetite will be reassessed on an annual basis, based on the annual risk assessment exercise results and adjusted if required. The goal is to reduce the risk level of the Municipality to acceptable levels.

Planned areas for future focus from 2019/2020 includes:

- Fill vacant Chief Risk Officer post.
- Proper Application of Consequence Management,
- Renewed focus on Cyber Security and ICT related threats,
- Proper Development and Implementation of Business Continuity,
- Intensify the Ethics Awareness Campaign,
- Re-affirmation of Fraud Framework and Strategies,
- Deliberate focus on Financial Risk Exposure and Control Environment,
- Clear direction on the Alignment of IDP, Risk Management, Budgeting and Performance
- Consistent focus on Regional Economic Development with formulated initiatives and targets.

2.7 ANTI-CORRUPTION AND FRAUD

ANTI-CORRUPTION AND FRAUD STRATEGY/PLAN

The Municipality is committed to fighting fraudulent behaviour at all levels within the organisation. The Municipality has a Fraud Prevention Plan which is also supported by an Anti-Fraud, Corruption and Financial Misconduct Policy as well as a Code of Ethics. This plan and policy are based on the organisation's core ethical values, driving the business of the Overberg, the development of its systems, policies and procedures, interactions with the public and other stakeholders, and even decision-making by individual managers representing the organisation. This means that the Municipality's, departments, other business units and external stakeholders must be guided by the Strategy/Plan, as the point of reference for their conduct in relation to the Municipality. In addition to promoting ethical conduct within the Municipality, it also intends to assist in preventing, detecting, investigating and sanctioning fraud and corruption. Fraud declarations were issued in terms of section 3 of the Prevention and Combating of Corrupt Activity Act, 2004 to the Finance Portfolio Committee.

The Municipality operates in terms of legislation and Councillors do not form part of the procurement processes. Internal Audit reviews segregation of duties and processes. The Audit and Performance Audit Committee performs an overseeing role and all members are independent.



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During the year the internal audit department made recommendations in their internal audit reports that were presented to the Audit and Performance Audit Committee. The recommendations were adopted by the committee and escalated and recommended to the accounting officer. Recommendations made were pertaining to the following audit areas: Supply Chain Management, Predetermined Objectives, OPCAR, Compliance, Asset management, DoRA, Expenditure cycle, Governance review, Consequence management, Tariffs, Leave review and Risk management.

Ethics are practically implemented in the Municipality through the Oath for Councillors and the Rules of Order regulating the conduct of meetings. The conduct of staff members is guided by the Batho Pele principles, Code of Conduct for Municipal staff members (Schedule 2 of the Local Government: Municipal Systems Act, 2000) and the Code of Ethics. A disciplinary committee was established to attend to matters of misconduct. Whistle-blowing will be reported to the internal audit section of the Municipality. The National Hotline is currently used for the reporting of fraud and corruption.

Focus areas for this period included coordination of workshops on Anti-corruption and Fraud and the detection thereof, ethics campaigns, and Integrity management. All the municipalities in die region was invited to attend these workshops.

Appendix E – Report of the Audit & Performance Audit Committee. The recommendations of the committee for 2018/19 are set out as **Appendix F**.

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

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Reports on the implementation of the Supply Chain Management policies are submitted monthly to the accounting officer and quarterly and annually to the Mayor. The quarterly and annual reports are available on the municipal website. An annual supply chain report is also presented to Council to ensure Council maintain oversight over the implementation of the Supply Chain Management Policy. The vacant position of Manager: Supply Chain Management was filled on 1 March 2019. The Supply Chain Management policy has been reviewed and performance evaluations on service providers were done on a bi-annual basis.

The Procurement Process is as follows:

- Specification (development and approval of specification to procure)
- Advertising
- Evaluation (Evaluate all bids)
- Adjudication (Award); and
- Contract Management

Councillors are not allowed to serve on any Supply Chain Management committees.

Appendix G refers to a list of the largest contracts that exceed one (1) year and that had a financial implication for Council. Further comments on Supply Chain Management are set out under Financial Performance – Chapter 5 - Component D.

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

BROAD -BASED BLACK ECONOMIC EMPOWERMENT(B-BBEE) COMPLIANCE PERFORMANCE INFORMATION

The Municipality is in the process to compile a B-BBEE compliance report to the B-BBEE Commission to obtain a B-BBEE certificate

This report including the levels of transformation and extent to which benefits of economic transformation accrue to the black persons benefiting from various broad-based black economic empowerment initiatives in compliance to the objectives of the B-BBEE Act (Act 53 of 2003).



2.9 BY-LAWS

BY-LAWS

Note: MSA 2000 Section 11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

COMMENT ON BY-LAW - Council revised the Overberg District Municipal Health Services By-law, which will be Gazette in the 2019/2020 financial year.

2.10 WEBSITES

Table 13: Website Checklist

Municipal Website		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budget and budget-related documents - Annual Budget - Adjustment Budget	Yes	03/06/2019 03/02/2019
All current budget-related policies	Yes	Various dates
The previous annual report 2017/18	Yes	28/03/2019
The annual report 2018/19 to be published		February 2020
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2018/19	Yes	Various dates
All service delivery agreements 2018/19	Yes	Various dates
All long-term borrowing contracts	Yes	22/11/2018
All supply chain management contracts above R0 value for Year 2018/19	Yes	Various dates
An information statement containing a list of assets over a prescribed value that have been disposed in terms of section 14 (2) or (4) during 2018/19	No	19/08/2019
Contracts agreed in 2018/2019 to which subsection (1) of section 33 applies, subject to subsection (3) of that section	Yes	Various dates
Public-private partnership agreements referred to in section 120 made in 2018/19	None	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/19	Yes	Various dates
Note: MFMA Section 75 sets out the information that a municipality must include in its website as detailed above.		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipality's website address is <https://www.odm.org.za>. The website is maintained internally, and information required by Section 75(1) of the Municipal Finance Management Act, applicable to the Municipality, is placed on the website. The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. The Municipality experienced website challenges at the beginning of the financial year, which was resolved.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No formal satisfaction survey was conducted for the year under review. We did however receive positive and negative comments in the performance of normal service delivery functions. Council maintained a mechanism at the Resorts and Municipal Health offices, under the control of the Overberg District Municipality, where complaints and compliments can be launched.



INTRODUCTION

This report provides an overview of the performance of the Overberg District Municipality for the period 1 July 2018 to 30 June 2019 as measured against the strategic goals that are set out in the 2018/2019 Integrated Development Plan (IDP) and the Key Performance Indicators (KPI's) contained in the approved Service Delivery Budget Implementation Plan (SDBIP).

The Municipality performed its functions in terms of the following approved strategic goals:

Strategic Goal 1 (SG1)

To ensure the well-being of all in the Overberg District through the provision of efficient basic services and infrastructure.

Strategic Goal 2 (SG2)

To promote regional economic development by supporting initiatives in the District for the development of a sustainable district economy

Strategic Goal 3 (SG3)

To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development

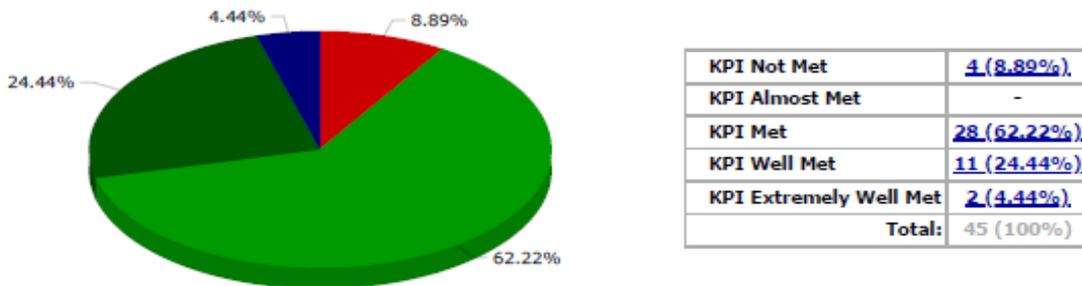
Strategic Goal 4 (SG4)

To attain and maintain financial viability and sustainability by executing accounting services in accordance with National policy and guidelines

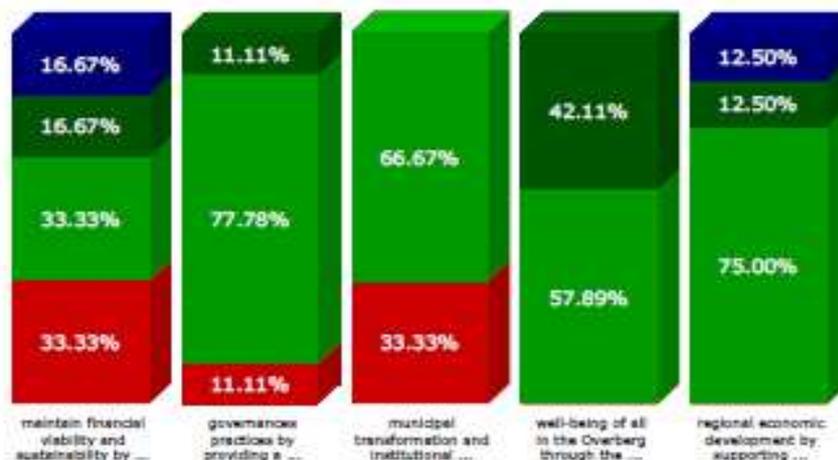
Strategic Goal (SG5)

To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR structures

Figure 4: Overall Performance per Strategic Objective



Strategic Objective



Detailed performance report for 2018/2019 per strategic objectives - **Component J** – Organizational Performance



The Municipality only provides a function in respect of solid waste. Services in respect of water, electricity, sanitation and housing are provided by Local Municipalities. The function of bulk water distribution in the district area is rendered by Overberg Water Board.

3.1 SOLID WASTE MANAGEMENT

This function is performed in terms of Strategic Goal 1

To ensure the well-being of all in the Overberg District through the provision of efficient basic services and infrastructure in terms of disaster management, municipal health and environmental management.

The Local Government: Municipal Structures Act (Act 117 of 1998) provides for an appropriate division of functions and powers between categories of Municipalities and regulates the internal systems, structures and office bearers of the municipalities. In respect of District Municipalities, section 84(1) of the act states that:

- “(e) Solid waste disposal sites, in so far as it relates to-
- (i) the determination of a waste disposal strategy;
 - (ii) the regulation of waste disposal;
 - (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.”

INTEGRATED WASTE MANAGEMENT:

Integrated Waste Management Plan: The Integrated Waste Management Plan (IWMP) was reviewed with the collaboration and input received from the local Municipalities in the district. The ODM specifically made provision for the needs of the local municipalities to be included in the IWMP. The IWMP includes objectives to be implemented going forward which will form part of the performance system.

Regional Waste Forum: The Regional Waste Management Forum continues to function as an effective platform in the district to enhance waste management best practices and sharing of knowledge. Integration and regionalisation of the waste management services are promoted continuously as well as providing support to the local municipalities in the district. The ODM continues to actively participate in the Provincial Waste Officers Forum in order to escalate regional matters as well as ensuring alignment with provincial strategies.

Investigation into the development of a regional landfill site for Cape Agulhas and Swellendam:

Discussions continued between ODM and municipal officials of the affected municipalities and was presented to the Municipal Managers at the DCF Tech in order to determine a way forward to ensure effective and efficient waste management for the whole region. At this stage the Cape Agulhas Municipality has shown interest in the use of the Karwyderskraal Regional Landfill Facility.

REGIONAL LANDFILL FACILITY (KARWYDERSKRAAL):

The objective was to ensure that Karwyderskraal continues to render a service that is effective and efficient and ultimately ensures service delivery to the communities of the Overberg.

Development of cell 4 at Karwyderskraal: The ODM appointed a service provider to construct Cell 4 under the supervision of a qualified Consulting Engineer in order to meet the requirements set by Water Affairs and Sanitation and DEA&DP as regulating authorities. The construction of cell 4 was done over a 10-month period.

Service Level Agreement: A service level agreement between the ODM, Overstrand and Theewaterskloof municipalities for the use of the Karwyderskraal Regional Landfill Facility was concluded. This ensured long term stability and assurance to the municipalities that the service will continue uninterrupted for the remainder of the facility's lifespan.



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As part of the Service Level Agreement, it was agreed that the user municipalities will contribute the following:

- A monthly fixed cost covering the repayment of the loan.
- An amount covering operational costs of Karwyderskraal (including indirect costs of the ODM)
- An amount to make provision for long term Rehabilitation and Monitoring.

Future Waste Planning: In order to comply with prescribed legislation, the ODM completed the drafting of an Organic Waste Diversion Plan in order to increase diversion from landfill. A Long-term Master Plan was developed to guide the future development and expansion on the Karwyderskraal footprint. A Funding application was submitted to the Transformative Action Programme, through ICLEI guidance in order to assist with infrastructure cost of local municipalities.

ACHIEVEMENTS:

The ODM has played a leading role in the drafting of a Service level Agreement to create an enabling environment to improve long term waste management planning and co-operation between the user municipalities utilizing Karwyderskraal Regional Landfill Facility for the next fifty-seven (57) years.

CHALLENGES:

The financial ability of local municipalities to make adequate provision for waste infrastructure to address the current backlog and national diversion targets continues to be the biggest challenge.

This function is performed by Environmental Management Services.

Table 14: Financial Performance 2018/19: Solid Waste Management

Financial Performance 2018/19: Solid Waste Management							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)	
Total Operational Revenue	1 069	9 921	3 107	6 534	-34%	(3 387)	
Expenditure:							
Employees							
Repairs and Maintenance							
Other	2 919	7 279	4 816	5 142	-29%	(2 137)	
Total Operational Expenditure	2 919	7 279	4 816	5 142	-29%	(2 137)	
Net Operational Expenditure	(1 849)	2 643	(1 709)	1 393	-47%	(1 250)	

**Variances are calculated by comparing the Actual and Original Budget.*

Table 15: Capital Expenditure 2018/19: Solid Waste Management

Capital Expenditure 2018/19: Solid Waste Management							R' 000
Capital Projects	2018/19						
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget (%)	Total Project Value	Variance to Original Budget (R)	
Total All	26 977	22 356	33 550	20%		6 573	

COMMENT ON SOLID WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

In line with the agreement between the Overberg District Municipality, Overstand and Theewaterskloof Local Municipalities, the regional landfill site at Karwyderskraal became operational as from April 2019, however the Municipality anticipated to generate an income from the site earlier. The Capital expenditure, relates to the development of a new Cell at the regional landfill site (Karwyderskraal). The overspending on the capital project was due to the capitalization of the rehabilitation cost, which is a non-cash item.



COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

Overberg District Municipality is an agent for the Department of Transport and Public Works for the maintenance of proclaimed provincial roads in the district. The local municipalities are responsible for managing roads/streets in their respective towns. The Overberg District Municipality is also responsible for an Integrated Transport Plan for the district.

3.2 ROADS

INTRODUCTION TO ROADS

The Overberg District Municipality (ODM) is an agent for the Provincial Department of Transport and Public Works to perform the function on roads in accordance with a memorandum of agreement. The ODM is responsible for maintaining, repairing, protecting and managing the proclaimed Provincial roads in the area, as identified by the District Road Engineer, in a safe and reliable condition within the legal framework of the various Ordinances, Acts and Regulations. The function is 100% funded by means of a grant from the department, which includes the employee cost in the road section. The function is performed from sub-district depots at Swellendam, Bredasdorp and Caledon.

The ODM focuses on normal maintenance, re-gravelling, rehabilitation, upgrading and resealing of proclaimed provincial roads. The network consisted at year end of 500.18 km tar and 3195.07 km gravel roads.

Challenges: The challenges faced by ODM to provide safe and reliable roads are the unpredictable weather of the Overberg area, insufficient funds, aging equipment and lack of Human Resources.

Vacant positions are continually filled through the recruitment and selection process. (Chapter 4 (4.1))

Table 16: Gravel Roads Infrastructure

Gravel Road Infrastructure					Kilometres
Financial Year	Total gravel Roads at beginning of financial year	New gravel roads	Gravel roads upgraded to asphalt (tar)	Gravel roads re-gravelled	Gravel roads maintained at year-end
2016/17	3203.41	0	5.02	34.84	3198.39
2017/18	3198.39	0	3.32	50.22	3195.07
2018/19	3195.07	0	0	42.28	3195.07

Table 17: Tar Road Infrastructure

Tar Road Infrastructure					Kilometres
Financial Year	Total tar roads at beginning of financial year	New tar roads	Existing tar roads re-tarred	Existing as tar roads re-sheeted	Tar roads Maintained at year-end
2016/17	491.84	5.02	0	0	496.86
2017/18	496.36	3.32	24.55	0	500.18
2018/19	500.18	0	29.29	3.72	500.18

Table 18: Cost of Roads Infrastructure

Cost of Roads Infrastructure						R'000
Financial year	Gravel			Tar		
	Regravel	Gravel-Tar	Maintained	Rehabilitation	Re-seal	Maintained
2016/17	16 039	23 586	22 868	0	7 354	7 605
2017/18	22 673	23 034	24 746	0	10 176	7 076
2018/19	22 019	0	28 213	9 824	10 834	7 344



Figure 5: Roads Infrastructure Costs

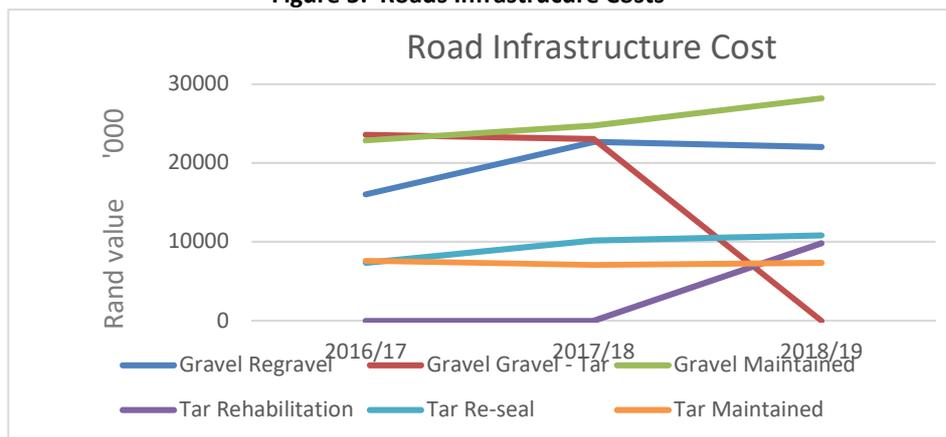


Table 19: Financial Performance 2018/19: Road Services

Financial Performance 2018/19: Road Services						
R'000						
Details	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)
Total Operational Revenue	84 259	84 460	87 460	96 422	14%	11 962
Expenditure:						
Employees	33 785	38 985	32 058	38 517	-1%	(468)
Repairs and Maintenance						
Other	47 490	45 475	54 925	57 420	26%	11 946
Total Operational Expenditure	81 276	84 460	86 983	95 937	14%	11 478
Net Operational Expenditure	2 983		477	344	100%	344

**Variances are calculated by comparing the Actual and Original Budget.*

Table 20: Capital Expenditure 2018/19: Roads Services

Capital Expenditure 2018/19: Roads Services						
R' 000						
Capital Projects	2018/19					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Budget (R)
Total All			3	100%		3

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The roads function performed on an agency basis on behalf of the Provincial Department Transport and Public Works, as in the past, has a significant impact on the total operations of the Municipality.

The Department of Transport and Public Works allocates funds to the Overberg District for which an annual business plan for road maintenance is submitted to the department in line with the approved budget. The department overspent on its budget, however more roads were maintained against planned targets.

3.3 TRANSPORT

INTRODUCTION TO TRANSPORT

The Overberg District Municipality is responsible for developing an Integrated Transport Plan for the District as required by the National Land Transport Act, 2009 (Act 5 of 2009) and the National Land Transport Transition Act, 2000 (Act 22 of 2000). The Integrated Transport Plan (ITP) was approved by Council on 30 October 2017.



INTRODUCTION TO PLANNING AND DEVELOPMENT

The Planning and Development function at the Municipality includes Spatial Development Planning, IDP and Local Economic Development.

3.4 PLANNING (IDP, COMMUNICATION AND SPATIAL PLANNING)**INTRODUCTION TO PLANNING*****IDP/Budget Time Schedule of Key Deadlines 2018/2019***

In accordance with the Municipal Finance Management Act and guided and informed by the five-year Section 27 District IDP Framework and Process Plan, adopted by Council on 26 September 2016, an IDP/Budget Time Schedule of Key Deadlines for 2018/2019 was developed in preparation for the 2019/2020 Annual Budget and IDP Review, which served as Council's Second Review of the 5-Year IDP, adopted by Council on 15 May 2017. The Time Schedule was developed in consultation with the Chief Financial Officer, the Performance Management Officer, Local Municipalities in the District and the Western Cape Department Local Government, in order to ensure the alignment of various activities on a Provincial, District and Local level. The Time Schedule was adopted by Council on 27 August 2018.

Second Review of Council's 5-Year Strategic Plan

Development of the Second IDP Review was guided by the adopted IDP/Budget Time Schedule of Key Deadlines for 2018/2019. The 5-year Plan, adopted by Council on 15 May 2017, contains key municipal plans and priorities for the current political term of office.

A Councillor/Management Strategic Session was held on 6 February 2019 to review the 5-year strategic direction of Council and assess progress made. Following extensive deliberations and inputs from all Councillors, the Executive Mayor confirmed that the strategic direction (Vision/Mission/Strategic Goals), as captured in the 5-year IDP, would remain as is.

The Draft 2019/2020 Second IDP Review was adopted by Council on 25 March 2019 and published for public comment till 30 April 2019. The Draft was also tabled and/or discussed on the following platforms:

Table 21: IDP Engagements

4 April 2019	Joint IDP Analysis Session 2019/2020
17 April 2019	Sector Engagement Swellendam/Overberg DM
3 May 2019	Strategic Integrated Municipal Engagement (SIME) / LG MTEC Engagement
23-24 May 2019	District Municipal Managers' Strategic Session

Following public and intergovernmental consultations, the Final 2019/2020 IDP Review was tabled and presented to Council for adoption on 27 May 2019.

District Awareness Campaigns: IDP, Public Participation and Role of a District Municipality

The ODM embarked on IDP, Public Participation and Role of a District Municipality Awareness drives and developed awareness materials to promote participation in IDP and public participation processes, and to raise awareness around planning and processes.

Agulhas School of Skills: As part of the District Awareness Campaign and public participation process, the Overberg District Municipality invited 40 senior learners from the Agulhas School of Skills in Napier to attend a District Awareness Workshop on Friday 2 November 2018 in the Council Chamber of the ODM Head Office where they were presented with an overview of the roles and functions of the District Municipality, the importance of public participation in affairs of the Municipality, and the District's 5-year Integrated Development Plan.

Swellendam Sector Engagement: The Swellendam Municipality in collaboration with the Overberg District Municipality held a sector engagement on Wednesday 17 April 2019 at the Swellendam Thusong Centre. Various Provincial Government departments were invited to participate and engage communities on the financial footprint and programs rolled out in respective areas. Each department had an exhibition space for information to be made available to communities.



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Communication: Internal and External Newsletters

The quarterly Internal Newsletter “*Decus Nostrum*”, was produced in August and November of 2018, and February and May of 2019. External Newsletters are produced on a bi-annual basis and was issued in December 2018 and June 2019. Copies were distributed to Local Municipalities and made available at various strategic points within the region, such as Libraries and Thusong Centres.

Review of Legislation Governing Ward Committees and Public Participation

A Provincial Legislative Review Steering Committee has been established to review current legislation pertaining to ward committees and community participation. This committee comprises of four representatives from the Metropolitan Municipality and three from each District, (one representative from the District Municipality and one from two Local Municipalities).

The Overberg District Municipal representatives for the Provincial Legislative Review Steering Committee are:

- Ms Vanessa Zeeman from Overberg District Municipality
- Mr Roderick Williams from Overstrand Municipality
- Mr Paul Valentine from Cape Agulhas Municipality

The District solicited inputs from Local Municipalities in the Overberg and submitted a consolidated report to DLG. A Project Steering Committee Meeting was held on 16 May 2019 where all district reports were discussed and presented to CoGTA. Various recommendations and proposed changes were made. The Western Cape Position Paper on the Legislative Review Project is therefore currently being finalised for presentation to the DCFTech and submission to CoGTA.

Spatial Development Framework (SDF)

The Municipality followed a due process in terms of SPLUMA and approved the existing District SDF on 30 June 2017. It is noted that the SDF, as a core component of the IDP, forms part of the second IDP Review for 2019/2020 financial year and will be reviewed during the 2021/2022 period in order to ensure alignment with the 5th Generation IDP.

The Municipality, as a commenting authority, provides inputs on land use management and building plan applications to category B municipalities. The comments provided are pertaining to spatial planning, environmental health, environmental management, fire- and disaster management.

Vacancies in the Department IDP & Communication will be filled as and when the budget allows. (Chapter 4 (4.1))

Table 22: Financial Performance 2018/19: Planning

Financial Performance 2018/19: Planning							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)	
Total Operational Revenue	0	0	0	0	0%	0	
Expenditure:							
Employees	966	1 480	1 119	1 108	-25%	(371)	
Repairs and Maintenance					0%		
Other	120	175	165	114	-35%	(61)	
Total Operational Expenditure	1 086	1 655	1 284	1 223	-26%	(432)	
Net Operational Expenditure	(1 086)	(1 655)	(1 284)	(1 223)	-26%	432	
<i>*Variances are calculated by comparing the Actual and Original Budget.</i>							

Table 23: Capital Expenditure 2018/19: Planning

Capital Expenditure 2018/19: Planning							R' 000
Capital Projects	2018/19						
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Budget (R)	
Total All	18		2	-91%		(16)	



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COMMENT ON THE PERFORMANCE OF PLANNING SERVICES OVERALL

Planning services managed to perform their duties within service delivery demands and managed to stay within the budget.

3.5 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM)

INTRODUCTION TO ECONOMIC DEVELOPMENT AND TOURISM

The District Municipality is widely accepted to perform a leading, guiding and coordinating role in the region. Over the period of the year under review the Municipality has had relative success in terms of effectively executing its role as mentioned.

The district has participated in several forums, workshops and public platforms with the relevant stakeholders, organizations and government partners, but has not been able to effectively rise as the champion to drive the Local Economic Development and Tourism agenda to real growth in the region.

The Municipality has successfully transitioned from a Local Economic Development (LED) focus to a Regional Economic Development (RED) focus. It has in a participatory manner successfully, through the assistance and support of SALGA, developed and adopted its District Regional Economic Development and Tourism Strategy for the Overberg. The aim of the strategy is to, in partnership with the local municipalities and respective industries, create an environment for significant growth and job creation over the medium term.

The Municipality and region had a somewhat muted presence at the 2019 World Trade Market Africa (WTMA) exhibition in Cape Town. The Overberg region received an award in the category of Responsible Tourism. Responsible Tourism and Progressive Tourism are new terms added to the overall tourism language endeavouring to expand and enhance the tourism experience.



The various routes in the region are proving very popular, more so the growing wine/fruit and cycle routes. The Shipwreck Museum in Bredasdorp and the whales in Hermanus is also outstanding attractions.

The iconic MAP of Africa monument has been unveiled at the Southern-most Tip of Africa in the Agulhas National Park and has ushered in a fresh new interest and is attracting many foreign and domestic tourists to the region.

Figure 6: Overberg: GDP performance per sector, 2006 - 2017

The Overberg District Economy³

The local economy of the Overberg municipal area is dominated by the finance, insurance, real estate and business services sector (R3 704.4 million or 20.1 per cent), followed by the wholesale and retail trade, catering and accommodation sector (R3 517.1 million or 19.1 per cent), manufacturing sector (R2 488.1 million or 13.5 per cent in 2016), agriculture (R1 994.2 million or 10.8 per cent) and transport, storage and communication (R1 989.3 million or 10.8 per cent). Combined, these five sectors contributed R13.693 billion (or 74.35 per cent) to the Overberg District municipal economy, which was estimated to be worth R18.418 billion in 2016.

Overberg: GDP performance per sector, 2006 - 2017									
Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)				
			2006 - 2016	2013 - 2017	2013	2014	2015	2016	2017e
Primary Sector	10.9	2 013.8	1.1	0.2	1.7	6.6	-3.8	-9.3	5.8
Agriculture, forestry and fishing	10.8	1 994.2	1.1	0.2	1.7	6.6	-3.8	-9.4	5.8
Mining and quarrying	0.1	19.6	0.9	4.5	3.0	7.0	5.7	0.1	7.0
Secondary Sector	23.4	4 312.7	3.3	2.1	3.5	2.6	1.8	1.6	1.3
Manufacturing	13.5	2 488.1	3.4	2.6	3.4	2.7	2.2	2.5	2.0
Electricity, gas and water	2.5	465.9	-0.6	-1.2	-0.7	-0.9	-2.0	-2.5	0.0
Construction	7.4	1 358.7	4.7	2.2	5.0	3.5	1.9	0.8	-0.1
Tertiary Sector	65.6	12 091.2	3.6	2.7	3.6	3.3	2.6	2.3	1.6
Wholesale and retail trade, catering and accommodation	19.1	3 517.1	3.8	2.6	3.5	2.8	3.2	3.0	0.3
Transport, storage and communication	10.8	1 989.3	4.1	3.1	4.2	4.9	1.8	1.7	3.0
Finance, insurance, real estate and business services	20.1	3 704.4	3.9	3.2	3.6	3.4	3.7	2.6	2.7
General government	9.0	1 656.7	2.9	1.4	3.7	2.8	0.5	0.6	-0.4
Community, social and personal services	6.6	1 223.7	2.4	2.0	2.9	2.1	1.5	1.9	1.6
Total Overberg	100.0	18 417.7	3.2	2.2	3.3	3.5	1.6	0.7	2.0

Source: Quantec Research, 2017 (e denotes estimate)

³ Socio-Economic profile: Overberg District Municipality - 2018



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LOCAL JOB OPPORTUNITIES:

Expanded Public Works Programme (EPWP)

For the year under review the ODM has performed exceptionally well in terms of achieving its predetermined targets and spending its allocated budget. The Municipality has created 743 Work Opportunities (WOs) and 40 Full-Time Equivalents (FTEs). This contributed to the overall very good performance of the Overberg District in the EPWP Programme. One of the EPWP projects 'Persons with disabilities' (peer support) is currently in the evaluation process of by the Department of Transport and Public Works for the KAMOS0 award – 20 WO's were created through this project. The 5-year protocol agreement signed for phase 3 (2014-2019) was exceeded by 39.46%.

During the year under review, Overberg District Municipality was awarded a certificate of achievement for excellence in the achievement of the EPWP work opportunity targets for the period 1 April 2017 – 31 March 2018.

EPWP job creation was addressed through the following projects:

- Municipal Health Education
- Regional economic development & tourism events assistance
- Fire, rescue, disaster management and safer communities
- Alien vegetation clearing
- Library and teacher/education assistance
- Nutrition & development project
- Peer support for persons with disabilities

HIK Abalone Farm – Local Economic Development Plan

A Local Economic Plan forms part of the land sale agreement concluded between the Municipality and HIK Abalone Farm. The employment status on 30 June 2019 was 84 employees and another 53 job opportunities were created.

Challenges: The lack of qualified and capable capacity, hamper the responsibility of the Municipality. Partly also due to resource constraints.

All positions on the organisational structure are filled. Local Economic Development forms part of the Department LED, Tourism, EPWP and Resorts. (Chapter 4 (4.1))

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

Local Economic Development forms part of the Department: LED, Tourism, Resorts and EPWP and no financial information is available for this function.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The function of Community & Social Services is performed by the Local Municipalities as implementing bodies. However, Council emphasised its social responsibility role by including a social development unit on the organisational structure. A Memorandum of Understanding (MOU) was signed with Department Social Development to coordinate and assist the local municipalities with social development initiatives across the region. Further focus areas: Social Development summit to be held; establishment of a district social development forum and the development of an implementation plan.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental protection is managed in terms of section 24 of the Constitution, the National Environmental Management Act, 1998 [Act 107 of 1998 (NEMA)], the Coastal Management Act, 2008 (Act 24 of 2008), the National Environmental Management Waste Act, 2008 (Act 59 of 2008), the Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004), the Environmental Management: Air Quality Act, 2004 (Act 39 of 2004) and the National Health Act, 2003 (Act 61 of 2003). Environmental management is "an activity with the goal to maintain and improve the state of environmental resources affected by human activities".



INTRODUCTION TO POLLUTION CONTROL

Section 30 of the National Environmental Management Act, 1988 (NEMA) provides for the control of emergency incidents. This is a measure to protect the environment so that the rights enshrined in Section 24 of the Constitution can be realised.

Council appointed a Section 30 Official and developed a response protocol to formalise coordination between internal departments and reporting to provincial government.

The following departments' form part of the municipalities integrated response team.

- Fire and Disaster Management – First response and containment of the situation (HAZMAT);
- Municipal Health Services – Monitoring the impact on communities and receiving environment; and
- Environmental Management Services – Monitoring impacts on the environment and reporting to the provincial authorities.

Table 24: Section 30 Incidents

Section 30 incidents reported		
Nature of incident	Submission of Emergency Incident Report	Closure of Section 30 Incident
No incident was reported for the period		

Air quality control is one of the functions performed by Municipal Health Services in terms of the National Health Act, 2003 (Act 61 of 2003) and the National Environmental Management: Air Quality Act, 2004 (Act No 39 of 2004). The Overberg District Municipality is the licensing Authority for Listed Activities and Controlled Emitters.

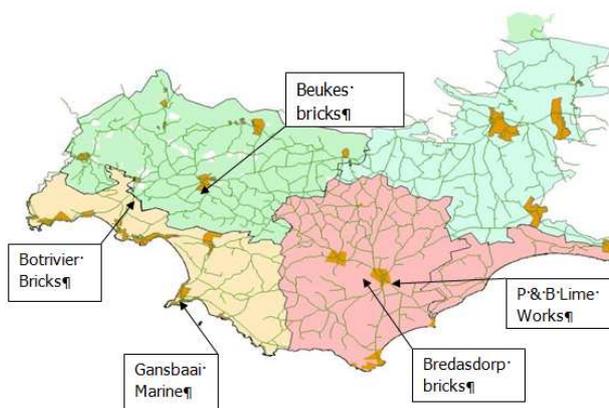
Table 25: Atmospheric Emission Licenses holders

Business	Type of industry	Status	Sub-District	Date issued
Gansbaai Marine	Fish meal production	AEL	Overstrand	20 September 2016
Bredasdorp Lime Works	Producing Lime products	*PAEL	Bredasdorp	27 February 2013
Bredasdorp Steenwerke	Manufacturing of clay bricks	AEL	Bredasdorp	14 April 2016
Botrivier Steenwerke	Manufacturing of clay bricks	AEL	Overstrand	16 September 2016
Beukes Steenwerke	Manufacturing of clay bricks	AEL	Theewaterskloof	30 September 2016

*Provisional Atmospheric Emission License (PAEL) - only valid for one (1) year, but also depending on the compliancy of the industry. After every year the PAEL will be reviewed for compliance in accordance with set conditions, where after a final license (AEL) will be issued. The industries report quarterly to the Licensing Authority on their compliance towards the license conditions as well as to the National Department of Environmental Affairs. Continuous monitoring was executed at the applicable premises. The industry co-operated very well with the requirements expected of them. No complaints were received from the community towards the Listed Activities and Controlled Emitters industry.

Municipal Health Practitioners also dealt with several air pollution complaints such as fumes, smoke, dust, offensive odors and unlicensed facilities. They also attend to matters pertaining to water and ground pollution. Air quality awareness campaigns were held in the local municipal areas.

Figure 7: Geographical distribution of Atmospheric Emission License holders



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Challenges on air quality control

- The roles and responsibilities between local and district municipalities are not accepted by all municipalities, thus hampering the implementation of the function.
- Not all local municipalities have appointed Air Quality Officers, thus hindering communication and accountability.
- A lack of cooperation between various disciplines in local government for e.g. municipal health, town planning and building control, places a burden on the successful implementation of the Act.
- Inadequate financial provision for air quality management by all municipalities within the district.
- The availability of suitably skilled human resources.
- Air quality is currently part of the Environmental Health Practitioners function, but it is not ideal, as it is a specialized function.

Comment on the performance of pollution control overall

The function of pollution control is delivered by the Department Environmental Management and the Department Municipal Health, respectively and forms part of their budget.

3.7 ENVIRONMENTAL MANAGEMENT

INTRODUCTION TO ENVIRONMENTAL MANAGEMENT

The Overberg District Municipality promotes sustainability by means of partnerships, as well as an integrated environmental management approach throughout the Overberg region.

The Municipality continues to engage by means of local forums and committees such as the Municipal Coastal Committee, Estuary Advisory Forums, Kogelberg Biosphere Reserve, Nuwejaars River Special Management Area and Agulhas Biodiversity Initiative.

CLIMATE CHANGE RESPONSE

The ODM does have climate change strategies to guide adaptation and mitigation responses. The Overberg Disaster Management Advisory Forum continues as platform to promote proactive planning and discussions regarding climate change.

In partnership with ICLEI, the ODM commenced with the implementation of a climate action by submitting a Transformative Action Program application for the financing of waste management infrastructure requirements. A demonstration project, to support Theewaterskloof Municipality in creating awareness for waste diversion will be rolled out in the next financial year.

BIODIVERSITY MANAGEMENT

1) Alien vegetation control

The Municipality is responsible for the management and control of alien invasive species on its properties. Annual implementation of the Alien Invasive Species Monitoring, Control and Eradication Plan was reported to Council.

Table 26: Alien Vegetation Control

Date	Description	Property	Method	Comment
June 2019 (2018/19 financial year)	Follow up clearing of 33 ha	Portion 79 of Farm 575 (Karwyderskraal Regional Landfill Facility)	Physical Control Chemical control	A service provide was appointed as per the SCM process

Table 27: Environmental Management - EPWP projects

Project Name	Project Description	Project Period	No. of work opportunities
Nuwejaars River Special Management Area Alien Invasive Clearing Project	Removal of alien vegetation as part of the Nuwejaars River Special Management Area's wetland rehabilitation project.	38 days	15

2) Evaluation of land- use applications and environmental impact assessments

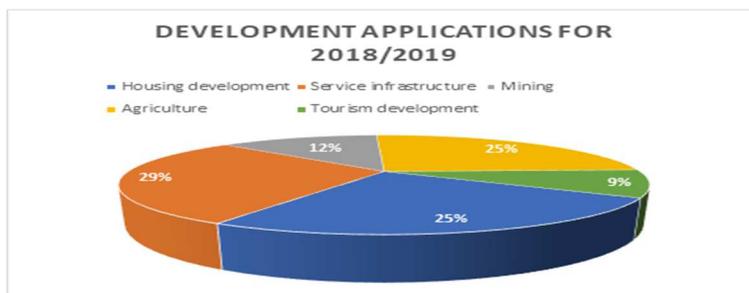
The Municipality continues to act as a commenting authority for any development application within its area of jurisdiction. A set criterion, based on the principles of sustainability (which includes the protection and conservation of



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endangered/threatened ecosystems, Critical Biodiversity Areas and Ecological Support Areas), is used to ensure consistency.

Figure 8: Type of Development Applications



COASTAL MANAGEMENT

The Overberg District Municipality facilitates the Municipal Coastal Committee (MCC) to integrate coastal management and promote discussion between all role-players. The MCC reports on a quarterly basis to the Community Services Portfolio Committee in order to keep Council informed of the outcome of the meeting. The Municipality is represented on the Provincial Coastal Committee and Erosion Task Team

Implementation of the approved Coastal Management Programme remains one of the key **challenges** due to absence of funding mechanism in the Integrated Coastal Management Act. The Municipality continuously provides the Department of Environmental Affairs with inputs regarding coastal management as part of the investigation related to Environmental Management Business Re-engineering and Legal Protocol (financing of the environmental mandate).

ACHIEVEMENTS

- Signatory to the Urban Low Emission Development Strategy implemented in partnership with ICLEI.
- Retrofitting of ODM main office - lighting.
- Participate in the drafting of the Wetland Management Guidelines as ICLEI's partner for the benefit of all the municipalities in the Overberg.
- Implementation of the Alien Invasive Species Monitoring, Control and Eradication Plan.
- Provide assistance to Cape Agulhas Municipality to improve the management of their commonage in Klipdale and Napier.
- Assist Swellendam and Cape Agulhas Municipality with Environmental Protection and Infrastructure Program (EPIP) project applications to DEA.

Challenges:

- It remains a challenge to ensure sufficient future capacity to deliver on the functions expected from the department.
- In terms of legislative requirements, the Municipality is required to develop and implement strategic documents (strategies, frameworks and plans) but the lack of funding mechanisms hampers the implementations of the projects and programs.

All positions in the department are filled. (Chapter 4 (4.1))

Table 28: Financial Performance 2018/19: Environmental Management

Financial Performance 2018/19: Environmental Management						
						R'000
Details	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)
Total Operational Revenue	28	100	100	21	-79%	(79)
Expenditure:						
Employees	1 800	2 187	2 163	2 023	-7%	(164)
Repairs and Maintenance					0%	
Other	260	430	382	332	-23%	(98)
Total Operational Expenditure	2 060	2 616	2 544	2 354	-10%	(262)
Net Operational Expenditure	(2 032)	(2 516)	(2 444)	(2 334)	-7%	182

**Variances are calculated by comparing the Actual and Original Budget.*



Table 29: Capital Expenditure 2018/19: Environmental Management

Capital Expenditure 2018/19: Environmental Management							R' 000
Capital Projects	2018/19						
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Original Budget (R)	
Total All	44	10	16	-64%		(28)	

COMMENT ON THE PERFORMANCE OF ENVIRONMENTAL MANAGEMENT

Environmental Management managed to stay within their operational budget.

COMPONENT F: HEALTH**INTRODUCTION TO HEALTH**

In terms of the Constitution of the Republic of South Africa, 1996, the Local Government: Municipal Structures, 1998 (Act 117 of 1998) and the National Health Act, 2003 (Act 61 of 2003), it is the statutory responsibility of the District Municipality to render Municipal Health Services in the district, in terms of Government Notice No. 826 of 13 June 2003 with effect from 1 July 2004.

The Municipal Health services are rendered from offices in Swellendam, Bredasdorp, Struisbaai, Hermanus, Kleinmond, Caledon and Grabouw.

3.8 MUNICIPAL HEALTH SERVICES (HEALTH INSPECTION)**INTRODUCTION TO MUNICIPAL HEALTH (INSPECTIONS, FOOD, ETC.)**

In accordance with Section 1 of the National Health Act, municipal health services includes: -

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

A health awareness training program was launched with the emphasis on food safety and hygiene. The aim was to inform jobless people how to prevent illnesses such as Listeriosis. A total of 308 people were trained, in the four sub districts of the Overberg District Municipality through the Expanded Public Works Program.

The department reports that the quality of the different waters which were monitored, is of good quality.

A total of 611 drinking water samples were tested in towns and communities and 175 sewerage final outflow samples were taken to determine the quality which need to be improved.

Food quality monitoring was done through a food sample and food premises inspection program with special attention to smaller outlets. In this regard a total of 418 food samples were taken to determine the quality of food being sold to the public. 1 696 food premises were inspected in terms of Regulation 638 (previous Regulation 962).

Registration and training of Environmental practitioners (EHP's): It is required that EHP's register as health practitioners and it is also required by law to engage in Continued Professional Development (CPD) activities. These activities are registered and administered by the Health Professions Council of South Africa (HPCSA). It is compulsory for all EHP's to comply with CPD requirements in order to maintain their registration with the HPCSA. The Municipality empowered all its EHP's to comply with these requirements by subscribing to a service that allows EHP's to acquire the necessary CPD points by completing online training courses.

Overberg Municipal Health By-Law: The Overberg Municipal Health by-law was reviewed and will be Gazette in the next financial year.



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Challenges:

- To comply with the stipulations of the National Environmental Health Norms and Standards Notice 1229 of 2015.
- To promote the idea that Municipal Health Services can be the spearhead of the National Health Insurance Plan and can prevent a vast number of illnesses, if properly funded, and for a fraction of the cost of curative health services.

Vacancies in the Department Municipal Health will be filled as and when the budget allows. (Chapter 4 (4.1))

Table 30: Financial Performance 2018/2019: Municipal Health

Financial Performance 2018/2019: Municipal Health							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Original Budget	Variance to Budget (R)	
Total Operational Revenue	490	285	285	285	0%	(1)	
Expenditure:							
Employees	11 249	12 608	12 599	12 347	-2%	(260)	
Repairs and Maintenance							
Other	1 152	1 683	1 493	1 489	-12%	(194)	
Total Operational Expenditure	12 401	14 290	14 092	13 837	-3%	(454)	
Net Operational Expenditure	(11 911)	(14 005)	(13 807)	(13 551)	-3%	453	

**Variances are calculated by comparing the Actual and Original Budget.*

Table 31: Capital Expenditure 2018/2019: Municipal Health

Capital Expenditure 2018/2019: Municipal Health							R' 000
Capital Projects	2018/19					Variance to Original Budget (R)	
	Budget	Adjustment Budget	Actual Expenditure	% Variance from original budget	Total Project Value		
Total All	201	629	319	59%		118	

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, ETC. OVERALL (Municipal Health)

Municipal Health managed to perform within its allocated operational budget. According to Municipal Health – Norms and standards, the service is understaffed, and the level of performance is not according to the requirements.

COMPONENT G: SECURITY AND SAFETY

The Overberg District Municipality performs a fire and disaster management function in the district. The functions of Fire and Disaster Management are jointly conducted by the Emergency Department of the Municipality. The functions are controlled from the regional control center in Bredasdorp.

3.9 EMERGENCY SERVICES (FIRE SERVICES)

INTRODUCTION TO FIRE SERVICES

The Overberg District Municipality provides a full fire service as per the Fire Brigade Service Act, 1987 (Act 99 of 1987), to the Cape Agulhas, Theewaterskloof and Swellendam Municipalities. An agreement with regards to the level of fire services rendered exist with Cape Agulhas and Theewaterskloof Municipality, with a co-operation agreement between Overstrand Municipality and Overberg District Municipality.

The service responds from the different stations situated in Swellendam, Caledon, Bredasdorp, Grabouw and Villiersdorp and Barrydale. Satellite stations are staffed by volunteers in Greyton, Riviersonderend and Suurbraak. Closest resources to emergency calls are activated from the control center situated in Bredasdorp.



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The three top priorities for the unit remain:

- Reduction of after hour response time;
- Providing enough adequately trained staff to respond to incidents; and
- To ensure the safety of the Overberg communities and visitors.

Through Provincial Grants a district fire training center is being established. The aim of this center is to provide comprehensive training courses as well as accommodation giving execution to the Structures Act tasking the district with training of fire officers. In June 2019 the first Firefighter One training class started and will be completed in October 2019. The construction of a Fire Station at Caledon did not realize during the year, as the lowest tender amount exceeded the budget amount, although the project did commence. This will be addressed in the next financial year, depending on the proceeds of the sale of the properties.

The District Fire Working Group provides for the association and assembly of persons who have to deal with fires and related incidents such as veld fires, rural/urban interface fires, land management, natural resource management and prescribed burning in the Overberg District. This workgroup met twice during the year to discuss matters of importance.

The Municipality managed, again, to secure aerial support for the district for the five months of the fire season. Aerial resources operated very effectively in an environment where the number and intensity of fires is on the increase. 718 hours were flown in the Overberg and 6 702 000 liters of water were dropped.

Landowner involvement with fires remained constant during the year. ODM received support from landowners assisting through the coordination by the Greater Overberg Fire Protection Association.

The greatest **challenge** facing the service remain finances in order to perform the service according to the SANS standards.

Table 32: Fire Services Data

Details	2017/2018	2018/2019	
	Actual Number	Estimate Number	Actual Number
Total fires attended in the year	1279	Can't estimate	1573
Average turnout time – urban areas	Office hours 7 min, after hours 15 min	7 min	Office hours 7 min, after hours 15 min Swellendam 4 minutes all hours
Average turnout time – rural areas	15-30 min	15-30 min	15-30 min
Firefighters in post at year end	38	42	44
Total fire appliances at year end	24	24	25
Average number of appliances off the road during the year	2	2	2

Vacancies in the Department Emergency Services will be filled as and when the budget allows. (Chapter 4 (4.1)).

Table 33: Financial Performance 2018/2019: Emergency Services

Financial Performance 2018/2019: Emergency Services							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to original Budget (R)	
Total Operational Revenue	2 591	3 853	3 853	3 120	-19%	(733)	
Expenditure:							
Employees	17 719	19 744	19 934	19 874	1%	130	
Repairs and Maintenance					0%		
Other	7 989	7 739	7 481	8 256	7%	517	
Total Operational Expenditure	25 708	27 483	27 415	28 130	2%	647	
Net Operational Expenditure	(23 117)	(23 631)	(23 563)	(25 011)	6%	(1 380)	

**Variances are calculated by comparing the Actual and Original Budget.*



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Table 34: Capital Expenditure 2018/19: Emergency Services

Capital Expenditure 2018/19: Emergency Services						
Capital Projects	2018/19					
	Budget	Adjustment Budget	Actual Expenditure	% Variance from original budget	Total Project Value	Variance to Original Budget (R)
Total All	3 683	6 583	2 311	-37%		(1 372)

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

Fire Services did not stay within their operational budget. A large portion of overspending was due to various variables related to fuel expenditure. The under spending on capital budget was due to the non-completion of the fire station at Caledon however the project started in the financial year. The Municipality also received additional grant funding during the year for the implementation of a safety plan which were unspent on the capital budget.

3.10 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

Disaster Management is performed in the district as per the requirements of the applicable act and framework. The mandatory administrative part of the function, as described in the act, is adhered to as allowed by financial resources. However, it needs to be noted that Disaster Management is still an unfunded mandate, and it remains very difficult to fulfil the full function with the limited budget. Due to these constraints the disaster management continuum is not fully addressed, and the division is more reactive focused than preventative focused.



The main focus areas of the unit are awareness, risk assessment and planned projects, which take place on an on-going basis. Communities are supported when affected by disasters or adverse incidents. The Overberg district did not declare any disaster during the year, and although several big fires occurred bordering on a local disaster, no such declaration was done.

A Disaster Management Advisory Forum is in place and meet regularly. The Disaster Risk Management Plan was updated and approved by Council as well as the Disaster Management Framework. Over and above the Disaster Management Advisory Forum meetings, Disaster Management has a standing item on the District Coordinating Forum (DCF) and DCF Technical Forum to ensure that the function and strategies are conveyed to the highest level.

This year focused on the lingering effects of the drought and supporting municipalities in water source sustainability. Through the FPA the division also engaged on platforms looking at water security like Water fund and "THE GREATER CAPE TOWN WATER FUND", and other organisations. Mitigation and conservation measures will continue.

During the year, intense involvement in the establishment and driving the Overberg Safety Forum and Safety initiative leading to the following successes in the community-safety realm in the Overberg District:

- Public confidence and trust
- Significant reduction in violence and protest action
- Commitment and ongoing stakeholder development
- Problem-solving and research.

Challenges: Disaster Management does not have its own operational budget and relies on the budget and forms part of the Emergency Services Department, which makes the implementation of special Disaster Management Projects impossible.

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT OVERALL

The budget allocation of Disaster Management forms part of the Emergency Services budget.



3.11 RESORTS

INTRODUCTION TO RESORTS

The Municipality has two (2) functional resorts under its control namely Die Dam and Uilenkraalsmond.

Dennehof resort was managed under an agreement with Department of Public Works, as the owner of the property until 2012. The resort was closed due to Health and Safety concerns. During this period the Municipality was pursuing and exploring various options of acquiring the property from the Department Public Works (DPW). After numerous unsuccessful discussions and meetings, Council decided to return the resort/property to DPW with effect from 28 February 2019.

Uilenkraalsmond Resort is also being managed by ODM under a management agreement with Department Public Works (DPW), and numerous attempts have been made to obtain ownership of the property from the department. This will enable the Municipality to embark on a process and programme of upgrading and developing the resort to fully exploit the tourism potential of the resort and area.

The Municipality has successfully rolled-out several capital projects, which includes the upgrading of the water Network at Die Dam holiday resort. This project enabled the Municipality to have seven fire hydrants installed. It has effectively reduced the risk of water wastage and loss due to continuous burst pipes. At the Uilenkraalsmond resort an aerator was installed at the sewerage dam to reduce the effluent water odor effect and to render the water more useable for irrigation purposes.

Planned focus area: To roll-out a similar water harvesting project as at Uilenkraalsmond to Die Dam resort. The Municipality is also in process to upgrade the ablution facilities to facilitate disability accessibility.

Several complaints, regarding defects, were received, which was resolved during the year. With the allocated 2019/2020 budget, the Municipality is attempting to turn-around the resorts with a clear plan.

Challenges:

The primary challenge in the resorts remains the ageing infrastructure and insufficient funds for total renovation and upgrading.

No one is allowed to build a structure without an approved building plan, lessees have been notified that the building of structures and work are not allowed until the zoning of the resort has been resolved. The main challenge as identified by the Municipality is the proliferation of illegal building structures and uncontrolled building work by semi-permanent lessees. The land ownership at Uilenkraalsmond still remains unresolved as the Municipality is not the registered owner.

The enforcement of the Semi-permanent lease contract and the Resort Rules remain a challenge due to non-adherence. This is currently receiving attention.

Notwithstanding the challenges, the Municipality experienced an increase in applications for the 2018/2019 festive season which indicates that the resorts are a well sought-after holiday destination.

Table 35: Resorts Occupancy Rate

Accommodation per year occupied				
Resort	Type of accommodation	Quantity	Days	
			2017/2018	2018/2019
Uilenkraalsmond	Chalets	40	5207	5446
	Camping Sites	110	4215	4409
	Hall	1	12	12
Die Dam	Chalets	2	352	368
	Camping Sites	83	2774	2902

The organizational structure for resorts needs to be reviewed to ensure optimal service delivery. The employees of this division will be placed after the organisational structure revision. (Chapter 4 (4.1))



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Table 36: Financial Performance 2018/2019: Resorts

Financial Performance 2018/2019: Resorts							R'000
Details	2017/18	2018/2019					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)	
Total Operational Revenue	15 843	15 391	16 516	16 313	6%	922	
Expenditure:							
Employees	5 200	6 274	8 243	7 221	15%	948	
Repairs and Maintenance							
Other	13 384	8 946	9 806	10 983	23%	2 037	
Total Operational Expenditure	18 584	15 220	18 048	18 205	20%	2 985	
Net Operational Expenditure	(2 741)	172	(1 532)	(1 892)	-1202%	(2 063)	

**Variances are calculated by comparing the Actual and Original Budget.*

Table 37: Capital Expenditure 2018/19: Resorts

Capital Expenditure 2018/19: Resorts							R'000
Capital Projects	2018/2019						
	Budget	Adjustment Budget	Actual Expenditure	% Variance from original budget	Total Project Value	Variance to Original Budget (R)	
Total All	1175	1575	364	-69%		(811)	

COMMENT ON THE PERFORMANCE OF RESORT OVERALL

EPWP, LED and Tourism budget also forms part of the resorts budget. The function overspent on its operational budget due to maintenance. However, the capital project budget was underspent, due to project not finalized at year-end.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES, ETC.

The corporate policy offices include executive and Council, financial services, human resources, information and communication services, support services, property, legal and risk management, communication and Internal Audit.

3.12 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

This component includes: Executive office (Executive Mayor; Councillors; Municipal Manager, Directors, Internal Audit). A strategic session was held on 06 February 2019 to inform the 2019/2020 IDP review on the 4th Generation IDP. Council 2019/2020 IDP and Budget were approved on 27 May 2019.

Council provides its oversight responsibility regarding financial and performance reporting, compliance and related internal controls. The following committees are functional: Section 80, Municipal Public Account Committee (MPAC), Audit and Performance Audit Committee and Fraud and Risk Management Committee.

A healthy and constructive working relationship exists between the governing party and the opposition, which proves to be extremely beneficial to the administration as well as communities in the Overberg. Regular performance reports were provided to Council and its committee to provide these structures with information and progress against targets, the implementation of budget and policies.



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Council reviewed and approved various policies to strengthen the Municipality's decision-making and management. The Mayor provides feedback to Council on all decisions taken by the Executive Mayoral Committee.

The position of Director Corporate Services was changed to Senior Manager: Corporate Services, as a permanent post on the organizational structure. The Municipality embarked with the recruitment process which will be finalised in the next financial year.

Quarterly Audit and Performance Audit Committee as well as MPAC meetings were held to fulfill their roles as oversight committees.

DCF and DCF Tech Committee meetings were held on a quarterly basis which ensured sound intergovernmental relations and cooperative interaction between the municipalities in the district. Points of discussion were the investigation to extend the shared services model to include ICT, Fire and Disaster Management, Drought, Regional Economic Development, Security and Safety and landfill sites.

Challenge: The primary challenge is to mitigate the top strategic risks, which includes ensuring sustainable revenue enhancement which will promote Council fulfilling its constitutional mandate on optimizing service delivery with limited resources as well as ensuring the continuous sustainability of the Municipality for the future.

Vacancies will be filled as and when the budget allows. One employee to be placed (Chapter 4 (4.1)).

Table 38: Financial Performance 2018/2019: The Executive and Council

Financial Performance 2018/2019: The Executive and Council							R'000
Details	2017/18	2018/2019					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Original Budget (R)	
Total Operational Revenue	10 871	11 876	12 619	10 097	-15%	(1 778)	
Expenditure:							
Employees	2 596	3 024	2 433	1 812	-40%	(1 212)	
Repairs and Maintenance							
Other	8 762	7 593	8 168	8 787	16%	1 194	
Total Operational Expenditure	11 357	10 617	10 601	10 599	0%	(18)	
Net Operational Expenditure	(486)	1 259	2 018	(502)	-140%	(1 761)	

**Variances are calculated by comparing the Actual and Original Budget.*

Table 39: Capital Expenditure 2018/19: The Executive and Council

Capital Expenditure 2018/19: The Executive and Council							R' 000
Capital Projects	2018/2019						
	Budget	Adjustment Budget	Actual Expenditure	% Variance from original budget	Total Project Value	Variance to Original Budget (R)	
Total All	18			-100%		(18)	

COMMENTS ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

Executive and Council managed to stay within their allocated budget.



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Table 40: Financial Performance 2018/19: Internal Audit

Financial Performance 2018/19: Internal Audit							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)	
Total Operational Revenue	0	0	0	0	0%		
Expenditure:							
Employees	1 091	1 195	1 194	1 188	-1%	(7)	
Repairs and Maintenance							
Other	46	64	57	39	-39%	(25)	
Total Operational Expenditure	1 137	1 259	1 252	1 227	-2%	(31)	
Net Operational Expenditure	(1 137)	(1 259)	(1 252)	(1 227)	-2%	31	

**Variances are calculated by comparing the Actual and Original Budget.*

Table 41: Capital Expenditure 2018/19: Internal Audit

Capital Expenditure 2018/19: Internal Audit							R' 000
Capital Projects	2018/19						
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Original Budget (R)	
Total All	18		2	-86%		(16)	

COMMENTS ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

Internal Audit managed to stay within its allocated budget.

3.13 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

This component includes: Financial Services, Supply Chain Management, Revenue and Expenditure Management.

Although the Municipality is experiencing limited financial resources to fulfill its mandatory functions to its full capacity, all reports in terms of the Municipal Finance Management Act have been submitted, all creditors were paid.

The Medium-Term Revenue and Expenditure Framework was approved, and budget controls were executed. In-year monitoring reports were compiled and submitted to all stakeholders within legislative timeframes.

It must be highlighted that the Municipality is operating a very successful and interactive Finance Portfolio Committee with open sessions to jointly seek solutions and best practices. All existing financial- and budget related policies were reviewed while a Cost Containment Policy were approved by Council. An inclusive process was followed in compiling the 2019/20 MTREF Budget with the involvement of all Departments as well as the Budget Steering Committee.

MSCOA was fully implemented and the planned focus for the next few years is to expand the seamless integration to asset management, payroll and SDBIP.

To promote regional economic development in the district, suppliers were encouraged to register on the municipality's database and LED/SCM open days were held during the year. The capacity of the Supply Chain Management Unit has been addressed and the position of Head: Supply Chain Management were filled. The planned focus is to enhance local economic development by using local suppliers.

The Municipality received, for the fourth consecutive year, a clean audit award from the Auditor-General for the financial year 2017/2018.

Vacancies in the directorate will be filled as and when the budget allows. (Chapter 4 (4.1)).



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Table 42: Debt Recovery

Debt Recovery								
								R' 000
Details of the types of account raised and recovered	2016/17		2017/18			2018/2019		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in Year	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Municipal Services	801	99.09%	15	73	97.45%		1	0.00%
Other	14 357	98.34%	18 297	17 308	91.16%	20 316	19 082	93.93%

Table 43: Financial Performance 2018/19: Financial Services

Financial Performance 2018/19: Financial Services						
						R'000
Details	2017/18	2018/19				
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budge (%)	Variance to Budget (R)
Total Operational Revenue	71 196	74 925	74 991	82 782	10%	7 858
Expenditure:						
Employees	9 809	11 120	9 187	9 245	-17%	(1 875)
Repairs and Maintenance					0%	
Other	11 944	11 371	13 527	15 068	33%	3 697
Total Operational Expenditure	21 753	22 491	22 714	24 313	8%	1 822
Net Operational Expenditure	49 443	52 434	52 277	58 470	12%	6 036

**Variances are calculated by comparing the Actual and Original Budget.*

Table 44: Capital Expenditure 2018/19: Financial Services

Capital Expenditure 2018/19: Financial Services						
						R' 000
Capital Projects	2018/19					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Original Budget (R)
Total All	310	74	32	-90%		(278)

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

Financial Services overspent on their budget due to loss on disposal which resulted from the return of Dennehof Holiday Resort to the Department of Public Works.

3.14 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Department Human Resources address the process of managing people within the organization at both a **micro and a macro level**. At the micro level, it deals with employees as individuals, each having unique needs, strengths and weaknesses. This aspect of human resources requires a compassionate human element from HR staff, who must sometimes navigate sensitive situations.

At the macro level, the Department Human Resources is concerned with the way an organization relates to and takes care of its employees. The macro level encompasses overall HR policies, Collective Agreements and Legislation. This aspect of human resources requires attention to detail and an organized mindset.



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The Department Human Resources of the Overberg District Municipality presides over the following functions and duties:

- Labour Relations;
- Recruitment and Selection;
- Employment Equity;
- Training and Development;
- Occupational Health and Safety;
- Organisational Structure and Job Evaluations;
- Human Resource Administration; and
- Employee Assistance Programme.

Comprehensive training was provided to staff, of which some was free of charge. The Workplace Skills Plan for 2018/2019 period was submitted on 19 April 2018 to LGSETA as per legislative requirement. Focus area: to capacitate employees with statutory training as prescribed by legislation.

A workshop with Management took place in the compilation of the Employment Equity Plan. Before submitting the final Employment Equity Plan and Report to Department of Labour, a workshop was conducted to inform the Employment Equity Committee on the set targets and goals for the reporting period. The Employment Equity Plan and report was submitted within the legislative framework at the end of November 2018.

The Head Human Resources is a member of the Overberg District Job Evaluation Unit and evaluation of positions will be an ongoing process.

Interactive Local Labour Forums, Training-, Health & Safety- and Employment Equity Committee meetings took place during the year.

Future focus area is the revision of Human Resources policies.

Vacancies in the Department will be filled as and when the budget allows. Three employees are yet to be placed (Chapter 4 (4.1)).

Table 45: Financial Performance 2018/19: Human Resources Services

Financial Performance 2018/19: Human Resources Services							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)	
Total Operational Revenue	0	0	0	0	0%	0	
Expenditure:							
Employees	1 428	1 741	1 546	1 617	-7%	(124)	
Repairs and Maintenance					0%		
Other	495	660	535	390	-41%	(270)	
Total Operational Expenditure	1 924	2 401	2 081	2 008	-16%	(394)	
Net Operational Expenditure	(1 924)	(2 401)	(2 081)	(2 008)	-16%	394	

**Variances are calculated by comparing the Actual and Original Budget.*

Table 46: Capital Expenditure 2018/19: Human Resources Services

Capital Expenditure 2018/19: Human Resources Services							R' 000
Capital Projects	2018/19						
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Original Budget (R)	
Total All	25	0	0	-100%		(25)	



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COMMENT ON THE PERFORMANCE OF HUMAN RESOURCES SERVICES OVERALL

Human Resources managed to perform their duties within their budget.

3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT department is situated in the Finance Directorate and is capacitated with two permanent employees. The unit is responsible for the ICT infrastructure at 11 premises with a total of 135 end-users. The effectiveness of technology and information management is monitored by regularly reporting against the ICT implementation plan to the ICT Steering Committee.

The top priorities of the unit are the financial system, e-mails and internet access. No data was lost on the financial system and backups are performed daily. The financial program, performance management and the information management system of roads are maintained by outside organisations. The department received 877 support requests from end-users, of which the majority related to the resetting of passwords.

The following achievements need to be highlighted:

The first phase of the implementation of Office 365 has been completed.

A recovery center to secure data in the event of disaster was identified and in used.

An investigation for an ICT Shared Services between municipalities in the region was finalized and Cape Agulhas Municipality was identified as the hosting municipality. Overberg District Municipality and Swellendam Municipality will be part of the Shared Service. The scope of the ICT Shared Service is to utilize the function in an economical, effective and efficient manner with the aim on cost savings. The focus areas include: ICT Governance, support and resources sharing.

Challenges: The full implementation of Office 365. Risk related challenges were identified on the implementation of the approved ICT Policies.

Further focus areas: Implementation of SharePoint which is the next phase of Office 365. SharePoint will be utilized as a document management and workflow system.

Vacancies will be filled as and when budget allows (Chapter 4 (4.1))

Table 47: Financial Performance 2018/19: ICT

Financial Performance 2018/19: ICT							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget (%)	Variance to Budget (R)	
Total Operational Revenue	0	0	0	0	0%	0	
Expenditure:							
Employees	903	1 048	1 048	1 008	-4%	(40)	
Repairs and Maintenance							
Other	1 084	1 327	1 318	1 898	43%	572	
Total Operational Expenditure	1 987	2 375	2 366	2 907	22%	532	
Net Operational Expenditure	(1 987)	(2 375)	(2 366)	(2 907)	22%	(532)	

**Variances are calculated by comparing the Actual and Original Budget.*



Table 48: Capital Expenditure 2018/19: ICT

Capital Expenditure 2018/19: ICT							R' 000
Capital Projects	2018/19						
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Original Budget (R)	
Total All	56	440	204	73%		148	

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The unit overspent on their operational budget due the payment of the license fee for Office 365.

3.16 SUPPORT, COMMITTEE SERVICES, RECORD MANAGEMENT, PROPERTY MANAGEMENT, RISK MANAGEMENT, PERFORMANCE MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO SUPPORT: SUPPORT, COMMITTEE SERVICES, RECORD MANAGEMENT AND COUNCILLOR SUPPORT, PROPERTY MANAGEMENT, RISK MANAGEMENT, PERFORMANCE MANAGEMENT AND PROCUREMENT SERVICES

SUPPORT, COMMITTEE SERVICES, RECORD MANAGEMENT AND COUNCILLOR SUPPORT

Committee Services rendered an administrative support service to Council and its political structures and ensures quality administrative service delivery by managing all standing committees and *ad hoc* committee meetings and ensuring effective coordination and prompt secretariat support.

The circulation of agendas for Council, Section 80 Committee and Mayco meetings is ensured five days prior to meetings. This resulted in Councillors having enough time to prepare for meetings.

Records and Archives manages the implementation of procedures associated with document flow, such as the archiving and keeping of records systems (in accordance with statutory prescriptions) and the establishment and maintenance of registry procedures for the operating of the registry office and regulating record keeping. During the year under review the Record Management Policy was reviewed by Council.

The activities of the switchboard and reception entail liaison and client services. Emphasis was placed on the access control into the building.

As a support to Council, an effective reprographic service is rendered to ensure the prompt making of photocopies, binding of agendas, and administrative support. Migration from paper to an Electronic System was implemented in certain departments to reduce reprographic and delivery costs.

The Maintenance and Cleaning Service Section is responsible for maintenance and cleaning of the buildings and offices. An effective cleaning and maintenance service is rendered to the administration buildings of the Municipality.

Challenges: The cost of printing and delivering of agendas remains a huge financial challenge. The Municipality embarked on an electronic system which will be implemented in phases.

PROPERTY MANAGEMENT

Municipal properties are listed in the Asset and Investment Registers with their classification, location, value, etc.

A comprehensive property audit was conducted during the year. Council identified properties for investment purposes to be sold. The properties identified are not required for the rendering of basic municipal services.

The intention for selling these properties are to improve service delivery and the revenue generated from the selling will be used exclusively for capital projects.



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Challenges include, land grabs, unauthorized occupation on vacant properties. The slow growth in the economy influencing market values of the property to be sold, dealing with objections, transfer of properties and clause extractions from title deeds.

LEGAL

The Municipality has no internal legal capacity and makes use of external legal assistance. A Labour Court review application related to TASK job evaluations are still pending.

RISK MANAGEMENT (SHARED SERVICES)

The risk management function was performed by a Chief Risk Officer on a Shared Service agreement between all the municipalities in the district for the first half of the year. With the resignation of the Chief Risk Officer (CRO) the Shared Service Agreement was reconsidered. Until the filling of the position, each municipality, is responsible for its own risk function. With the absence of the CRO the function was handled by Performance Management Officer with the assistance of a Financial Intern.

Risk management meetings took place on a quarterly basis. The Strategic and Operational Risk registers were reviewed during the year and were adopted.

Quarterly reports were submitted to the DCF Tech Committee on the status of the Shared Services for Risk Management and initiatives.

The initiatives and actions performed by the Shared Service Risk Management Unit during the year include:

- Introduced bi-annual risk assessments to ensure the risk register is thoroughly reviewed by the managers at least once after the initial risk assessment. This is in addition to the periodic reviews conducted by management on their own initiatives;
- Comprehensive annual departmental risk assessments, involving the heads of department which contributed to the compilation of the most detailed risk register to date;
- Strategic risk assessment with the Risk Management Committee and Council (Mayco);
- Fraud and Risk Detection workshop was held on 26-28 June 2019
- An Ethics workshop was hosted on 3-5 June 2019 where all municipalities in the district was invited.
- Attended a training program on local Government Anti-Corruption Strategy and Municipal Integrity Management Framework on 11-12 February 2019.
- Continuous emphasis on fraud and corruption risks and the related risk action plans;
- Monitor the risk management implementation plan;
- Engaging and involving all levels of management with the risk management activities;
- Quarterly updates on risk action plans by managers and monitoring by the Risk Management Unit.
- Compilation of the Combined Assurance Model based on the Combined Assurance Policy Framework adopted by Council;
- Participation in the Overberg District Internal Audit and Risk Management Forum;
- Skills development of the Risk Officer Intern in the area of enterprise risk management and combined assurance through attendance and successful completion of a short course.
- Improved co-operation between the Risk Management Unit and Internal Audit, reducing duplication, increasing the sharing of risk information and improving assurance coverage, while respecting Internal Audit's independence;
- Risk Management Committee performance evaluation through individual assessments by the members in the form of a questionnaire;
- Adding value of "best practice" developments to the Fraud and Risk Management Committee (FARMC). Review of the risk register, incident and emerging risks and corrupt, fraudulent and unethical incidents are now standard agenda items for Risk Management Committee meetings.
- Provided recommendations for improvement of the software being utilised (Ignite Risk Assist Module);
- Risk management is a standing agenda item at the Audit and Performance Audit Committee meetings, where the Chairperson of the Fraud and Risk Management Committee, Independent Audit Committee member of FARMC and Chief Risk Officer provide feedback.
- Risk management progress reports were submitted to the Strategic Portfolio Committee
- Quarterly Risk report were submitted to all the Portfolio Committee meeting (and if required to Council).

Planned areas for future focus from 2019/2020 includes:

- Fill vacant CRO post.
- Revision of all risk related documents



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PERFORMANCE MANAGEMENT

The Municipality has a functional Performance Management System in place. The unit is capacitated with one incumbent who is responsible for the entire function, strategically and operational, which includes the Service Delivery Budget and Implementation Plan (SDBIP) and individual performances management. During October 2019 individual performance agreements were concluded with employees on recognized and placed positions down to the lowest level in line with the SDBIP. The unit is also responsible for the compilation of the Annual Report and to facilitate the performance assessments of the Municipal Manager and Directors.

Performance assessments were done bi-annually with staff and the performance assessment of the Municipal Manager and Directors took place in terms of their performance contracts. To give effect to the performance results on the SDBIP, the quarterly performance report is combined with the Section 52(d) report in terms of the MFMA. The mid-year budget and performance report, compiled in collaboration with the Budget and Treasury Offices, resulted in the adjustment of the Budget and SDBIP.

No formal evaluation was done by Council of its own performance and that of its committees, the Speaker and its individual members. Performance evaluations may be implemented in the future. Training was attended to strengthen the knowledge and trends on performance management during the year.

The Performance Management Unit experienced a **challenge** with human capacity as it is staffed by only one employee.

Vacancies for these functions will be filled as and when budget allows. Employees are yet to be placed and outstanding job evaluations to be finalized. (Chapter 4 (4.1))

PROCUREMENT SERVICES – Part of Financial Services - nr. 3.13

Table 49: Financial Performance 2018/19 Support

Financial Performance 2018/19 Support							R'000
Details	2017/18	2018/19					
	Actual	Original Budget	Adjustment Budget	Actual	*Variance to Budget	Variance to Budget (R)	
Total Operational Revenue	559	1 222	1 222	408	-67%	(813)	
Expenditure:							
Employees	4 567	6 770	7 105	5 233	-23%	(1 537)	
Repairs and Maintenance							
Other	1 935	2 990	2 602	1 626	-46%	(1 364)	
Total Operational Expenditure	6 502	9 761	9 707	6 859	-30%	(2 901)	
Net Operational Expenditure	(5 943)	(8 539)	(8 485)	(6 451)	-24%	2 088	

**Variances are calculated by comparing the Actual and Original Budget.*

Table 50: Capital Expenditure 2018/19 Support

Capital Expenditure 2018/19 Support							R' 000
Capital Projects	2018/19						
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Variance to Original Budget (R)	
Total All	216	202	106	-51%		(110)	

COMMENT ON THE PERFORMANCE OF SUPPORT, COMMITTEE SERVICES, RECORD MANAGEMENT, PROPERTY MANAGEMENT AND PERFORMANCE AND RISK MANAGEMENT OVERALL

Support Services managed to perform their functions within its allocated operating budget. The underperformance in revenue was due to the vacancy of the CRO - Risk Management Shared Services function. The users of the function are only billed on the actual expense.



DETAILED PERFORMANCE REPORT FOR 2018/2019 PER STRATEGIC OBJECTIVE/GOALS

DETAILED PERFORMANCE REPORT FOR 2018/2019**Strategic Goal 1 (SG1)A2:P10****To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure**

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL21	Take domestic drinking water samples in towns and communities to monitor water quality (SAN 241 as amended)	Number of samples taken per annum	All	543	480	130	110	120	120	480	611	G2	611 Samples were taken. Additional samples were due to the non-compliance of water quality in municipal areas, which needed follow-up monitoring and additional points	None Required
TL22	Take food samples to monitor the quality of Food into the FCD Act and legislative requirements	Number of samples taken per annum	All	386	400	0	0	0	400	400	418	G2	418 Samples were taken. To prevent food bone diseases follow-up samples were taken	None Required
TL23	Inspect waste management sites wrt generators and couriers of medical waste according to Municipal Health By-Law of Council	Number of sites inspected per annum	All	153	120	0	60	0	60	120	141	G2	141 Inspections were executed. The opening of new premises and follow-ups resulted in more inspections done than planned	None Required
TL24	Take water sample at Sewerage Final Outflow to monitor water quality (SAN 241 as amended)	Number of samples taken per annum	All	144	160	40	40	40	40	160	175	G2	175 Samples were taken. Extra monitoring was needed due to non-compliance	None Required
TL25	Inspect Food Premises according to Regulation R.962 ⁽⁴⁾	Number of food Premises inspected per annum	All	1682	1,560	390	390	390	390	1,560	1,696	G2	1696 Inspections were done. The applications for new food premises resulted in more inspections done than planned	None Required

(4) R.962 was replaced by R.638 and Food Premises inspections were done accordingly.



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Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL27	Report quarterly to the Community Services Portfolio Committee on the activities of the Municipal Coastal Committee	Number of reports submitted per annum	All	4	4	1	1	1	1	4	4	G	4 quarterly reports were submitted	None Required
TL28	Report annually to the Community Portfolio Committee on the outcome of Karwyderskraal Landfill site adherence to the permit conditions by June 2019	Report submitted to the Community Portfolio Committee	All	4	1	0	0	0	1	1	1	G	Audit Report tabled on 24/06/2019, Item 7.1 Compliance to licence conditions - 97,8%	None Required
TL29	Report quarterly to the Community Portfolio Committee on the activities of the Regional Waste Forum	Number of reports submitted per annum	All	4	4	1	1	1	1	4	4	G	4 quarterly reports were submitted	None Required
TL31	Develop cell 4 at Karwyderskraal Landfill site by June 2019	Cell 4 developed	All	0	1	0	0	0	1	1	1	G	Cell 4 development completed on 25/04/2019 and signed off on 02/05/2019	None Required
TL32	Table the revised Disaster Risk Management Plan to Council by 30 June 2019	Revised Disaster Management Plan tabled to Council	All	1	1	0	0	0	1	1	1	G	The revised Disaster Risk Management Plan was tabled to Council on 24/06/2019, item A351	None Required
TL33	Table to Council the revised Disaster Management Framework by 30 June 2019	Revised Disaster Management Framework tabled to Council	All	1	1	0	0	0	1	1	1	G	The revised Disaster Management Framework tabled to Council on 24/06/2019, item A350	None Required
TL34	Revised Safer Communities Project Plan and tabled to Community Services Portfolio Committee by December 2018	Revised Safer Community Project Plan tabled	All	0	1	0	1	0	0	1	1	G	Plan was tabled to Community Services Portfolio meeting on 19/11/2018, item 9.2	None Required



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Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL35	Present Revised Festive and Fire Season Readiness Plan by 1 December 2018 to DCF Tech	Revised Festive and Season Readiness plan presented	All	1	1	0	1	0	0	1	1	G	Plan was presented to the DCF Tech meeting held on 09/11/2018, item 5.4	None Required
TL36	Construction of a Fire Station at Caledon by June 2019	Fire Station constructed	All	New	0	0	0	0	0	0	0	N/A	However, the lowest tender amount exceeded the budgeted amount. Project commenced, and an amount of R290 000 was spent during the year	Target to be rolled over to next financial year
TL37	Report quarterly to the DCF Tech on drought and water security	Number of drought and water security reports submitted per annum	All	New	4	1	1	1	1	4	4	G	Reported on DCF Tech meetings held on 7/09/2018, 9/11/2018, 7/03/2019 and the fourth report was mailed to the DCF Tech Members	None Required
TL38	Facilitate integrated fire management sessions with land owners in the Overberg by June 2019	Number of sessions facilitated per annum	All	New	8	0	0	0	8	8	9	G2	9 Fire management sessions held. Due to extensive fire season, additional engagement was held	None Required
TL39	Rehabilitation of road DR 1286 (Krige) by June 2019	Number of kilometers road rehabilitated per annum	2	0	3.72	0	0	0	3.72	3.72	3.72	G	Project Completed 22/03/2019	None Required
TL40	Kilometers of gravel roads to be regravelled	Number of kilometers road regravelled per annum	All	50.22	40.86	9.67	9.3	9.04	12.85	40.86	43.36	G2	43.36 km of roads were regravelled. Close proximity of gravel pits near regravell projects resulted in more km being regravelled	None Required



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Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL41	Kilometers of gravel roads to be bladed	Number of kilometers roads bladed per annum	All	6242.5	6,000	1,800	1,350	1,300	1,550	6,000	6,812.49	G2	6812.49 km of roads were bladed. Due to weather and road conditions extensive blading was required. An additional grader maintenance team was established to improve service delivery which resulted in more km's bladed	None Required
TL42	Submit annually business plan for provincial roads budget allocation to Dept of Transport and Public Works by 31 March 2019	Annual business plan submitted	All	1	1	0	0	1	0	1	1	G	Business plan was submitted to Dept Transport and Public Works (Paarl) and acknowledge receipt of Budget and Business Plan on 27/02/2019	None Required

Strategic Goal 2 (SG2)

To promote regional economic development by supporting initiatives in the District for the development of a sustainable district economy

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Revised Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL19	Coordinate and facilitate two SCM/LED Open days by 30 June 2019	Number of SCM/LED open days coordinated and facilitated per annum	All	2	2	0	0	0	2	2	2	G	Open-days held on: 6/06/2019 - Swellendam and 27/06/2019 at Bredasdorp	None Required
TL20	Invite service providers to register on the suppliers database by 30 June 2019	Invitation placed in local media	All	0	1	0	0	0	1	1	1	G	Invitation published in the media on 12 & 14 February 2019	None Required



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Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL26	Coordinate EPWP training campaigns on municipal health matters in the Overberg by June 2019	Number of EPWP participants trained per annum	All	New	300	75	75	75	75	300	308	G2	308 Participants were trained on municipal health matter. Savings resulted that more jobs could be created.	None Required
TL30	Create temporary job opportunities through the alien vegetation clearing initiatives by 30 June 2019	Number of job opportunities created per annum	All	44	15	0	0	0	15	15	15	G	15 Temporary job opportunities were created through the Nuwejaars River project	None Required
TL43	Finalised the development of District RED & Tourism Strategy and submit to Council by June 2019	District RED & Tourism Strategy submitted to Council	All	0	1	0	0	0	1	1	1	G	RED/Tourism Strategy was approved by Council on 24/06/2019, Item A353	None Required
TL44	Create temporary job opportunities through the municipality's EPWP programme by 30 June 2019 (Reg)	Number of temporary jobs created during the financial year	All	741	450	0	0	0	450	450	743	B	743 work opportunities created Own funds were made available and short projects made it possible to create more work opportunities	None Required
TL45	Report to the Community Portfolio Committee by December 2018 on the process of Blue Flag status for ODM Resorts	Blue Flag status progress report tabled	All	New	1	0	1	0	0	1	1	G	Blue Flag Status report was submitted on 19/11/2018, item 10.4	None Required
TL46	Conclude MOU with Department of Social Development by 28 February 2019	MOU signed	All	New	1	0	0	1	0	1	1	G	MOU concluded on 19/02/2019	None Required



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Strategic Goal 3 (SG3)

To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Revised Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL1	People from employment equity target groups employed in the three highest levels of management in compliance with the approved Employment Equity Plan, by 30 June 2019 (Reg)	Number of people employed in the three highest levels of management per annum	All	1	1	0	0	0	1	1	1	G	Manager: SCM was appointed (01/03/2019)	None required
TL10	Coordinate health & safety evacuation drills at ODM workstations by 30 June 2019	Number of drills coordinated per annum	All	3	2	0	0	0	2	2	2	G	Evacuation drills were held on: 22 January 2019 10 June 2019	None required
TL11	Percentage of Municipal budget actually spend on the implementation of the Workplace Skills Plan by 30 June 2019 (Reg)	% of budget spent on the WSP per annum (Actual spent on Training/Total Budget)	All	0.35%	0.20%	0%	0%	0%	0.20%	0.20%	0.10%	R	(198789.36/203903528) = 0.10% Some of the training that was budgeted for, was for free. Due to the insignificants of the allocations to different section resulted in under spending	Training budget centralised to 1 vote to ensure better management and spending of funds

Strategic Goal 4 (SG4)

To attain and maintain financial viability and sustainability by executing accounting services in accordance with National policy and guidelines

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Revised Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL13	Measured financial viability in terms of the municipality's ability to meet it's service debt obligations by 30 June 2019 (Debt coverage) (Reg)	% the municipality was able to meet it's Debt obligation ((Total operating revenue received - operating grants)/debt service payments))	All	1424.00%	30%	0%	0%	0%	30%	30%	1699%	B	(217324688-93654452-1483000-73374602)/2872212*100 = 1699.48% Ratio = 16.99:1 Revenue increased due to actuarial gain	None required



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Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Revised Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL14	Measured financial viability in terms of the available cash to cover fixed operating expenditure by 30 June 2019 (Cost coverage) (Reg)	Number of days Cash were available to cover fixed operating expenditure ((All available cash at a particular time + investments)/monthly fixed operating expenditure)	All	72.7	60	0	0	0	60	60	66	G2	38447976/17459223.08 = 2.17 months = 66. days Unspent loan amount results in more cash available at year end	None required
TL15	Measured financial viability in terms of percentage outstanding service debtors by 30 June 2019 (Service Debtors) (Reg)	% Outstanding service debtors per annum (Total outstanding service debtors/annual revenue received for services)	All	11.75%	9%	0%	0%	0%	9%	9%	19.26%	R	3913738/(2102464+15201012+3012387) = 19.26% June charges on Karwyderskraal and fire services rendered were still outstanding at the end of the financial year	Baseline and Target to be adjusted in the next financial year SDBIP - due to additional charges
TL16	Report on Percentage Capital budget actually spend on capital projects by 30 June 2019 (Reg)	% of capital budget actually spent on capital projects for the annum (Actual spent on capital projects/Total capital budget)	All	119.29%	95%	0%	0%	0%	95%	95%	116%	R	(36981856/31868590)*100 = 116% Capitalisation of rehabilitation cost for Cell 4 (Landfill Site) not budgeted for - non cash item	Must budget for rehabilitation cost
TL17	Compile and submit Annual Financial Statements to the Auditor-General by 31 August 2018	Annual Financial Statements submitted to the Auditor-General	All	1	1	1	0	0	0	1	1	G	AFS submitted on 31 August 2018	None required
TL18	Report bi-annually to Council on the performance of service providers for quotations and tenders above R30000	Number of reports submitted to Council per annum	All	2	2	0	1	0	1	2	2	G	Reports were tabled to Council on: 3/12/2018, Item A296 & 27/05/2019, Item A341	None required



Strategic Goal 5 (SG5)

To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation

Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Revised Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL2	Develop a Risk-based Audit Plan (RBAP) for 2019/20 financial year and table to the Audit and Performance Audit Committee by June 2019	Annual RBAP developed and tabled	All	1	1	0	0	0	1	1	1	G	Risk Based Audit Plan was approved by Audit and Performance Audit Committee on 18/06/2019	None required
TL3	Execute audit projects in terms of the Risk Base Audit Plan (RBAP)	Number of audits executed per annum	All	18	14	3	4	4	3	14	17	G2	17 Audits were executed. Adhoc requests resulted in more internal audits	None required
TL4	Facilitate awareness campaigns on the IDP by June 2019	Number of IDP awareness campaigns facilitated per annum	All	2	2	0	0	0	2	2	2	G	IDP Awareness' presented to: *Agulhas School of Skills on 2/11/2018 * Swellendam Municipality Sector Engagement on 17/4/2019	None required
TL5	Publishing of External Newsletters bi-annually to Stakeholders	Number of external newsletters published per annum	All	2	2	0	1	0	1	2	2	G	2 External newsletters were published	None required
TL6	Table to Strategic Portfolio Committee a progress report at March 2019 on the legislative Review governing Ward Committees and Community Participation	Progress report tabled	All	New	1	0	0	1	0	1	1	G	Progress Report: Legislative Review tabled to Strategic Services Portfolio Committee on 19/11/2018, Item 7.4	None required



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Ref	KPI	Unit of Measurement	Wards	Previous Year Performance	Revised Target	Quarterly Target				Overall Performance for Sep 2018 to Jun 2019				
						Q1	Q2	Q3	Q4	Target	Actual	R	Comments	Corrective measure
TL7	Prepare Top Layer SDBIP for approval by Mayor within 28 days after the adoption of 2019/2020 budget	Top Layer SDBIP submitted to Mayor for approval	All	1	1	0	0	0	1	1	1	G	Budget was approved on 27 May 2019 Mayor approved TL SDBIP on 24 June 2019	None required
TL8	Review annually the Top Layer SDBIP to inform Council should a revised Top Layer SDBIP be necessary	SDBIP reviewed by January 2019	All	1	1	0	0	1	0	1	1	G	SDBIP was reviewed and recommendations for adjustments were made in the Mid-year Budget and Performance report which was tabled to Council on 28/01/2019, Item A309	None required
TL9	Report quarterly to the DCF Tech on the Shared Services Risk Management function	Number of reports submitted per annum	All	4	4	1	1	1	1	4	4	G	Report quarterly to the DCF Tech meetings	None required
TL12	Percentage of Statutory Committee agendas converted from paper to electronic version by June 2019	% of statutory committee agendas converted (Number of committees used paperless tool/Number of Statutory Committees)	All	new	50%	0%	0%	0%	50%	50%	0%	R	KPI not executed. Council discussed the KPI at a Council meeting held on 25/03/2019 and decided at meeting held on 27/05/2019 to changed the scope of the KPI to Paper reduction	KPI to be changed to address paper reduction and be rolled over to the next financial year



COMPONENT K: PERFORMANCE ASSESSMENT OF GOODS AND SERVICE PROVIDERS

Performance assessments were done throughout the 2018/2019 financial year on Providers who tendered or quoted on various tenders or quotations or provided a service or product through other SCM processes (all expenditure above R 30 000).

Table 51: Service providers assessed during the year

Name of Service Provider	Goods & Services Supply
AAD Truck & Bus	Deviation – Strip and Quote
AAD Truck & Bus (Pty) Ltd	Servicing & Repairs of Trucks
Afrimat Aggregates (Operations) (Pty) Ltd	Annual Tender – Road Surfacing Material
AJ Bandediens	Annual Tender – Tyres: New, Retreads, Tubes & Repairs
All Divisions (Pty) Ltd t/a SHAKAMAN	Drone for Fire Services
Allaboutxpert – Paracon	Minutes Solution
Altimax	Accounting Services
Arina Wilson	Annual Tender – Translations & Editing and Advertisements
AWV Project Management	Annual Tender – Grader Blades
Babcock Africa Services (Pty) Ltd	M1 / 2017: Supply and Deliver Spares, and Service, Repair and Overhaul of Motor Vehicles, Earthmoving and Construction Equipment by Original Equipment Manufacturers (OEM): Framework Agreement 2017 – 2020
Barloworld Equipment	M1 / 2017: Supply and Deliver Spares, and Service, Repair and Overhaul of Motor Vehicles, Earthmoving and Construction Equipment by Original Equipment Manufacturers (OEM): Framework Agreement 2017 – 2020
Beekman Super Canopies (Pty) Ltd	Supply Standard Highline Canopies to Fit 2018 Ford 2.2 Single Cab
Berleen Enterprises CC t/a Autacs	Annual Tender – Road Signs with Road Signs Bolts & Nuts
Bidvest Office t/a Bidvest Waltons	Annual Tender – Printing & Eycline Paper
Bradley Conradie Halton Cheadle	Appointment of a Legal Panel
Brand Universe	Annual Tender – Supply of Cement
Bright Idea Projects 322 CC	Upgrading of Toilet Facilities at the Municipal Health Services Offices in Swellendam
Brima Logistics (Pty) Ltd	Annual Tender – Courier Services
Bytes Technology	SLA – SAMRAS System
C.A Hanekom t/a CAL Construction	Eradication of Alien Invasive Vegetation on Karwyderskraal Landfill Facility
Cal Construction	Supply and Erecting of Vibracrete Fence at Uilenkraalsmond Resort
Caledon Supaquick	Annual Tender – Tyres: New, Retreads, Tubes & Repairs
CHM Vuwani Computer Solutions (Pty) Ltd	Various IT Equipment
Colas South Africa (Pty) Ltd	Annual Tender – Supply of Bitumen, Bitumen Emulsion and Primer.
DATATEGRA	Anti-Virus Software
Diesel Electric Cape RF (Pty) Ltd	Annual Tender – Filters for Implements / Vehicles
DYMOT Engineering Company (Pty) Ltd	Supply a Downstream Anchoring Winch for the New Malagas Pont
ELB Equipment Holdings Limited	M1 / 2017: Supply and Deliver Spares, and Service, Repair and Overhaul of Motor Vehicles, Earthmoving and Construction Equipment by Original Equipment Manufacturers (OEM): Framework Agreement 2017 – 2020



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Name of Service Provider	Goods & Services Supply
Emerald Infrastructure Solutions CC	Supply and Installation of Electrical Back-Up Components at the Karwyderskraal Weighbridge
Enderstein Van Der Merwe Inc.	Appointment of a Legal Panel
Equipment Spare Parts (Africa) (Pty) Ltd	M2 / 2017: Supply and Deliver Spares, and Service, Repair and Overhaul of Motor Vehicles, Earthmoving and Construction Equipment Framework Agreement 2017-2020.
Eveline Makatong	Cleaning Services
F.G Jacobs Transport CC	Annual Tender – Hire of Road Implements
F.G Jacobs Transport CC	Annual Tender – Road Surfacing Material
Fantastic Investments 456 CC t/a Hi Q Bredasdorp	Annual Tender – Tyres: New, Retreads, Tubes & Repairs
FG Uniforms CC	Supply & Delivery of Uniform & Personal Protective Equipment – 01 January 2017 to 30 June 2019
Fire Body Worx (Pty) Ltd / RAMCOM	Mechanical, Refurbishment and Auto Electrical Services for the Fire Fighting Vehicles for the period ending 30 June 2019
Fire Stuff 365 CC t/a Fire 24/7	Structuring of Incident Command Vehicle
First Technology Western Cape (Pty) Ltd	Office 365
Flowline Technology (Pty) Ltd	Supply and Installation of Floating Aerator – Uilenkraalsmond Resort Anaerobic Dam
Ford Motor Company of Southern Africa	Supply & Delivery of Sedan Vehicles, Light & Heavy Commercial Vehicles, Buses & Motorcycles to the State for the period 01 April 2016 - 31 March 2018
Gansbaai Aircon & Refrigeration	Annual Tender – Supply, Servicing and Installation of Air-Con
Genadendal Jackies Bazaar	Hiring, Servicing, Repairs and Supplies
Groenland Boeredienste	Deviation – Repairs to Vehicle
Healthy Worker Clinic (Pty) Ltd	Medical Certificate of Fitness for Affected Road Maintenance, Road Construction & Workshop Employees for the period 08 August 2016 to 30 June 2019.
Hein's Auto Electrical CC t/a MOLOTEK	Mechanical, Refurbishment and Auto Electrical Services for the Fire Fighting Vehicles for the period ending 30 June 2019
Hermanus Fire Extinguishers	Annual Tender – Supply, Servicing and Refilling of Fire Extinguishers and Hose Reels
High Power Equipment Africa Pty Ltd	M1 / 2017: Supply and Deliver Spares, and Service, Repair and Overhaul of Motor Vehicles, Earthmoving and Construction Equipment by Original Equipment Manufacturers (OEM): Framework Agreement 2017 – 2020
Ignite Advisory Services	SLA – Performance Management & Compliance System
Ithuba Industries	Annual Tender – Concrete Pipes, Concrete Channels, Box Culverts & Manholes
JG Afrika	Appointment of Consultants for Various Engineering & Groundwater Projects in the Overstrand Municipal area for a contract period ending 30 June 2019
Johannes De Villiers De Kock t/a Sunjomar Accountants	Lease of Office Space in Hermanus for a three-year period
John Macrobert Attorneys	Appointment of a Legal Panel
JPCE (Pty) Ltd	Appointment of Consultants for Various Engineering and Groundwater Projects in the Overstrand Municipal area for a contract period ending 30 June 2019
Juno Corp (Pty) Ltd	Hiring, Servicing, Repairs and Supplies
JVZ JV	Construction of New Cell 4 At Karwyderskraal Landfill
Kaap Agri	Annual Tender – Mechanical Services
Kleen It Factory Shop	Annual Tender – Cleaning Agents



CHAPTER 3

Name of Service Provider	Goods & Services Supply
Kruger & Blignaut Attorneys	Appointment of a Legal Panel
Labour Law Management Consulting CC	Chairpersons and Initiators Training
Langeberg Bande (EDMS) BPK t/a Supa Quick Swellendam	Annual Tender – Tyres: New, Retreads, Tubes & Repairs
Liquidwize WCP Joint Venture (Pty) Ltd	Annual Tender – Fuel
Lithotech PE George (Bidvest Paperplus (Pty) Ltd)	Annual Tender – Forms
Madge Computers (Pty) Ltd	Computer Equipment
Mafoko Security Patrols	Guarding and Security Services at the Overberg District Municipality's Bredasdorp and Caledon Premises
MC Agri	Annual Tender – Mechanical Services
Metsy Motors	Annual Tender – Mechanical Services
Mubesko Africa	Accounting Services
Nashua Breede Vallei	Rental of Printers
NCC Environmental Services (Pty) Ltd	Provision of Ground Crews
Nedbank	Provision of Banking Services for the Period 2018 - 2023
Neil Lyners and Associates (RF) (Pty) Ltd	Appointment of Consultants for Various Engineering and Groundwater Projects in the Overstrand Municipal area for a contract period ending 30 June 2019
Nico Swart Consultancy (Pty) Ltd	Short – Term Insurance
Nissan South Africa	Supply & Delivery of Sedan Vehicles, Light & Heavy Commercial Vehicles, Buses & Motorcycles to the State for the period 01 April 2016 - 31 March 2018
Petra Kranenburg	Veldfire Cause and Origin Investigation
Pienaar Brothers (Pty) Ltd	Supply and Delivery of Protective Clothing and Footwear for a 3-year period
Piston Power Chemicals CC	Annual Tender – Oils & Grease
PNB Civil And Safety (Pty) Ltd	Annual Tender – Roads Sign - and Fencing Poles
Pro Heat and Energy Electrical	Service and Repairs to Boilers & Burners
Rodney Jacobs Holdings (Pty) Ltd t/a Auto Electro Dynamics	Mechanical, Refurbishment and Auto Electrical Services for the Fire Fighting Vehicles for the period ending 30 June 2019
RTC Control Systems (Pty) Ltd	Water Treatment: Chemicals – EOXIDE LQ 85%
Savannah Helicopters (Pty) Ltd	ADHOC Aerial Firefighting Services
SECMA Security (Pty) Ltd	Security Services at the Overberg District Municipality's Resorts
Simons Electric	Hiring, Servicing, Repairs and Supplies
Siyanda Business Solutions	Accounting Services
Sizwe Africa IT Group (Pty) Ltd	Mimecast Licenses
Sleba Enterprises (Pty) Ltd	Annual Tender – Fuel
SMEC South Africa	The Management & Implementation of the Rural Road Asset Management System within Cape Winelands for a period of three years
Soetmuis Agtien CC	Annual Tender – Black Refuse Bags
Soetmuis Vier BK t/a Kwik 'N Go	Annual Tender – Tyres: New, Retreads, Tubes & Repairs
Spinning Your Web (Pty) Ltd	Fire Station Web Based Application
Startune	Annual Tender – Roads Sign - and Fencing Poles
Startune	Tyres for Road Workshop
Startune (Pty) Ltd	Annual Tender – Grader Blades
Stevenridge	Supply & Delivery of Operational Gear & Uniforms



CHAPTER 3

Name of Service Provider	Goods & Services Supply
Stodart Trees CC	Eradication of Invasive Alien Vegetation at the Hangklip Area near Pringle Bay
Swift Silliker (Pty) Ltd	Food and Water Sample Analyses for the Period
The Business Zone	Annual Tender – Fuel
TOSAS (Pty) Ltd	Annual Tender – Supply of Bitumen, Bitumen Emulsion and Primer.
Tourvest Travel Services	Provision of Travel Agency Services for a period of three years
Tuboseal Services (Pty) Ltd	Replacement of Existing Pipe Systems Employing Specialised Trenchless Construction Technology: 01 July 2018 – 30 June 2020
TVM Konstruksie	Annual Tender – Hire of Road Implements
TVM Konstruksie	Annual Tender – Road Surfacing Material
TWK Communication CC	VOIP Telephone System
Uitkyk Diggers CC	Annual Tender – Hire of Road Implements
Uitkyk Diggers CC	Annual Tender – Road Surfacing Material
V Du Toit	Services –Ferry at Malgas for a Three-Year Period
Vodacom	Supply & Delivery of Mobile Communication Services to the State for the period 15 September 2016 to 31 August 2020
Vuka Construction	Eradication of Invasive Alien Vegetation Between Bredasdorp / Napier & N2 Stormsvlei / Swellendam
Water Solutions Southern Africa (Pty) Ltd	Pumps
Webber Wentzel	Appointment of a Legal Panel
Working on Fire (Pty) Ltd	ADHOC Aerial Firefighting Services
Zeda Car Leasing (Pty) Ltd t/a Avis Fleet	Rental of Vehicles

Results: All performance ratings done on service providers were positive and services and goods rendered to the Municipality were satisfactory and at an acceptable standard.



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

The Municipality's organisational development function is as follows:

Office of the Municipal Manager		
<ul style="list-style-type: none"> • Performance & Risk Management • Internal Audit • IDP & Communication 		
Directorate Finance <ul style="list-style-type: none"> • Income, Expenditure • Financial Services • Supply Chain Management • Information Technology Services 	Directorate Corporate Services <ul style="list-style-type: none"> • Human Resources • Support Services • Committee Services, Records Management and Councilor Support • Legal Services 	Directorate Community Services <ul style="list-style-type: none"> • Roads (Agency function) • Municipal Health • Environmental Management • Social Development • Emergency Services • LED, Tourism, Resorts and EPWP

Employees are appointed through a recruitment and selection process. Qualification and experience are matched with the job requirements to ensure that the employees have the necessary skills and knowledge to fulfil their duties.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS; TURNOVER AND VACANCIES

Table 52: Employees total

Description	Employees				
	2017/2018	2018/2019			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Roads	174	216	181	35	16%
Planning (IDP/Communications)	1	3	2	1	33%
Environmental Management	4	4	4	0	0%
Municipal Health Services	21	37	22	15	41%
Emergency, Fire and Disaster Services	48	102	46	56	55%
Social Development	0	1	0	1	100%
LED, Tourism, Resorts and EPWP	24	32	24	8	25%
Office of Municipal Manager/Executives	3	6	3	3	50%
Internal Audit	2	3	2	1	33%
Finance	16	24	17	7	29%
Human Resources	3	5	3	2	40%
Legal Services	0	1	0	1	100%
Support Services, Committee Services, Records Management & Council Support	9	12	9	3	25%
ICT Services	1	3	2	1	33%
Performance Management & Risk Management	1	2	1	1	50%
Shared Services – Risk Management	1	2	0	2	100%
No position / Org structure not clear	*3		*3		
Totals	311	453	319	137	30%
Calculation: Employees and Approved posts number at 30 June 2019					
*2 Resorts, 1 Finance Department					



CHAPTER 4

On 30 June 2019, 9 employees are not placed, and 14 positions are without a job description, as a result of the revision of the organisational Structure as approved.

Occupational levels

The total number of **employees (including employees with disabilities)** in each of the following **occupational levels**.

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Table 53: Occupational Levels

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management (Level 23-26)	0	1	0	2	0	0	0	0	0	0	3
Senior Management (Level 16-22)	0	0	0	4	0	0	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management (Level 14-15)	0	2	0	6	1	3	0	2	0	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Level 9-13)	3	18	0	14	2	11	0	6	0	0	54
Semi-skilled and discretionary decision making (Level 4-8)	46	59	1	9	6	20	0	3	0	0	144
Unskilled and defined decision making (Level 1-3)	25	35	0	8	14	16	0	2	0	0	100
TOTAL PERMANENT	74	115	1	43	23	50	0	13	0	0	319
*Temporary employees	8	54	0	7	8	36	0	1	0	0	114
GRAND TOTAL	82	169	1	50	31	86	0	14	0	0	433

*The number of EPWP employees at 30 June 2019 forms part of the temporary employees.

Table 54: Turn-over Rate

Turn-over Rate			
Details	Total Appointments from beginning of Financial Year No.	Terminations during the Financial Year No.	*Turn-over Rate
2016/2017	25	32	11%
2017/2018	43	12	4%
2018/2019	47	23	7.2%
*Calculation: Terminations/by total number of active employees at 30 June 2019			
*Total appointments include the appointments of Internal employees/candidates			

COMMENT ON VACANCIES AND TURNOVER

The turn-over rate experienced was the result of retirements, ill-health, death and resignations.



INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Local Labour Forum serves as a tool to ensure working relations between the workforce, management and council. The workforce is represented by Trade Union members who serve on various committees. The workforce is also governed by collective agreements.

4.2 POLICIES

Table 56: Human Resources Policies and Plans

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted/reviewed by council or comment on failure to adopt
1	Bursary and Study Aid Policy	100%	100%	5 December 2017
2	Cellular Tablet and Data Policy	100%	100%	27 July 2015
3	Dress Code Policy	100%	100%	27 July 2015
4	Employee Assistants Programme	100%	100%	27 July 2015
5	Financial Support for Driving Lesson	100%	100%	5 December 2017
6	HIV/Aids Policy	100%	100%	18 June 2012
7	Occupational Health & Safety	100%	100%	27 July 2015
8	Overtime Policy	100%	100%	18 July 2018
9	Recruitment and Selection Policy	100%	100%	28 September 2012
10	Sexual Harassment Policy	100%	100%	5 December 2017
11	Skill Retention Policy	100%	100%	27 July 2015
12	Smoking Policy	100%	100%	27 July 2015
13	Substance Abuse Policy	100%	100%	5 December 2017
14	Task Job Evaluation Policy	100%	100%	3 December 2012
15	Travel & Subsistence Policy	100%	100%	18 June 2012
16	Private work (Employees)	100%	100%	5 December 2017
17	Performance Management Framework Policy	100%	100%	5 December 2017
18	Time-off to attend funerals	100%	100%	5 December 2017
19	Remuneration Policy	100%	New	28 May 2018

COMMENT ON WORKFORCE POLICY DEVELOPMENT

Human Resources policies were developed to address principles and rules to guide decisions and achieve rational outcomes. Policies assist in both subjective and objective decision-making and guide all employees to comply with standards. Policies will be reviewed as and when necessary.



4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 57: Number and Cost of Injuries on Duty

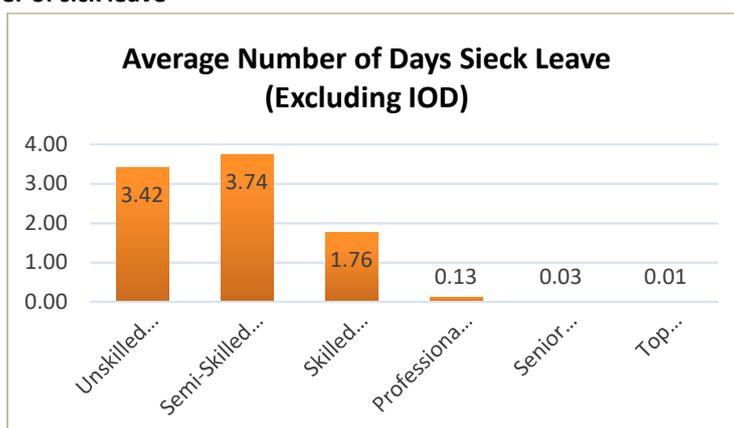
Number and Cost of Injuries on Duty				
Type of injury	Injury Leave Taken	Employees using injury leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	Days	R'000
Required basic medical attention only	277	22	12.6	R148
Temporary total disablement				
Permanent disablement				
Fatal				
Total	277	22	12.6	R148

Table 58: Number of days and Cost of Sick Leave

Number of days and Cost of Sick Leave (excluding injuries on duty)							
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost	Without medical certification
	Days	%	No.	No.	Days	R'000	Days
Unskilled and Defined Decision making (Levels 1-3)	1090	26%	88	100	3.42	R318	176
Semi-Skilled and Discretionary Decision making (Levels 4-8)	1194	37%	117	144	3.74	R496	340
Skilled Technical and Academically Qualified/Jnr Management/Supervisors/Foreman/Superintendent (Levels 9-13)	562	29%	43	54	1.76	R497	72
Professionally Qualified and Experience Specialists / Mid Management (Levels 14-15)	43	29%	10	14	0.13	R586	7
Senior Management (Level 16-22)	9	33%	3	4	0.03	R14	1
Top Management/ Executive (Level 23-26)	3	50%	1	3	0.01	R8	0
Total	2901	21%	262	319	9.09	R1 919	596

* - Number of employees in post at year-end

Figure 9: Average number of sick leave



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COMMENT ON INJURY AND SICK LEAVE

Sick leave taken by employees has service delivery and cost implications. By monitoring the record for sick leave and leave for injuries on duty, the employer can detect patterns or trends. The sick leave days increased from the previous year. (2018 – 2080 days) mostly due to dread diseases and disability applications. Corrective actions were taken when necessary.

Table 59: Suspensions

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
Head Supply Chain Management	Misconduct	15/12/2017	Dismissed	01 August 2018
Health and Safety Officer	Misconduct	05/10/2018	Employee resigned	30 Nov 2018
Senior Fire Fighter	Misconduct	01/02/2019	Ongoing/Pending – Outcome to be determined	Ongoing/Pending
Fire Fighter	Misconduct	01/02/2019	Ongoing/Pending – Outcome to be determined	Ongoing/Pending

Table 60: Disciplinary Action Taken on Cases of Financial Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the Municipality	Disciplinary action taken	Date Finalised
Official	Financial Misconduct and Gross negligence – R945.69	Suspended for 3-days without pay.	20 December 2018

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS

The Municipality has implemented a performance management system for S57 appointees, as required by Section 52 of the Constitution, Chapter 6 of the MSA and the MFMA. This is in accordance with the Municipal Systems Act, 2000 (Act. 32 of 2000), and Local Government Municipal Performance Regulation, 2006, which requires municipalities to adopt a performance management system. After the completion of the annual review of the IDP and the approval of the budget, the Municipality drafts the SDBIP in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. Performance assessments of the Municipal Manager and directors were dealt with in terms of their Performance Agreements. Performance Agreements were signed in the beginning of the financial year with personnel on recognized and placed positions and assessments are done bi-annually. The Performance Agreement of S57 appointees specify whether a performance bonus is applicable. There is no performance incentive system in place for the rest of employees and therefore, no rewards were made to the employees.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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



4.5 SKILLS DEVELOPMENT AND TRAINING

The table below indicates the number of employees, on the first four levels, that received training in the year under review:

Table 61: Skills Matrix

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2019	Number of skilled employees required and actual as at 30 June 2019											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2018	Actual: End of 2019	Target	Actual: End of 2018	Actual: End of 2019	Target	Actual: End of 2018	Actual: End of 2019	Target	Actual: End of 2018	Actual: End of 2019
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	1	3	3	0	0	0	1	3	3
Councillors, senior officials and managers	Female	11	0	0	0	3	11	11	1	0	0	4	11	11
	Male	26	0	0	0	9	26	26	0	0	0	9	26	26
Technicians and associate professionals	Female	1	0	0	0	1	1	1	1	0	0	2	1	1
	Male	3	0	0	0	0	1	1	0	0	0	0	1	1
Professionals	Female	14	0	0	0	12	14	14	0	0	0	12	14	14
	Male	13	0	0	0	13	13	13	0	0	0	13	13	13
Sub total	Female	26	0	0	0	16	26	26	2	0	0	18	26	26
	Male	45	0	0	0	23	43	43	0	0	0	23	43	43
Total		71	0	0	0	39	69	69	2	0	0	41	69	69



Table 62: Financial Competency Development: Progress Report

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)) (No entities)	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	1	1	0	1
Chief financial officer	1	0	1	0	1	0
Senior managers	12	0	12	12	0	12
Any other financial officials	5	0	5	2	0	2
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	0	1
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	20	0	20	16	1	16

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

In terms of Section 83 (1) and 119 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice R493 dated 15 June 2007.

All relevant officials completed the Municipal Minimum Competency Levels as required in terms of the Regulations on Minimum Competency Levels, 2007, except the CFO who must still complete 3 Unit Standards. Additional 3 Financial Interns are currently busy with applicable training.

A total amount of R462 550 was originally allocated for training, of which R198 790 was spent in the financial year. Some training that was budgeted for was provided by Provincial Departments at no cost.

The ODM reported on its Skills Development Plan to LGSETA on 18 April 2019, and the 2019/2020 plan was also submitted to the LGSETA.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The workforce expenditure is controlled by means of an approved staff establishment and a salary budget. Internal factors that influenced remuneration are organisational structure, job evaluations system and policies. Salaries are controlled by Bargaining Council Collective Agreements, legislation and a ministerial determination on the payment of Expanded Public Works Programme (EPWP) participants. The ODM also has a grant funding directive in place for EPWP. The Human Resource policies do not allow variable remuneration incentive schemes.



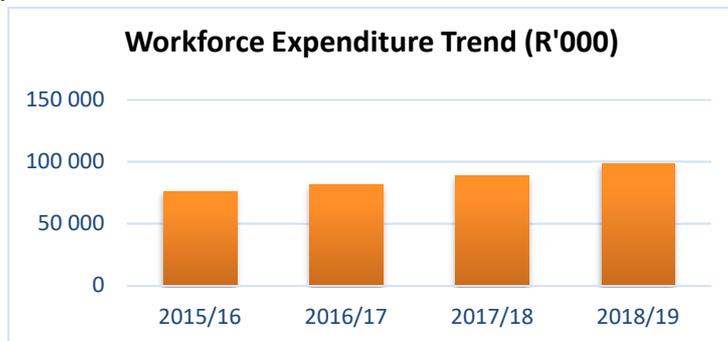
CHAPTER 4

In the general course of business, Council does not need to vote on the remuneration policy, the implementation report and the measures taken in response thereto. Consultants were not used for matters relating to remuneration. Detailed disclosure of the remuneration of Council and executive management is included in the annual financial statements.

Council approved a remuneration policy and relies on legislation and Bargaining Council Collective Agreements. Salaries of the Municipal Manager, CFO and Directors are regulated by legislation.

4.6 EMPLOYEE EXPENDITURE

Figure 10: Workforce Expenditure Trend



COMMENT ON WORKFORCE EXPENDITURE

The workforce expenditure for the year under review was 47.57% of the total operating expenditure, which is above the norm of 25 – 40%. Reason for the high percentage is that most of the function is labour intensive, e.g. the road function, fire and municipal health.

Table 63: Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation

Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation			
Number of employees	Job evaluation level	Remuneration level	Reason for deviation
1	T3	T4	TASK
1	T6	T8	TASK
1	T6	T9	TASK
1	T6	T7	TASK
2	T7	T9	TASK
5	T7	T8	TASK
1	T7	T10	TASK
1	T7	T11	TASK
1	T8	T9	TASK
4	T9	T11	TASK
2	T9	T10	TASK
3	T10	T11	TASK
1	T10	T12	TASK

Table 64: Employees appointed to posts not approved

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
Finance	T6	01 July 2017	1	Financial Intern permanently appointed after 3-year internship
Resort	T4	01 July 2015	1	Dispute



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

The TASK process will be ongoing as the only approved evaluation system.

DISCLOSURES OF FINANCIAL INTERESTS

Financial disclosures were made by the Municipal Manager, CFO, Director Community Services and Councillors. See **Appendix H**.



INTRODUCTION

During the period under review the Municipality managed to maintain a stable environment. The cash position enables the Municipality to deliver on operational commitments. The Municipality closed the year with a positive working capital surplus, however not all provisions are cash-backed. The cash balance increased by 4.72%, mainly due to an advance payment received from Provincial Department of Transport and Public Works for the roads agency function and an unspent amount of R4.9 million of a loan obtained.

The Municipality is mainly dependent on government grants, any fluctuations in the Equitable Share, allocations per the Division of Revenue Act, will impact directly on service delivery requirements from a perspective that 77.54% of the revenue source is funded from grants and transfer (including roads maintenance services) funding.

The total assets of the Municipality amount to R161.5 million with the current assets amounting to R44.3 million and the non-current assets amounting to R117.2 million respectively. The current assets mainly comprised of short-term investments and cash and cash equivalents and the non-current assets comprising mainly of property, plant and equipment.

The total liabilities of the Municipality amount to R139 million with the current position amounting to R31.9 million and the long-term liabilities amount R107.1 million. Assets, both current and non-current, exceed liabilities indicating that the Municipality will be able to cover all liabilities.

This chapter comprises four components:

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Cash Flow Management and Investment

Component D: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise. The Financial statements have been prepared in accordance with the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the MFMA.

The main reason for the financial position of the Municipality is that no significant own revenue source(s) has been developed or approved for District Municipalities. The Municipality is almost solely dependent on government grants. The Municipality is still experiencing challenges in cash-back provisions and depreciation. This will continue as the Equitable Share allocations for the MTREF is still not sufficient to cover mentioned areas.

Statements of Revenue Collection Performance by vote and by source are included in **Appendix I**.



5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Table 65: Financial Summary

Financial Summary							R' 000
Description	2017/18	Current Year: 2018/19		2018/19 Variance			
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Financial Performance							
Service charges	75	9 921	3 107	2 102	-78.81%	-32.33%	
Investment revenue	2 937	1 400	1 400	2 159	54.20%	54.20%	
Transfers recognised - operational	63 400	158 024	162 114	73 375	-53.57%	-54.74%	
Other own revenue	118 714	32 686	33 533	138 206	322.82%	312.15%	
Total Revenue (excluding capital transfers and contributions)	185 125	202 032	200 153	215 842	6.84%	7.84%	
Employee costs	91 113	105 553	98 630	101 195	-4.13%	2.60%	
Remuneration of councillors	6 142	6 169	6 326	6 264	1.54%	-0.97%	
Debt impairment	15	-	0	61	100.00%	614887.50%	
Depreciation & asset impairment	4 653	3 101	3 576	4 068	31.17%	13.77%	
Finance charges	7 999	5 625	6 673	9 081	61.43%	36.09%	
Contracted Services	14 517	19 699	16 856	15 512	-21.25%	-7.97%	
Transfers and grants	120	-	480	360	0.00%	-25.00%	
Other expenditure and materials	64 119	61 757	71 364	73 353	18.78%	2.79%	
Loss on disposal of PPE	17	-	-	2 844	100.00%	100.00%	
Total Expenditure	188 693	201 905	203 904	212 740	5.37%	4.33%	
Surplus/(Deficit)	(3 568)	127	(3 751)	3 102	2343.22%	-182.70%	
Transfers recognised - capital	890	1 483	4 183	1 483	0.00%	-64.55%	
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	(2 678)	1 610	432	4 585	184.77%	960.39%	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	
Surplus/(Deficit) for the year	(2 678)	1 610	432	4 585	184.77%	960.39%	
Capital expenditure & funds sources							
Capital expenditure							
Transfers recognised - capital	890	1 483	4 183	1 483	0.00%	0.00%	
Public contributions & donations	-	-	-	-	-	-	
Borrowing	-	26 977	22 356	22 316	-17.28%	-0.18%	
Internally generated funds	4 442	4 281	5 330	13 183	207.97%	147.35%	
Total sources of capital funds	5 332	32 741	31 869	36 982	12.95%	16.04%	
Financial position							
Total current assets	42 098	31 282	43 624	44 313	41.66%	1.58%	
Total non current assets	88 087	116 666	110 958	117 215	0.47%	5.64%	
Total current liabilities	33 015	24 432	28 756	31 882	30.49%	10.87%	
Total non current liabilities	79 238	114 979	111 474	107 129	-6.83%	-3.90%	
Community wealth/Equity	17 932	8 537	14 353	22 516	163.76%	56.88%	
Cash flows							
Net cash from (used) operating	9 441	8 256	5 656	(735)	-108.90%	-112.99%	
Net cash from (used) investing	(3 795)	(29 781)	(28 062)	(23 509)	-21.06%	-16.23%	
Net cash from (used) financing	(1 206)	24 956	25 219	25 976	4.09%	3.00%	
Cash/cash equivalents at the year end	36 715	25 167	39 528	38 448	52.77%	-2.73%	
Cash backing/surplus reconciliation							
Cash and investments available	36 715	25 167	39 528	38 448	52.77%	-2.73%	
Application of cash and investments	14 851	7 301	16 922	15 982	118.90%	-5.55%	
Balance - surplus (shortfall)	21 864	17 866	22 606	22 466	25.75%	-0.62%	
Asset management							
Asset register summary (WDV)	59 654	88 233	82 526	88 783	0.62%	7.58%	
Depreciation & asset impairment	4 653	3 101	3 576	4 068	31.17%	13.77%	
Renewal of Existing Assets	2 387	28 892	24 684	34 273	18.63%	38.85%	
Repairs and Maintenance	5 579	94 238	93 709	5 960	-93.68%	-93.64%	

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.



Table 66: Financial Performance of Operational Services

Financial Performance of Operational Services						
Description	2017/18	2018/19		2018/19 Variance		
	Actual	Original Budget (R)	Adjustments Budget (R)	Actual (R)	Original Budget (%)	Adjustments Budget (%)
Operating Cost						
Waste Management	2 919	7 279	4 816	5 142	-41.56%	6.33%
Component A: sub-total	2 919	7 279	4 816	5 142	-41.56%	6.33%
Roads	81 276	84 460	86 983	95 937	9.33%	9.33%
Component B: sub-total	81 276	84 460	86 983	95 937	11.96%	9.33%
Planning	1 086	1 655	1 284	1 223	-35.32%	-5.01%
Component C: sub-total	1 086	1 655	1 284	1 223	-35.32%	-5.01%
Human Development	–	–	–	–	–	–
Component D: sub-total	–	–	–	–	–	–
Environmental Management	2 060	2 616	2 544	2 354	-11.12%	-8.06%
Component E: sub-total	2 060	2 616	2 544	2 354	-11.12%	-8.06%
Health	12 401	14 290	14 092	13 836	-3.28%	-1.85%
Component F: sub-total	12 401	14 290	14 092	13 836	-3.28%	-1.85%
Fire Services and Disaster Management	25 708	27 483	27 415	28 130	2.30%	2.54%
Component G: sub-total	25 708	27 483	27 415	28 130	2.30%	2.54%
Sport and Recreation	18 584	15 220	18 048	18 205	16.40%	0.86%
Component H: sub-total	18 584	15 220	18 048	18 205	16.40%	0.86%
Executive & Council	11 357	10 617	10 601	10 599	-0.17%	-0.02%
Internal Audit	1 137	1 259	1 252	1 227	-2.55%	-2.00%
Financial Services	21 753	22 491	22 714	24 313	7.49%	6.57%
Human Resource Services	1 924	2 401	2 081	2 008	-19.62%	-3.65%
Support Services	6 502	9 761	9 707	6 859	-42.29%	-41.51%
Performance Management	–	–	–	–	–	–
ICT Services	1 987	2 375	2 366	2 907	18.30%	18.60%
Component G: sub-total	44 660	48 903	48 721	47 913	-2.07%	-1.69%
Total Expenditure	188 693	201 905	203 904	212 740	5.09%	4.15%



5.2 GRANTS

Table 67: Grant Performance

Grant Performance						
Description	2017/18	2018/19			2018/19 Variance	
	Actual	Original Budget (R)	Adjusted Budget (R)	Actual (R)	Original Budget (%)	Adjusted Budget (%)
Operating Transfers and Grants						
National Government:	61 958	72 778	73 039	71 923	-1.18%	-1.53%
Local Government Equitable Share	57 286	67 902	67 902	67 902	0.00%	0.00%
Finance Management	1 250	1 000	1 000	1 000	0.00%	0.00%
EPWP Incentive	1 142	1 125	1 125	1 125	0.00%	0.00%
Rural Roads Asset Management Grant	2 280	2 751	3 012	1 896	-31.08%	-37.04%
Provincial Government:	1 442	946	1 776	1 386	46.49%	-21.92%
Seta	146	100	100	133	33.37%	33.37%
Health Subsidy	164	150	150	162	7.67%	7.67%
Financial Management Support Grant	622	640	680	451	-29.55%	-33.69%
Greenest Municipality	70	-	-	-	-100.00%	-100.00%
CDW Operational Support Grant	25	56	62	3	-94.64%	-95.15%
Local Government Graduate Internship Grant	229	-	118	91	100.00%	-22.20%
Human Capacity Building Grant	185	-	666	546	100.00%	-18.03%
Total Operating Transfers and Grants	63 400	73 725	74 814	73 310	-0.56%	-2.01%

Variations are calculated by comparing the Actual and the Original/Adjustment Budget

COMMENT ON OPERATING TRANSFERS AND GRANTS

The Municipality received grants from the National and Provincial Government during the 2018/2019 financial year.

If the grant allocations to the Municipality do not increase significantly, or alternatively if an own revenue base is not broadened, this Municipality will struggle to meet its commitments in the future.

Appendix J indicates conditional grants received.

Table 68: Grants Received from Sources other than Division of Revenue Act

Grants Received From Sources Other Than Division of Revenue Act (DoRA)				
Details of Donor	Actual Grant 2017/18	Actual Grant 2018/19	Date Grant terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals				
SETA	127 373	202 345	On-going	Training as per WSP
Management Support	1 550 000	1 112 000	Once-off	Provincial allocation for financial management support
Municipal Capacity Building	400 000	4 183 000	Once-off	Provincial allocation for capacity building
CDW Operational Support	72 000	-	Once-off	Provincial allocation for community development workers
Greenest Municipality	70 000	-	Once-off	Provincial allocation

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The Municipality received, after application, several grants from the Provincial Administration Western Cape to develop and implement specific support programs.



Table 69: Asset Management 2018/2019

Asset Management 2018/19						
R thousands	2015/16	2016/17	2017/18	2018/19		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjustment budget	Audited outcome
Capital expenditure on new assets by Asset Class/Sub-class						
Infrastructure	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-
Community	93	-	-	-	2 900	290
Heritage assets	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Other assets	167	1 182	2 945	3 849	4 285	2 419
Agricultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Intangibles	99	174	-	-	-	-
TOTAL CAPITAL EXPENDITURE ON NEW ASSETS	360	1 357	2 945	3 849	7 185	2 709
Capital expenditure on renewal/upgrading of existing assets by Asset Class/Sub-class						
Infrastructure	88	-	-	27 477	23 256	22 421
Infrastructure - Road transport	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-
Infrastructure - Water	-	-	-	400	800	-
Infrastructure - Sanitation	88	-	-	100	100	105
Infrastructure - Other	-	-	-	26 977	22 356	22 316
Community	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
Other assets	3 129	5 425	2 373	1 415	1 428	11 852
Agricultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Intangibles	-	-	14	-	-	-
Total capital expenditure on renewal/upgrading of existing assets	3 216	5 425	2 387	28 892	24 684	34 273
Total capital expenditure						
Infrastructure	88	-	-	27 477	23 256	22 421
Infrastructure - Road transport	-	-	-	-	-	-
Infrastructure - Water	-	-	-	400	800	-
Infrastructure - Sanitation	88	-	-	100	100	105
Infrastructure - Other	-	-	-	26 977	22 356	22 316
Community	93	-	-	-	2 900	-
Other assets	3 296	6 607	5 318	5 264	5 713	14 271
Intangibles	99	174	14	-	-	-
Total capital expenditure - asset class	3 576	6 782	5 332	32 741	31 869	36 692
Asset register summary						
Infrastructure	22 119	11 602	12 051	38 054	33 619	32 826
Infrastructure - Road transport	402	2 344	2 200	2 059	1 965	2 045
Infrastructure - Electricity	332	382	358	316	293	333
Infrastructure - Water	1 040	1 019	956	1 345	1 736	888
Infrastructure - Sanitation	5 726	2 986	2 802	2 486	2 255	2 702
Infrastructure - Other	14 619	4 871	5 735	31 848	27 369	26 858
Community	1 210	30	29	3 001	2 915	28
Investment properties	261	13 114	13 060	-	1 199	12 880
Other assets	26 695	34 400	34 126	37 486	37 598	42 743
Intangibles	352	450	388	874	307	305
TOTAL ASSET REGISTER SUMMARY	50 636	59 595	59 654	79 415	75 637	88 783
EXPENDITURE OTHER ITEMS						
Depreciation & asset impairment	2 747	3 254	4 653	3 101	3 576	4 068
Repairs and Maintenance by asset class	6 337	8 349	5 579	94 038	93 521	5 960
Infrastructure	-	-	-	80 751	82 926	-
Infrastructure - Road transport	-	-	-	80 751	82 926	-
Infrastructure - Electricity	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-
Community	-	-	-	-	-	-
Other assets	6 337	8 349	5 579	13 287	10 596	5 960
TOTAL EXPENDITURE OTHER ITEMS	9 084	11 603	10 231	97 139	97 097	10 028



COMMENT ON ASSET MANAGEMENT

Maintenance of the assets of the Municipality is not satisfactory and no significant improvement can be foreseen within the near future. Serious financial constraints forced the Municipality to cut back on expenditure for repairs and maintenance. This resulted in the condition of the Municipality’s assets deteriorating at an alarming rate

Another concern is the infrastructure assets at the resorts.

Table 70: Repair and Maintenance Expenditure: 2018/19

Repair and Maintenance Expenditure: 2018/19				
	Original Budget (R)	Adjustment Budget (R)	Actual (R)	Budget variance
Repairs and Maintenance Expenditure	94 238	93 709	5 960	-93.68%

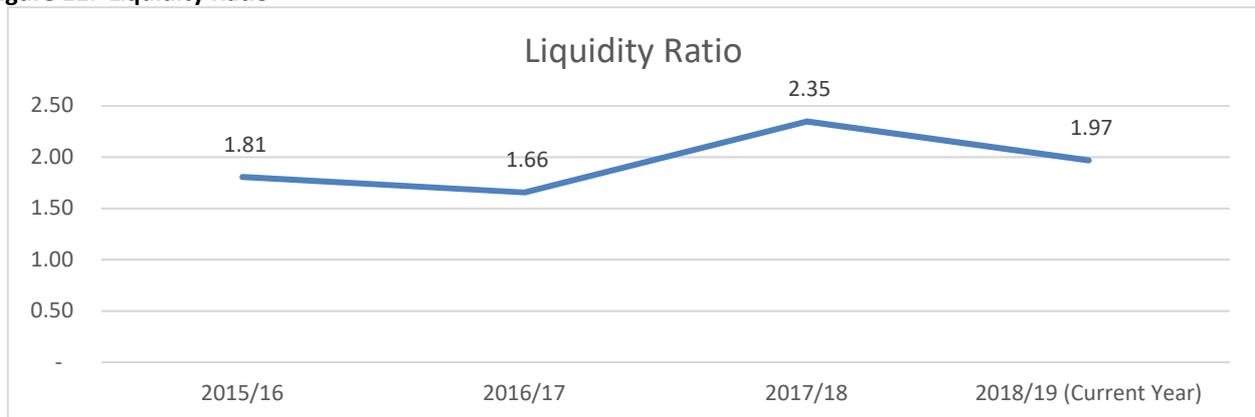
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The underspending on repair and maintenance was due to the following:

- (a) The roads maintenance actual expenditure was removed as requested by the Auditor-General due to disclosure requirements in terms of GRAP.
- (b) The budget could not be amended as it was approved by Council.

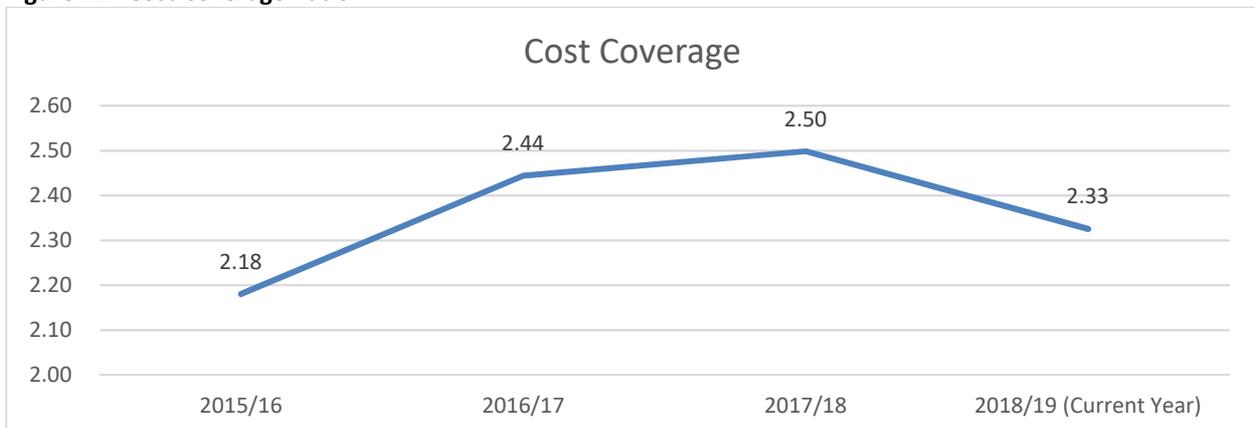
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Figure 11: Liquidity Ratio



Liquidity Ratio – Measures the Municipality’s ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the Municipality’s current liabilities. A higher ratio is better.

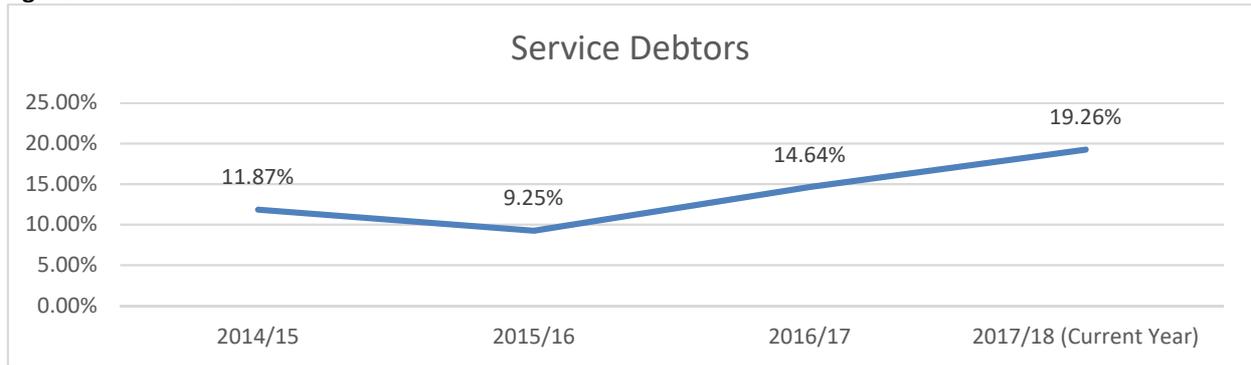
Figure 12: Cost Coverage Ratio



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants

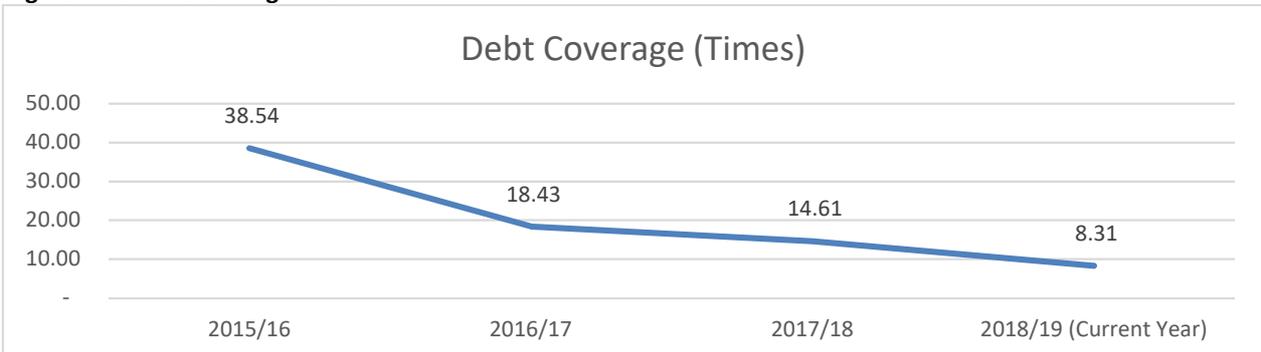


Figure 13: Service Debtors Ratio



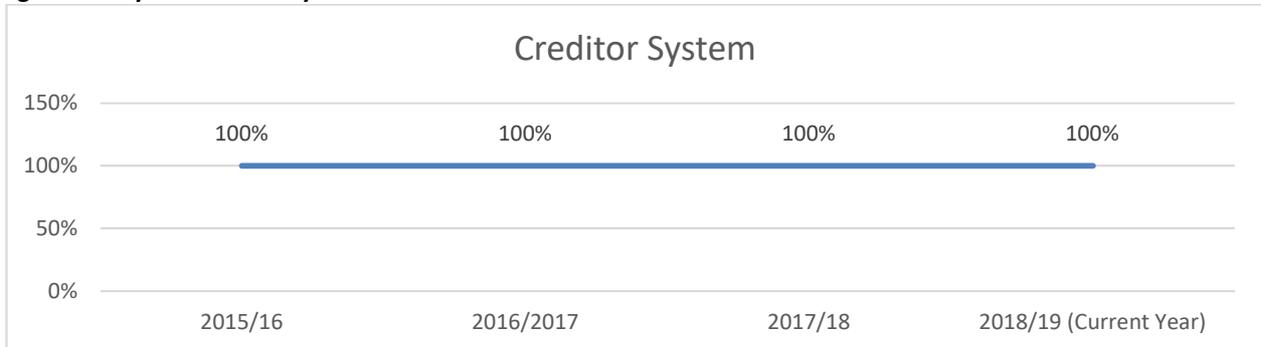
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Figure 14: Debt Coverage Ratio



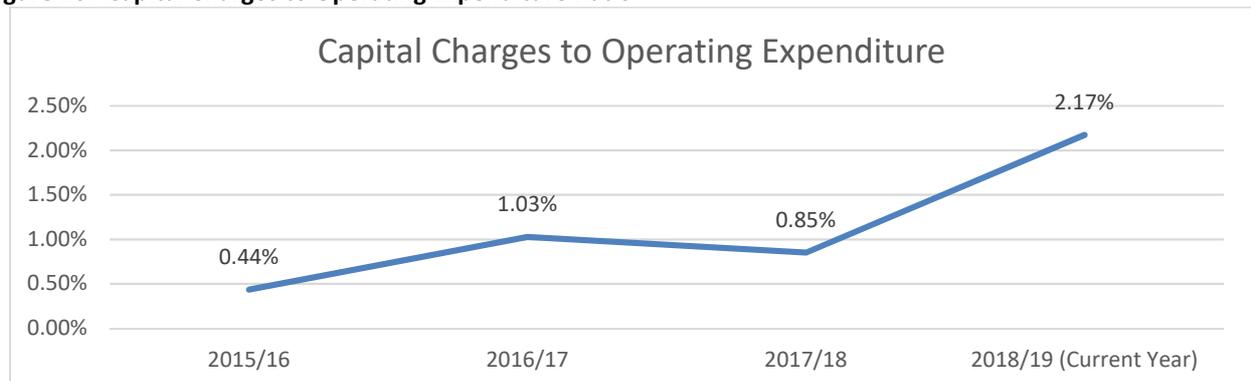
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the Municipality

Figure 15: System Efficiency Ratio



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

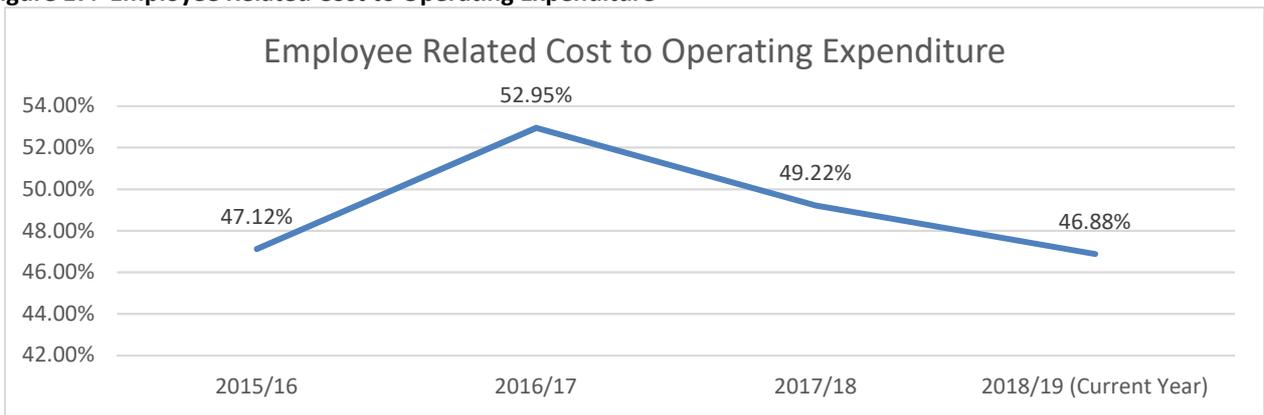
Figure 16: Capital Charges to Operating Expenditure Ratio



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

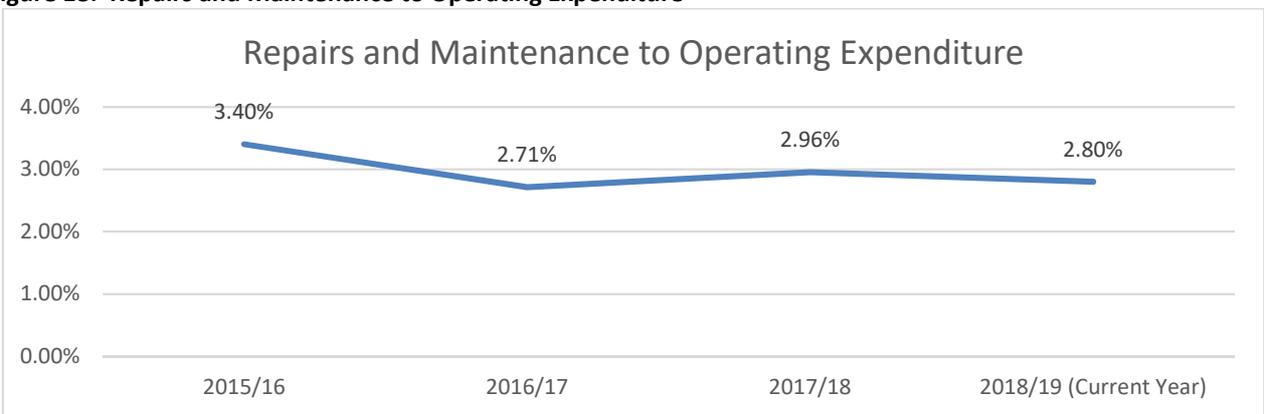


Figure 17: Employee Related Cost to Operating Expenditure



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

Figure 18: Repairs and Maintenance to Operating Expenditure



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

COMMENT ON FINANCIAL RATIOS

The liquidity ratio slightly declined due to the loan for the development of Cell 4 at Karwyderskraal. The dependence on grants causes the ratios to fluctuate unevenly as the Municipality has no control over the grants it will receive, thus resulting in expenditure levels being uneven from year to year. The funds received for the roads function especially fluctuates drastically and has a huge influence on expenditure incurred. The ratio is within the norm.

The services debtors’ ratio increased significantly due to outstanding debtors at year end for fire services rendered and waste management services provided to local municipalities.

The Municipality managed to decrease the % spent on employee related cost.

Capital charges increase due to obtaining a loan for the construction of a new cell at the regional landfill site. This is below the norm of 6%.

The Municipality manages to pay its creditors within 30 days.



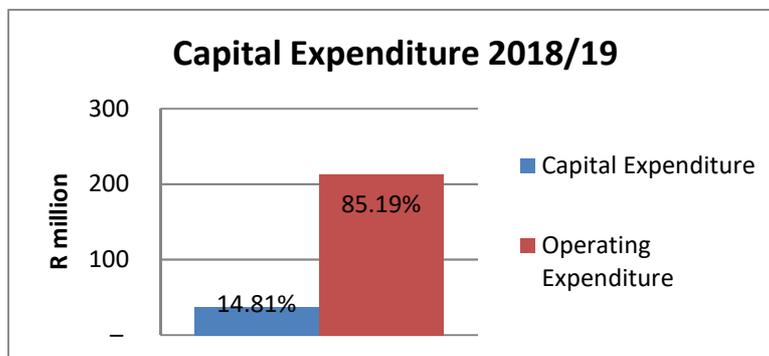
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Council envisaged that proceeds on the selling of properties would be used to fund essential capital expenditure.

5.5 CAPITAL EXPENDITURE

Figure 19: Capital Expenditure 2018/2019



5.6 SOURCES OF FINANCE

Table 71: Capital Expenditure - Funding Sources: 2017/18 to 2018/19

Capital Expenditure - Funding Sources: 2017/18 to 2018/19						
Details	2017/18	2018/19				
	Actual (R)	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans		26 977	22 356	22 316	0.00%	-17.28%
Public contributions and donations					0.00%	0.00%
Grants and subsidies	890	1 483	4 183	1 483	182.06%	0.00%
Other	4 442	4 281	5 330	13 183	24.51%	207.97%
Total	5 332	32 741	31 869	36 982	-2.66%	12.95%
Percentage of finance						
External loans	0.00%	82.40%	70.15%	60.34%	0.00%	-17.28%
Public contributions and donations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grants and subsidies	16.69%	4.53%	13.13%	4.01%	182.06%	0.00%
Other	83.31%	13.07%	16.72%	35.65%	24.51%	207.97%
Capital expenditure						-2.66%
Water and sanitation						
Electricity					0.00%	-1.33%
Housing					0.00%	0.00%
Roads and storm water	6			6	-68.36%	0.00%
Other	5 326	32 741	31 869	36 976	-9.20%	16.05%
Total	5 332	32 741	31 869	36 982	-2.66%	12.95%
Percentage of expenditure						
Water and sanitation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Electricity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Roads and storm water	0.11%	0.00%	0.00%	0.02%	0.00%	0.00%
Other	99.89%	100.00%	100.00%	99.98%	100.00%	99.87%



CHAPTER 5

COMMENT ON SOURCES OF FUNDING

The development of Cell 4 at Karwyderskraal landfill site was funded from an external loan. Other projects were funded from own funding and conditional grants received.

As per the Service level agreement between the Overberg District Municipality, Theewaterskloof and Overstrand Municipality; the loan obtained for the capital project related to the Cell 4 development at Karwyderskraal landfill site, will indirectly be covered by the participating municipalities.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

COMMENT ON CAPITAL PROJECTS

The largest capital project was the development of Cell 4 at Karwyderskraal landfill site.

Table 72: Capital Expenditure of the largest projects

Capital Expenditure of the largest projects*					
Name of Project	2018/2019 (R'000)			% Variance Current Year: 2018/2019	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Karwyderskraal Cell 4	26 977	22 356	22 316	17%	17%
<i>* Projects with the highest capital expenditure in 2018/2019</i>					

Name of Project	Construction of Cell 4 (Karwyderskraal)
Objective of Project	Create additional dumping capacity for Overstrand and TWK
Delays	N/A
Future Challenges	N/A
Anticipated citizen benefits	Create additional dumping capacity for Overstrand and TWK

Appendix L refers to capital programme per by department.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Not applicable.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Although the financial position has improved, it is still not satisfactory, and the Municipality will have to maintain strong financial management and discipline.



5.9 CASH FLOW

Table 73: Cash Flow Outcomes

Cash Flow Outcomes				
R'000				
Description	2017/18	2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Service charges	73	9 921	3 107	2 103
Other revenue	22 497	29 726	30 476	32 362
Roads Maintenance Services	86 637	–	–	87 586
Government - operating	63 834	158 024	160 002	74 152
Government - capital	890	1 483	4 183	4 183
Interest	2 901	1 400	1 400	2 228
Dividends			–	
Payments				
Suppliers and employees	(166 866)	(191 969)	(191 918)	(200 779)
Finance charges	(406)	(329)	(1 115)	(2 209)
Transfers and Grants	(120)	–	(480)	(360)
NET CASH FROM/(USED) OPERATING ACTIVITIES	9 441	8 256	5 656	(735)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	1 537	2 960	3 806	1 062
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(5 332)	(32 741)	(31 869)	(24 571)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(3 795)	(29 781)	(28 062)	(23 509)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	26 977	28 393	28 393
Increase (decrease) in consumer deposits	–	–	–	(4)
Payments				
Repayment of borrowing	(1 206)	(2 021)	(3 174)	(2 413)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 206)	24 956	25 219	25 976
NET INCREASE/ (DECREASE) IN CASH HELD	4 439	3 432	2 812	1 733
Cash/cash equivalents at the year begin:	32 276	21 735	36 715	36 715
Cash/cash equivalents at the year end:	36 715	25 167	39 528	38 448

COMMENT ON CASH FLOW OUTCOMES

The cash flow position of the Municipality remained stable during the year under review. The increase in cash balance is mainly due to unspent loan amount.

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

An external loan was raised to fund the development of Cell 4 at Karwyderskraal landfill site which resulted in an increase.



Table 74: Actual Borrowings: Year 2016/17 – 2018/19

Actual Borrowings Year 2016/17 to 2018/19			
	R' 000		
Instrument	2016/17	2017/18	2018/19
Municipality			
Long-Term Loans (annuity/reducing balance)	297	104	25 161
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	2 518	154	
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Municipality Total	2 815	258	25 161

Figure 20: Actual Borrowing

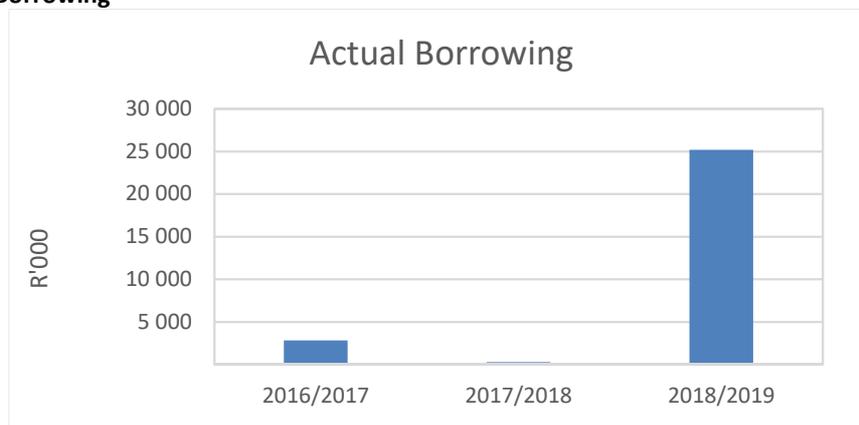


Table 75: Municipal Investments

Municipal Investments			
	R' 000		
Investment type	2016/17	2017/18	2018/19
	Actual	Actual	Actual
Municipality			
Deposits - Bank	32 271	36 708	38 441
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	32 271	36 708	38 441
Consolidated Total:	32 271	36 708	38 441



COMMENT ON BORROWING AND INVESTMENTS

Borrowing consists of an annuity loan of R25 million for the construction of cell 4 at Karwyderskraal Regional Landfill site.

The Municipality had short term investments at a bank. In line with the Municipality's policy, funds are only invested at financial institutions with a suitable grading.

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The Municipality has no Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

All Supply Chain Management (SCM) related policies were reviewed and the unit is functioning. Monthly, quarterly and annual reports have been submitted and performance evaluations on service providers were done on a bi-annual basis.

All required SCM employees reached the prescribed levels required for their positions by completing all the required MMC unit standards.

No Councillor forms part of the bid process.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognised **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.

The Municipality has fully implemented GRAP. The financial statement is compiled accordance to GRAP standard, as prescribed by die MFMA and are audited as such.



CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS

INTRODUCTION

In terms of Section 188 (1)(b) of the Constitution of the Republic of South Africa 1996 (Act 108 of 1996), the functions of the Auditor-General include auditing and reporting on the accounts, financial statements and financial management of all municipalities. Section 45 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), stipulates that the results of performance management must be audited annually by the Auditor-General.

The Auditor-General conducted the audit of this Municipality. The financial statements were submitted to them within the prescribed timeframes as determined by Section 126 (1)(a) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

COMPONENT A: AUDITOR-GENERAL OPINION ON FINANCIAL STATEMENTS 2017/2018

6.1 AUDITOR-GENERAL REPORT 2017/2018

Table 76: Auditor-General Report on Financial Performance Year 2017/18

Auditor-General Report on Financial Performance Year 2017/18	
Audit Report Status*:	Unqualified without findings
Non-Compliance Issues	Remedial Action Taken
The Municipality has no material findings on compliance with specific matters in key legislation as set out in the general notice issued in terms of the Public Audit Act	None
Internal Control Deficiencies	Remedial Action Taken
No deficiencies in internal control were identified.	None
Emphasis of matters	Remedial Action Taken
<u>Restatement of corresponding figures:</u> As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors discovered during the 2017-2018 financial year in the Financial statements of the Municipality at, and for the year ended, 30 June 2018	It was rectified during the Audit
<u>Underspending of grants:</u> As disclosed in note 21.08 of the financial statements, the Municipality materially underspent on conditional grant by R12,9 million (2016-17: R8, 9 million).	This was mainly due to an advance receipt at year-end from the Western Cape Department of Transport and Public Works for the road's agency function.

Table 77: Auditor-General Report on Service Delivery Performance 2017/18

Auditor-General Report on Service Delivery Performance 2017/18	
Audit Report Status:	Unqualified without findings
Non-Compliance Issues	Remedial Action Taken
There were no material findings on the usefulness and reliability of the reported performance information for the selected development priorities. Strategic objective 1 – To ensure the health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure.	
Attention is drawn to the Achievement of planned targets: Refer to the annual performance report on page 56-59 for information on the achievement of planned targets for the year.	



6.2 AUDITOR-GENERAL REPORT 2018/19

Table 78: Auditor-General Report on Financial Performance Year 2018/19

Auditor-General Report on Financial Performance Year 2018/19	
Audit Report Status*:	Unqualified with findings
Non-Compliance Issues	Remedial Action Taken
<p><u>Annual Financial statements</u> The financial statements were not prepared in all material respects in accordance with section 122(1) of the MFMA. Material misstatements in the disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit option</p> <p><u>Procurement and contract management</u></p> <ul style="list-style-type: none"> Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even through it was not impractical to invite bids, in contravention of SCM regulation 36(1) Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation. Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential regulation 8(5) 	<p>Completed</p> <p>The matters will be referred to the Committee who investigate unauthorised, irregular or fruitless and wasteful expenditure for consideration and recommendation to Council.</p> <p>The matters will be referred to the Committee who investigate unauthorised, irregular or fruitless and wasteful expenditure for consideration and recommendation to Council.</p> <p>The matters will be referred to the Committee who investigate unauthorised, irregular or fruitless and wasteful expenditure for consideration and recommendation to Council.</p> <p>Checklist to be compiled to identify the treatment of local content commodities</p>
Internal Control Deficiencies	Remedial Action Taken
<p><u>Regular, accurate and complete financial and performance reports</u> The financial statements contained numerous misstatements mainly due to staff not fully understanding the requirements of the financial reporting framework</p> <p><u>Compliance monitoring</u></p> <ul style="list-style-type: none"> The Municipality's systems of controls were not able to prevent, detect and correct invalid deviations when they occur. Monitoring and review controls were not sufficient to prevent non-compliance with the requirement of the Preferential Procurement Regulations 	<p>Misstatements were due to the interpretation of GRAP standards</p> <p>Will in future comply with prescripts</p> <p>Checklist to be compiled to identify the treatment of local content commodities</p>
Emphasis of matters	Remedial Action Taken
<p><u>Restatement of corresponding figures</u> As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2018 have been restated as</p>	Restatement done to rectify discrepancies of the previous year



<p>a result of errors discovered during 2018-2019 in the financial statements of the Municipality for the year ended 30 June 2019.</p> <p><u>Unauthorized, irregular, fruitless and wasteful expenditure</u> As disclosed in note 43.1 to the financial statements, the municipality incurred unauthorized expenditure of R16 424 967, due to overspending of the operation and capital budget votes mostly due to non – case items not accounted for in the budget</p> <p><u>An uncertainty relating to the future outcome of exceptional regulatory action</u> With reference to note 52.2 to the financial statements, the Municipality claimed VAT inputs relating to expenditure incurred on the Roads Maintenance function on the basis that they are a service provider, while in terms of the VAT Act the Municipality is considered an agent. This raised the possibility to repay the VAT claimed from SARS. The Municipality in process of engaging with SARS on the matter. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements</p>	<p>The irregular, and fruitless and wasteful expenditure will be referred to the Committee who investigate unauthorised, irregular or fruitless and wasteful expenditure for consideration and recommendation to Council. The unauthorized expenditure will be referred to Council.</p> <p>Noted, will be investigated and referred to SARS for clarification.</p>
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Table 79: Auditor-General Report on Service Delivery Performance 2018/19

Auditor-General report on Service Delivery Performance 2018/19	
Audit Report Status:	Unqualified
Non-Compliance Issues	Remedial Action Taken
<p>There were no material findings raised on the usefulness and reliability of the reported performance information for the selected development priorities.</p> <p>Strategic objective 1 – To ensure the well-being of all in the Overberg District through the provision of efficient basic services and infrastructure.</p>	
<p>Attention is drawn to the Achievement of planned targets: Refer to the annual performance report on page 50-53 for information on the achievement of planned targets for the year.</p>	

AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS 2018/2019

See **Appendix N** for the Auditor-General Report.

COMMENTS ON AUDITOR-GENERAL’S OPINION 2018/2019

The Municipality received an unqualified opinion. Unfortunately, certain matters raised prevented the Municipality from obtaining a clean audit report. Most of these matters relates to misstatements in the annual financial statement and material non-compliance.

The Auditor-General opinion is that the financial statements present fairly, in all material respects, the financial position of the Overberg District Municipality as at 30 June 2019, and its financial performance and cashflow for the year then ended in accordance with Standards of Generally Recognised Accounting Practice and the requirements of the MFMA and the Division of revenue act of South Africa.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

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

Appendix O - declaration of returns not made in due time.



GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor-General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Include 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.
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 “ <i>what we use to do the work</i> ”. These include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “ <i>what we wish to achieve</i> ”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “ <i>what we produce or deliver</i> ”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, 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)



GLOSSARY AND ACRONYMS

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

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ACRONYMS

<i>AEL</i>	<i>Atmospheric Emission License</i>
<i>AG</i>	<i>Auditor-General</i>
<i>ALD</i>	<i>Alderman</i>
<i>ANC</i>	<i>African National Congress</i>
<i>ASB</i>	<i>Accounting Standards Board</i>
<i>CFO</i>	<i>Chief Financial Officer</i>
<i>CLLR</i>	<i>Councillor</i>
<i>COMAF</i>	<i>Communication of Audit Finding</i>
<i>COSO</i>	<i>Committee of Sponsoring Organisations of the Treadway Commission</i>
<i>CPD</i>	<i>Continuing Professional Development</i>
<i>CRO</i>	<i>Chief Risk Officer</i>
<i>CSD</i>	<i>Central Supplier Database</i>
<i>CWP</i>	<i>Community Work Programme</i>
<i>DA</i>	<i>Democratic Alliance</i>
<i>DAPOTT</i>	<i>District Agri Parks Operational Task Team</i>
<i>DCAS</i>	<i>Department of Cultural Affairs and Sport</i>
<i>DCF</i>	<i>District coordinating Forum</i>
<i>DEDAT</i>	<i>Department of Economic Development and Tourism</i>
<i>DFRI</i>	<i>District Funding Research Initiative</i>
<i>DM</i>	<i>District Municipalities</i>
<i>DORA</i>	<i>Division of Revenue Act</i>
<i>EHP's</i>	<i>Environmental Health Practitioners</i>
<i>EPIP</i>	<i>Environmental Protection and Infrastructure Programme</i>
<i>EPMDS</i>	<i>Employee Performance Management and Development System</i>
<i>EPWP</i>	<i>Expanded Public Works Programme</i>
<i>FTEs</i>	<i>Full-Time Equivalents</i>
<i>GDPR</i>	<i>Gross Domestic Product Review</i>
<i>GRAP</i>	<i>Generally Recognised Accounting Practices</i>
<i>HPCSA</i>	<i>Health Profession Council South Africa</i>
<i>ICLEI</i>	<i>International Council for Local Environmental Initiative</i>
<i>ICT</i>	<i>Information and Communication Technology</i>
<i>IDP</i>	<i>Integrated Development Plan</i>
<i>IGR</i>	<i>Intergovernmental Relations</i>
<i>IIWG</i>	<i>IDP Indaba Working Group</i>
<i>IRMSA</i>	<i>Institute of Risk Managements South Africa</i>
<i>ISO</i>	<i>International Organisation for Standardisation</i>
<i>ITP</i>	<i>Integrated Transport Plan</i>
<i>KPI</i>	<i>Key Performance Indicator</i>
<i>LAB</i>	<i>Local Action for Biodiversity</i>
<i>LED</i>	<i>Local Economic Development</i>
<i>LG MTEC</i>	<i>Local Government Medium Term Expenditure Committee</i>
<i>LGSETA</i>	<i>Local Government Sector Education and Training Authority</i>
<i>LLF</i>	<i>Local Labour Forum</i>
<i>LTO</i>	<i>Local Tourism Offices</i>



GLOSSARY AND ACRONYMS

<i>MCC</i>	<i>Municipal Coastal Committee</i>
<i>MEC</i>	<i>Member of the Executive Council</i>
<i>MERO</i>	<i>Municipal Economic Review and Outlook</i>
<i>MFIP</i>	<i>Municipal Financial Improvement Program</i>
<i>MFMA</i>	<i>Municipal Finance Management Act</i>
<i>MGRO</i>	<i>Municipal Governance Review & Outlook</i>
<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>MSA</i>	<i>Municipal System Act</i>
<i>mSCOA</i>	<i>Municipal Standard Chart of Accounts</i>
<i>MPAC</i>	<i>Municipal Public Account Committee</i>
<i>NAIS</i>	<i>National Atmospheric Emission Inventory System</i>
<i>NEMA</i>	<i>National Environmental Management Act</i>
<i>NGO's</i>	<i>Non-Governmental Organisations</i>
<i>NT</i>	<i>National Treasury</i>
<i>ODM</i>	<i>Overberg District Municipality</i>
<i>PAA</i>	<i>Public Audit Act</i>
<i>PACA</i>	<i>Participatory Appraisal of Competitive Advantage</i>
<i>PAEL</i>	<i>Provincial Atmospheric Emission license</i>
<i>PDOs</i>	<i>Predetermined Development Objectives</i>
<i>PG</i>	<i>Page</i>
<i>PT</i>	<i>Provincial Treasury</i>
<i>Rep/PPCOMM</i>	<i>Representative Public Participation and Communication Forum</i>
<i>RED</i>	<i>Regional Economic Development</i>
<i>RRAMS</i>	<i>Rural Roads Asset Management System</i>
<i>RSC</i>	<i>Regional Service Council</i>
<i>RTO</i>	<i>Regional Tourism Office</i>
<i>SALGA</i>	<i>South African Local Government Association</i>
<i>SALGBC</i>	<i>South African Local Government Bargaining Council</i>
<i>SANS</i>	<i>South African National Standard</i>
<i>SCM</i>	<i>Supply Chain Management</i>
<i>SPLUMA</i>	<i>Spatial Planning and Land Use Management Act</i>
<i>SDF</i>	<i>Spatial Development Framework</i>
<i>SDBIP</i>	<i>Service Delivery and Budget Implementation Plan</i>
<i>WCDIF</i>	<i>Western Cape District Integrated Forum</i>
<i>WOs</i>	<i>Work Opportunities</i>
<i>WTM</i>	<i>World Travel Market</i>



APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for non-attendance %
Andries Erwee Franken (Executive Mayor)	FT	Mayoral Committee, Council	DA	100	0
Archibald Gabriel Klaas (Deputy Mayor)	FT	Mayoral Committee / Strategic Services, Council	DA	100	0
Lincoln De Bruyn (Speaker)	FT	Council Speaker	DA	100	0
Matthys Koch (Alderman)	FT	MAYCO Member / Council / Chairperson Community Portfolio	DA	100	0
Lindile Ntsabo	PT	MAYCO Member / Council / Chairperson Corporate & IGR Portfolio	DA	87	13
Isaac Sileku	PT	Council / Corporate Portfolio member	DA	87	13
Ronald Brinkhuys	PT	Council / Community Portfolio member	DA	100	0
Cornelus Marthinus Lamprecht	FT	MAYCO member / Chairperson Finance Portfolio / Council	DA	100	0
Steven Hendrikus Fourie	PT	Council / Community Portfolio member	DA	100	0
Kiro Jacobie Tiemie	PT	Council / Finance Portfolio member	DA	87	13
Charmain Resandt	PT	Council / Finance Portfolio member	DA	100	0
Helena Dorothea Coetsee	FT	MAYCO Member Council / Chairperson Strategic Portfolio	DA	100	0
Evelyn Sauls	PT	Council / Strategic Portfolio	DA	100	0
Moira Denise Opperman	FT	MAYCO Member / Council / Corporate Portfolio	DA	100	0
Mario Hilton Witbooi	PT	Council / Strategic Services Portfolio	ANC	87	13
Jan Cornelius Gelderblom	PT	Council / Community Services Portfolio member	ANC	75	25
Unathi Toto Sipunzi	PT	Council / Corporate Portfolio member	ANC	62	38
Eve Catherine Marthinus	PT	Council / Finance Services Portfolio member	ANC	87	13
Ntombizine Michelle Sapepa (Alderman)	PT	Council / Corporate Services Portfolio member	ANC	75	25
Caroline Wood	PT	Council / Finance Portfolio member	ANC	75	25
Vuyiswa Elizabeth Mentile	PT	Council/ Strategic Services Portfolio member	ANC	100	0

Number of meetings held during the year:

Executive Mayoral Committee meetings - 7

Council meetings (Ordinary and Special meetings) - 7

Section 80 Committees (Strategic, Finance, Corporate & IGR and Community Services) meetings – 16 in total



APPENDICES

Councillors Present Council on Statutory Committees and other governing bodies	
Council Members	Present Council on Statutory Committees and other governing bodies
Andries Erwee Franken (Executive Mayor)	SALGA – Governance and IGR & District Provincial Health Forums
Archibald Gabriel Klaas (Deputy Mayor)	SALGA - Municipal Innovations and Information Technology, Overstrand Liaison Committee Local Labour Forum Employment Equity Training Committee Strategic Services Portfolio
Lincoln De Bruyn (Speaker)	Speakers Forum
Matthys Koch	Drosdy Museum Swellendam Training Committee Swellendam Liaison Committee Local Labour Forum Employment Equity Community Services Portfolio Disciplinary Committee SALGA – Capacity Building and Institutional Resilience
Lindile Ntsabo	Corporate Services Portfolio Local Labour Forum Training Committee Employment Equity meeting SALGA – Capacity Building and Institutional Resilience
Isaac Sileku	SALGA – Human Settlements and Municipal Planning Farmworker Development Corporate Services Portfolio
Ronald Brinkhuys	Provincial Development Council SALGA – Environmental Planning and Climate change Firework Group Community Services Portfolio
Cornelus Marthinus Lamprecht	SALGA – Municipal Finance Finance Portfolio & Budget Steering Committee
Steven Hendrikus Fourie	Section 32 Committee Municipal Accounts Committee (MPAC) Community Services Portfolio SALGA - Public Transport
Kiro Jacobie Tiemie	SALGA - Water sanitation and waste management Caledon Museum Theewaterskloof Liaison Committee Finance Portfolio
Chairmain Resandt	Municipal Accounts Committee (MPAC) Section 32 Committee Finance Portfolio Meeting
Helena Dorothea Coetzee	SALGA - Women’s Commission Bredasdorp Shipwreck Museum Strategic Services Portfolio Alleged Breaches Committee Disciplinary Committee
Evelyn Sauls	Strategic Portfolio
Moir Denise Opperman	Corporate Service Portfolio
Mario Hilton Witbooi	Strategic Service Portfolio
Jan Cornelius Gelderblom	Chairperson Municipal Accounts Committee (MPAC) Community Services Portfolio Old Harbour Museum - Hermanus
Unathi Toto Sipunzi	Training Committee & Corporate Service Portfolio
Eve Catherine Marthinus	Koggelberg Biosphere & Finance Portfolio
Ntombizine Michelle Sapepa	Corporate Service Portfolio
Caroline Wood	Section 32 Committee, Genadendal Museum & Finance Portfolio
Vuyiswa Elizabeth Mentile	Local Labour Forum Strategic Service Portfolio Employment Equity Committee Disciplinary Committee



APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees			
Municipal Committees	Purpose of Committee	Composition	Number of meetings held during the year
Section 80 Committee	The Section 80 Committees assist the Executive Mayor and Executive Mayoral Committee in respect of Community Services, Financial Services, Corporate & IGR Services and Local Economic Development & Tourism. This Committee has no statutory powers and reports to the Executive Mayoral Committee.	Councillors	16
Audit & Audit Performance Committee	In terms of section 166 of the MFMA. To advise the municipal council, the political office-bearers, the accounting officer and the management staff of the Municipality relating to matters listed in the MFMA, section 166.	Independent members	6
Municipal Public Accounts Committee (MPAC)	In assisting the council with its oversight function, a Municipal Public Accounts and Oversight Committee was established in terms of section 79 of the Municipal Structures Act (Act 117 of 1998). Section 129(4)(b) of the MFMA. The MPAC also serves as the Oversight Committee of the Annual Report.	Councillors and invitees	1
Training Committee	In terms of the Skills Development Act (Act 97 of 1998). To promote skills development in the workplace.	Councillors, Management and Union member	4
Employment Equity	In terms of the Employment Equity Act. To promote equal opportunities and fair treatment to all in the workplace.	Councillors, Management and Union member	4
Local Labour Forum	According to the SALGBC Main Collective Agreement to promote sound Labour Relations.	Councillors, Management and Union member	10
Health & Safety Committee	In terms of the Occupational Health and Safety Act (Act 85 of 1993). To promote a healthy and safe working environment for employee and community	Officials	4
Section 32 Committee	It is an ad hoc committee, appointed by Council, to investigate unauthorised, irregular or fruitless and wasteful expenditure.	Councillors	2
Alleged Breaches Committee	It is a special committee established by Council to assist in the discipline of Councillors.	Councillors	0
IDP Steering Committee	To monitor the IDP process plan and IDP related processes and inputs.	Councillors and Officials	2
Risk Management Committee	The Risk Management Committee serves as a forum to assist the accounting officer in addressing its oversight requirements of risk management and evaluating and monitoring the Municipality's performance with regards to risk management.	Municipal Manager, Directors, IDP Manager, Performance Management, Member of the Audit and Performance Audit Committee Invitees: Internal Audit and CRO	4
Disciplinary Board	It is an ad hoc committee established accordance to the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings	Head Internal Audit, Chairperson of Audit Committee, Senior official Responsible for legal, Representation of Provincial and National Treasury	0
Budget Steering Committee	To provide technical assistance to the mayor in discharging the Responsibilities set out in section 53 of the Act (MFMA)	Chairperson Finance Portfolio Committee & CFO and Management	3



APPENDIX C – THIRD-TIER ADMINISTRATIVE STRUCTURE

Third-Tier Structure	
Office of the Municipal Manager	<i>*Head: Internal Auditor - Vacant</i>
	<i>Head: IDP and Communication - Mrs V Zeeman</i>
Directorate: Finance	<i>*Head: Expenditure & Income - Vacant</i>
	<i>Head: Financial Services – Mrs W Stassen</i>
	<i>Head: SCM – Mrs D Kapot-Witbooi</i>
Directorate: Corporate Services	<i>Legal Advisor - Vacant</i>
	<i>*Head: Human Resources - Vacant</i>
	<i>*Head: Committee Services, Records Manager and Councilor Support - Vacant</i>
Directorate: Community Services	<i>*Manager: Municipal Health - Vacant</i>
	<i>Manager: Environmental Management - Mr F Kotze</i>
	<i>Social Development Officer: Vacant</i>
	<i>Manager: Emergency Services - Mr R Geldenhuys</i>
	<i>Manager: Roads Services - Mr A van Eeden</i>
	<i>Manager: LED, Tourism and Resorts - Vacant</i>

*The functions of these positions are performed by incumbents, but still need to be placed.



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	Not applicable
Building regulations (Fire)	Yes	
Child care facilities		
Electricity and gas reticulation		
Firefighting services	Yes	
Local tourism (Regional)	Yes	
Municipal airports		
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport		
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		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes, Only ferry at Malagas	
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	Yes	
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities (Uilenkraalsmond and Die Dam Resorts)	Yes	
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads		
Noise pollution	yes	
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal	yes	
Street trading		
Street lighting		
Traffic and parking		



OVERBERG DISTRICT MUNICIPALITY: ANNUAL OVERSIGHT REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

INTRODUCTION

The Audit and Performance Audit Committee presents its report for the year ended 30 June 2019 in terms of its responsibilities and duties set out in the relevant legislation and the Audit Committee Charter.

The Committee serves as both the Audit Committee in accordance with Section 166 of the *Municipal Finance Management Act, 2003* and the Performance Audit Committee in terms of the *Municipal Planning and Performance Management Regulations, 2001*. In terms of regulation 14(4)(a)(iii) of the same Regulations a performance audit committee must at least twice during the financial year submit an audit report to the municipal council concerned. This report is submitted also in compliance with that requirement.

AUDIT COMMITTEE MEMBERS

The following independent persons served as members of the Audit and Performance Audit Committee during the year:

Mr. PAL Strauss – Chairperson
 Mr. CCC Pieterse.
 Mr. H J Jansen van Rensburg
 Mr. D M Farenhem.

MEETINGS

Committee meetings	
Date	Reason
17/8/2018	Review of annual financial statements 2018/2019
28/8/2018	Review draft Annual Report for 2017/2018
27/9/2018	Quarterly meeting
5/12/2018	Quarterly meeting
28/1/2019	Review Annual Report
23/4/2019	Quarterly meeting

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities in terms of section 166(2) of the MFMA and Regulation 121(4)(g) of the Performance Management Regulations respectively.

The following internal audit engagements were conducted and reviewed by the Audit Committee:

- Year-end stock count report – 2017/2018;
- OPCAR 2016/17;
- Eunomia compliance model: Expenditure Management 2018/19;
- Report on tariffs 2018/19;
- Leave Review 2017/18;
- Report on SCM – Contract Management 2017/18;
- Asset Management 2017/18;
- DoRA 2017/18;
- Risk Management Review 2018/19;
- Governance Review 2018/19;
- Expenditure Cycle 2018/19;
- Consequence Management 2018/19;
- Supply Chain Management 2018/19;
- OPCAR 2017/18;
- Eunomia compliance – Fire Brigade 2018/19;



APPENDICES

- Eunomia compliance – Budget and Treasury 2018/19;
- Performance Management report, 4th quarter of 2017/18;
- Performance Management report, 1st quarter of 2018/19;

The Audit Committee also attended to the following matters during the year:

- Review of 2017/18 draft Annual Financial Statements on 27 August 2018;
- Shared Services;
- Quarterly Risk management committee meeting minutes;
- Minutes of the section 32 Committee;
- Performance Assessments of Municipal Manager, Director: Community Services and Chief Financial Officer.
- Progress Reports on Risk management and combined assurance;
- Financial reports and quarterly reports;
- Mid-year Budget and Performance Assessment report;
- Progress reports on 2017/18 and 2018/19 audit plan and unresolved matters;
- Local Government Audit Committee Forum – Guidance paper on A/C Reporting;
- Attending Strategic session;
- Approval of Risk Based Internal Audit Plan for 2019/20;
- Review and approval of:
 - Audit Committee Charter and Roles/ Responsibilities;
 - External Quality Assessment proposal/ Framework;
 - Internal Audit Charter, Strategy and work procedures.
 - Audit Policy;

The Audit Committee regulated its affairs in compliance with the Audit Committee Charter and has performed its responsibilities as described therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

In accordance with the MFMA and the King III & IV Reports on Corporate Governance and Reporting requirements, Internal Audit provides the Audit Committee and management with assurance regarding the effectiveness of internal controls. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested improvements to the controls and processes.

PERFORMANCE MANAGEMENT AUDIT

General

As the Council's Performance Audit Committee, the Committee executed its responsibilities in terms of the approved Charter. Quarterly reports, conducted by the Internal Audit Unit on performance information and predetermined objectives were reviewed and the necessary recommendations were made to management in order to improve the adequacy and effectiveness of the internal control environment and corrective measures.

Performance evaluation of Section 56/57 employees

The annual performance appraisal of the Municipal Manager and the officials directly accountable to him, as well as a mid-year evaluation is carried out annually in accordance with the *Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, R805 of 2006* as amended by *Government Notice no 21 dated 17 January 2014*.

The annual appraisal of the Municipal Manager as well as the Director: Community Services and CFO for 2017/2018, was carried out by a properly constituted panel on 22 November 2018, and attended by the Chairperson, Mr. P Strauss. The mid-year appraisal of both the Municipal Manager and Director: Community Services and CFO for 2018/2019 was carried out on 21 May 2019. The member of the Performance Audit Committee served on the panels with the purpose of evaluating the process.

The appraisal sessions were conducted in a professional manner, ably chaired by the Executive Mayor and the Municipal Manager respectively.

Although the evaluation process was carried out strictly in accordance with the relevant legislation, the Performance Audit Committee remained of the opinion that the regulations prescribing the evaluation process were flawed in that more emphasis was placed on operational activities and compliance requirements than the management skills of the officials.



APPENDICES

AUDIT REPORT

The Auditor-General issued the annual Management Report and his Final Audit Report in respect of the 2018/19 financial year to management on 30 November 2019.

THANKS

We thank the Executive Mayor and management for their cooperation and for accepting the Committee as an essential component in the structures of the Municipality. We also thank Mr Flippie Coetzee; and Ms Marietjie Dunn for their loyalty and assistance.

PAL STRAUSS

Chairman: Audit and Performance Audit Committee

2019



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APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT AND PERFORMANCE COMMITTEE 2018/2019

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2018/19	Recommendations adopted (enter Yes) If not adopted (provide explanation)
27 September 2018	Recommendations pertaining to Internal Audit Report on Leave Review for 2017/18.	Yes
27 September 2018	Recommendations pertaining to Internal Audit Report on Supply Chain Management Contract Management of 2017/18.	Yes
27 September 2018	Report on Year end Stock count for the financial year 2017/18.	Yes
27 September 2018	Recommendations pertaining to Asset Management Report of 2017/18.	Yes
27 September 2018	Report on Division of Revenue Act (DoRA) for 2017/18.	Yes
27 September 2018	Recommendations pertaining to Internal Audit Report on Performance Information for the 4 th Quarter of 2017/18.	Yes
5 December 2018	Recommendations pertaining to Internal Audit Report on Risk Management for 2018/19 financial year.	Yes
5 December 2018	Recommendations pertaining to Internal Audit Report on Governance.	Yes
5 December 2018	Recommendations pertaining to Internal Audit Report on Performance Information for the 1 st Quarter of 2018/19.	Yes
23 April 2019	Recommendations pertaining to Expenditure Cycle Review.	Yes
23 April 2019	Report on Consequence Management.	Yes
23 April 2019	Report on Supply Chain Management.	Yes
23 April 2019	Report on Eunomia Compliance: Fire Brigade Services.	Yes
23 April 2019	Report on Eunomia Compliance: Budget and Treasury.	Yes
23 April 2019	Recommendations pertaining to Internal Audit Report on Performance Information for the 2 nd Quarter of 2018/19.	Yes
22 July 2019	Report on Year end Stock procedures for financial year 2018/19.	Yes
23 April 2019	Report on Division of Revenue Act (DoRA) for financial year 2018/19.	Yes
23 April 2019	Recommendations pertaining to Asset Management Report for financial year 2018/19.	Yes
23 April 2019	Follow up Report pertaining to Leave Review.	Yes
23 April 2019	Recommendations pertaining to Internal Audit Report on Performance Information for the 3 rd Quarter of 2018/19.	Yes



APPENDIX G – LONG-TERM CONTRACTS (LARGEST CONTRACTS)

Long Term Contracts (Largest Contracts Entered into 2018/2019)					
Name of service provider	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Estimated monetary value R
TWK Communications	Internet, telephone, e-mail service provider	01/09/2018	31/08/2021	A Thompson	R 1 821 200.00
Nedbank	Provision of Banking Services for the period 2018 – 2023	25/07/2018	30/06/2023	J Snyman	R 229 280.00
Secma	Security Services at Resorts	01/11/2018	30/06/2021	P Oliver	R 858 623.75
AWV Project Management (Pty) Ltd	T20-2017/18: Tender for Requirements – Item 3: Grader Blades	05/07/2018	30/06/2020	D Kapot-Witbooi	R 398 184.21
Afrimat Aggregates (Operations) (Pty) Ltd	T20-2017/18: Tender for Requirements – Item 12: Road Surfacing Material	05/07/2018	30/06/2020	M Van Eeden	R 23 122 649.11
TVM Konstruksie	T20-2017/18: Tender for Requirements – Item 10: Hire of Road Implements and Item 12: Road Surfacing Material	05/07/2018	30/06/2020	M Van Eeden	R 7 860 753.61
Colas South Africa (Pty) Ltd	T20-2017/18: Tender for Requirements – Item 13: Supply of Bitumen, Bitumen Emulsion and Primer	05/07/2018	30/06/2020	M Van Eeden	R 2 721 852.34
Tosas (Pty) Ltd	T20-2017/18: Tender for Requirements – Item 13: Supply of Bitumen, Bitumen Emulsion and Primer	05/07/2018	30/06/2020	M Van Eeden	R 2 820 737.80
AJ Bandediens	T20-2017/18: Tender for Requirements – Item 14 – Tyres: New, Retreads, Tubes & Repairs	05/07/2018	30/06/2020	Various	R 1 814 559.79
The Business Zone 1891 CC	T20-2017/18: Tender for Requirements – Item 1: Fuel	05/07/2018	30/06/2020	D Kapot-Witbooi	R 1 994 787.19
Liquidwize WCP Joint Venture (Pty) Ltd	T20-2017/18: Tender for Requirements – Item 1: Fuel	05/07/2018	30/06/2020	D Kapot-Witbooi	R 3 575 900.00
Sleba Enterprises (Pty) Ltd	T20-2017/18: Tender for Requirements – Item 1: Fuel	05/07/2018	30/06/2020	D Kapot-Witbooi	R 5 175 429.30
Uitkyk Diggers CC	T20-2017/18: Tender for Requirements – Item 10: Hire of Road Implements and Item 12: Road Surfacing Material	05/07/2018	30/06/2020	Various	R 91 728.00
MC Agri	T20-2017/18: Tender for Requirements – Item 20: Mechanical Services	05/07/2018	30/06/2020	Various	R 564 291.27



APPENDIX H – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests 2018/2019		
Position	Name	Description of Financial interests (Nil / Or details)
Executive Mayor	Andries Erwee Franken	Property, Livestock, Trustee, Shares
Deputy Mayor	Archibald Gabriel Klaas	Property, Trustee, Shares
Speaker	Lincoln de Bruyn	Property, Pension
Member of MayCo	Matthys Johannes Koch	Property, Trustee, shareholder, directorship, partnership
Member of MayCo	Helena Dorothea Coetzee	Property
Member of MayCo	Cornelius Marthinus Lamprecht	Property, Pension
Member of Mayco	Lindile Ntsabo	Nil
Councillor	Steven Hendrikus Fourie	Nil
Councillor	Kiro Jacobie Tiemie	Livestock, Shareholder (building construction)
Councillor	Samuel Fredericks	Property, shareholder, pension, employment salary (as from 24 June 2019)
Councillor	Moira Opperman	Property
Councillor	Ronald Brinkhuys	Nil
Councillor	Evelyn Sauls	Nil
Councillor	Mario Hilton Witbooi	Nil
Councillor	Charmain Resandt	Property
Councillor	Vuyiswa Elizabeth Mentile	Property
Councillor	Caroline Wood	Nil
Alderman	Eve Catherine Marthinus	Property, shareholder
Alderman	Ntombizine Michelle Sapepa	Shareholder, property
Councillor	Unathi Toto Sipunzi	Shareholder
Councillor	Jan Cornelius Gelderblom	Shareholder (Events Company), Trustee
Municipal Manager	D P Beretti	Property, Investment, Trust
CFO	C F Hoffmann	Investment, Property
Director Community Services	P A Oliver	Investment, Properties



APPENDICES

APPENDIX I: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX I (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							R' 000
Vote Description	2017/18	2018/19			2018/19 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Municipal Manager	11 402	13 074	13 817	10 481	-24.74%	-31.84%	
Corporate Services	28	24	24	25	4.14%	4.14%	
Finance	70 306	76 408	79 174	84 265	9.32%	6.04%	
Community Services	104 279	114 010	111 321	122 554	6.97%	9.17%	
Total Revenue by Vote	186 015	203 515	204 336	217 325	6.35%	5.98%	

APPENDIX I (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R' 000
Description	2017/2018	2018/19			2018/19 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Service charges	75	9 921	3 107	2 102	-371.90%	-47.77%	
Rental of facilities and equipment	15 737	11 355	11 355	15 201	25.30%	25.30%	
Interest earned - external investments	2 937	1 400	1 400	2 159	35.15%	35.15%	
Interest earned - outstanding debtors	-	0	0	-	0.00%	0.00%	
Licences and permits	326	135	135	123	-9.82%	-9.82%	
Agency services	9 388	8 813	8 813	9 215	4.36%	4.36%	
Roads Maintenance Services	81 191	-	-	93 654	100.00%	100.00%	
Government Grants and Subsidies - Operating	63 400	158 024	162 114	73 375	-115.37%	-120.94%	
Other revenue	10 589	9 423	9 423	19 130	50.74%	50.74%	
Gains on disposal of PPE	1 483	2 960	3 806	882	0.00%	0.00%	
Total Revenue (excluding capital transfers and contributions)	185 125	202 032	200 153	215 842	6.40%	7.27%	



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APPENDIX J: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	% Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Local Government Equitable Share	67 902	67 902	67 902	0.00%	0.00%	Division of Revenue Act
Finance Management	1 000	1 000	1 000	0.00%	0.00%	Interns and financial management program
EPWP Incentive	1 125	1 125	1 125	0.00%	0.00%	Extended Public Works Program
Rural Roads Asset Management Grant	2 751	3 012	1 896	-31.08%	-37.04%	Assessment on roads in the district
Seta	100	100	133	33.37%	33.37%	Training
Health Subsidy	150	150	162	7.67%	7.67%	Comprehensive Health Services
Financial Management Support Grant	640	680	451	-29.55%	-33.69%	Management Support
CDW Operational Support Grant	56	62	3	-94.64%	-95.15%	Provincial allocation for community development workers
Local Government Graduate Internship Grant		118	91	100%	-22.20%	Intern Human Resources
Disaster Management	1 483	4 183	1 548	4.38%	-62.99%	Disaster management purposes
Human Capacity Building Grant		666	546	100%	-18.03%	Bursaries
Total	75 208	78 997	74 858	-0.47%	-5.24%	



APPENDICES

APPENDIX K – CAPITAL EXPENDITURE – NEW AND UPGRADE/RENEWAL PROGRAMMES

APPENDIX K (i) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2017/18	2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2019/20	2020/21	2021/22
Capital expenditure by Asset Class							
Infrastructure - Total	-	-	-	-	-	-	-
Infrastructure: Road transport - Total	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>	-	-	-	-	-	-	-
<i>Storm water</i>	-	-	-	-	-	-	-
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
<i>Generation</i>	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	-	-	-	-	-	-
<i>Street Lighting</i>	-	-	-	-	-	-	-
Infrastructure: Water - Total	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-	-
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-	-
<i>Sewerage purification</i>	-	-	-	-	-	-	-
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>	-	-	-	-	-	-	-
<i>Transportation</i>	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-
Community - Total	-	-	2 900	290	2 900	-	-
<i>Parks & gardens</i>	-	-	-	-	-	-	-
<i>Sportsfields & stadia</i>	-	-	-	-	-	-	-
<i>Swimming pools</i>	-	-	-	-	-	-	-
<i>Community halls</i>	-	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-	-
<i>Recreational facilities</i>	-	-	-	-	-	-	-
<i>Fire, safety & emergency</i>	-	-	2 900	290	2 900	-	-
<i>Security and policing</i>	-	-	-	-	-	-	-
<i>Buses</i>	-	-	-	-	-	-	-
<i>Clinics</i>	-	-	-	-	-	-	-
<i>Museums & Art Galleries</i>	-	-	-	-	-	-	-
<i>Cemeteries</i>	-	-	-	-	-	-	-
<i>Social rental housing</i>	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-

Table continued next page



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Capital Expenditure - New Assets Programme*							
Description	R '000						
	2017/18	2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2019/20	2020/21	2021/22
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Investment properties - Total	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Other assets	2 945	3 849	4 285	2 419	1 670	2 856	3 125
General vehicles	-	-	449	274	-	-	-
Specialised vehicles	-	-	-	-	-	-	-
Plant & equipment	2 794	3 698	3 698	2 063	1 640	2 856	3 125
Computers - hardware/equipment	13	-	-	-	-	-	-
Furniture and other office equipment	-	13	-	3	30	-	-
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-
Other Buildings	138	138	138	78	-	-	-
Other Land	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Intangibles	174	-	-	-	-	-	-
Computers - software & programming	174	-	-	-	-	-	-
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	2 945	3 849	7 185	2 709	4 570	2 856	3 125
Specialised vehicles	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-



APPENDIX K (ii) – CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMMES

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2017/18	2018/19		Planned Capital			R '000
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2019/20	2020/21	2021/22
Capital expenditure by Asset Class							
Infrastructure - Total	-	27 477	23 256	22 421	6 328	-	-
Infrastructure: Road transport -Total	-	-	-	-	-	-	-
Roads, Pavements & Bridges	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	400	800	-	200	-	-
Dams & Reservoirs							
Water purification							
Reticulation		400	800		200	-	-
Infrastructure: Sanitation - Total	-	100	100	105	-	-	-
Reticulation		100	100	105	-	-	-
Sewerage purification	-						
Infrastructure: Other - Total	-	26 977	22 356	22 316	6 128	-	-
Waste Management		26 977	22 356	22 316	6 128	-	-
Transportation					-	-	-
Gas					-	-	-
Other					-	-	-
Community	-	-	-	-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-	-	-	-	-	-
Buildings							
Other							

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Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	2017/18	2018/19			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2019/20	2020/21	2021/22
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	2 373	1 415	1 428	11 852	455	850	805
General vehicles	740	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-
Computers - hardware/equipment	182	440	440	-	300	300	300
Furniture and other office equipment	136	215	228	348	35	35	35
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-
Other Buildings	1 315	760	760	11 504	120	515	470
Other Land	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventor	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	14	-		-	-	-	-
Computers - software & programming	14			-			
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	2 387	28 892	24 684	34 273	6 783	850	805
Specialised vehicles	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							



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APPENDIX L – CAPITAL PROGRAMME BY PROJECT 2018/2019

Capital Programme by Project: 2018/19					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - OB) %	Variance (Act - Adj) %
1.1 - Executive	18			-100.00%	0.00%
1.3 - Internal Audit	18		2	-86.42%	1122.61%
1.5 - IDP & Communication	18		2	-90.82%	100.00%
1.6 - Performance & Risk Management	18	12	7	-59.25%	-38.87%
3.2 - Corporate Support	120	85	45	-62.33%	-46.82%
3.3 - Human Resources	25			-100.00%	0.00%
3.4 - Committee, Records & Councillor Support	78	105	53	-31.49%	-49.10%
3.5 - Information Services	56	440	204	264.30%	-53.62%
4.3 - Financial Services	18	36	28	56.80%	-21.60%
4.5 - Expenditure	236			-100.00%	0.00%
4.6 - Supply Chain Management	56	38	4	-93.12%	-89.86%
5.3 - Municipal Health	201	629	355	76.57%	-43.54%
5.5 - Environmental Management	44	10	16	-63.78%	59.36%
5.6 - Solid Waste	26 977	22 356	33 550	24.37%	50.07%
5.7 - Emergency Services	3 683	6 583	2 347	-36.27%	-64.35%
5.8 - LED, Tourism, Resorts & EPWP	1 175	1 575	364	-68.99%	-76.86%
5.9 - Roads			3	100.00%	100.00%

APPENDIX M – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the Municipality: 2018/2019				
All Organisation or Person in receipt of Loans /Grants provided by the Municipality	Nature of project	Conditions attached to funding	Value 2018/2019 (R)	Total Amount committed over previous and future years (R)
Bursaries	Bursaries to non-employees	Enrolled at a credited institution	360 000	480 000



Report of the auditor-general to the Western Cape Provincial Legislature and the council on Overberg District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Overberg District Municipality set out on page 4 to 105, which comprise the statement of financial position as at 30 June 2019, 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 to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Overberg District Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of errors discovered during 2018-19 in the financial statements of the municipality for the year ended 30 June 2019.



Unauthorised, irregular and fruitless and wasteful expenditure

8. As disclosed in note 43.1 to the financial statements, the municipality incurred unauthorised expenditure of R16 424 967, due to overspending of the operating and capital budget votes mostly due to non – cash items not accounted for in the budget.

An uncertainty relating to the future outcome of exceptional regulatory action

9. With reference to note 52.2 to the financial statements, the municipality claimed VAT inputs relating to expenditure incurred on the Roads Maintenance function on the basis that they are a service provider, while in terms of the VAT Act the municipality is considered an agent. This raised the possibility to repay the VAT claimed from SARS. The municipality in process of engaging with SARS on the matter. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Other matters

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

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (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 thereon.

Unaudited supplementary schedules

12. The supplementary information set out on pages 106 to 120 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, we do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an



auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

Report on the audit of the annual performance report

Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objective	Pages in the annual performance report
Strategic Goal 1: To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	50 – 53

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective:



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- Strategic Goal 1: To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages 50 to 53 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Strategic Goal 1: To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

Annual financial statements

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements in the disclosure notes identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

27. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
28. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).



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29. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation.
30. Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).

Other information

31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
35. I have nothing to report in this regard.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Regular, accurate and complete financial and performance reports

37. The financial statements contained numerous misstatements mainly due to staff not fully understanding the requirements of the financial reporting framework.



Compliance monitoring

38. The municipality's systems of controls was not able to prevent, detect and correct invalid deviations when they occur.

39. Monitoring and review controls were not sufficient to prevent non-compliance with the requirements of the Preferential Procurement Regulations.

Auditor-General

Cape Town

30 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



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

MFMA Section 71 Returns Not Made During Year 2018/2019 According to Reporting Requirements	
Return	Reason Return has not been properly made on due date
None	N/A

APPENDIX P – 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	Do not rendered basic services, e.g. water, electricity See Annual Reports of Local Municipalities	N/A
Output: Implementation of the Community Work Programme (CWP)	The Municipality only Implemented EPWP programs and has not participated in the CWP.	N/A
Output: Deepen democracy through a refined Ward Committee model	Only applicable to local municipalities See Annual Reports of Local Municipalities	N/A
Output: Administrative and financial capability	Continuous improvement of administrative and financial capabilities and systems have been carried out	Not measured or quantifiable

VOLUME II: ANNUAL FINANCIAL STATEMENTS 2018/2019

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