

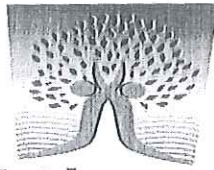
2020/21 Annual Report Submission to the office of the Auditor General

Name of Municipality	Has the municipality submitted the following documents to the Office of the Auditor General			Date Submitted	Did the Audit committee go through the documents and compile an report for tabling to council with the		Date of Audit Committee meeting	Did the municipality table the documents to council before submitting to the Office of the Auditor General		Date of tabling to Council	Council Resolution Number	Reasons for any Non-compliance
	AR	APR	AFS		Y	N		Y	N			
!KHEIS L.M.	Y			08/02/2022		N	N	Y		31-Jan-22	03/01/2022	N

NB! Please attach a copy of the council resolution, minutes of the Audit committee meeting, proof of submission to the office of the AG and a copy of the Annual Report/ Annual Performance Report if not yet submitted to the department.

Signature: 
 ACT. Municipal Manager

Date: 08/01/2022



Private Bag x2
Groblershoop
8820

!Kheis
Munisipaliteit
Municipality

Phone: 054 8339500
Fax: 054 8330690

COUNCIL MEETING – 31 JANUARY 2022

ITEM:	03/01/2022
Name of Item	Annual Report 2020/2021
Purpose of Item	To report to Council on the status of the previous year's Annual Report (including Annual Financial Statements, Audit report) & summarise overall findings of previous year's Annual Performance Report – reinforcing upcoming process for Budget approval and Oversight.

Council **RESOLVED** during an Ordinary Council Meeting held on 31 January 2022 to:

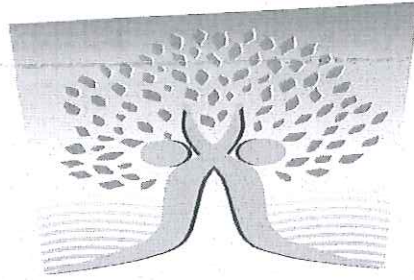
1. Adopt and Approve the Draft Annual report with corrections for compliances and it must be open for Community.
2. Refer item to MPAC for further investigation.

Proposal	Cllr A Ludick
Seconding	Cllr J Lodewyk

EXECUTION

Alderman K Esau
Speaker





! Kheis
Munisipaliteit
Municipality

ANNUAL REPORT

2020 - 2021

Private Bag X2 Groblershoop 8850

97 Orange Street Groblershoop 8850

TABLE OF CONTENT

1. INTRODUCTION.....	5
CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	6
COMPONENT A: FOREWORD BY THE MAYOR	6
1.1 MUNICIPAL MANAGERS OVERVIEW	7
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW.....	9
2.7 AUDITOR GENERAL REPORT (ANNEXURE ORIGINAL DOCUMENT)	30
CHAPTER 3: BASIC SERVICE DELIVERY PERFORMANCE INFORMATION	35
Performance Highlights per Service Delivery Category	36
6.1. BASIC SERVICES.....	36
6.1.1. WATER PROVISION.....	36
6.1.2 SANITATION PROVISION	39
6.1.3. ELECTRICITY	42
6.1.4. WASTE MANAGEMENT	44
6.1.5. HOUSING	47
6.1.6. Free Basic Services and Indigent Support	50
6.2. Road and Storm Water.....	52
6.2.1. ROADS.....	52
6.3. Planning and Development	53
6.3.1. PLANNING	53
6.3.2. LOCAL ECONOMIC DEVELOPMENT	54
6.4. Community and Social Services.....	56
6.4.1. Libraries, Community Facilities and Other.....	56
6.4.2. CEMETERIES	56
6.4.3. CHILD CARE, AGED CARE, SOCIAL PROGRAMMES	57
6.4.4 POPULATION AND DEMOGRAPHICS	57
6.4.5 EDUCATION	58
6.4.6 DISASTER MANAGEMENT	58
COMPONENT A: BASIC SERVICE DELIVERY	61
3.1 WATER PROVISION.....	61

3.2 SANITATION PROVISIONS	63
3.3 ELECTRICITY PROVISION	66
3.4 WASTE MANAGEMENT.....	67
3.5 HOUSING	69
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT	70
COMPONENT B: ROADS AND STORM WATER	71
3.7 ROADS	71
COMPONENT C: PLANNING AND DEVELOPMENT	71
3.8 PLANNING	71
3.9 LOCAL ECONOMIC DEVELOPMENT	72
3.10 LIBRARIES, COMMUNITY FACILITIES AND OTHER.....	73
3.11 CEMETERIES.....	74
COMPONENT E:	74
3.12 DISASTER MANAGEMENT	74
COMPONENT F:	74
3.13 SPORTS AND RECREATION	74
COMPONENT I: CORPORATE POLICY OFFICE AND OTHER SERVICES	74
3.14 INSTITUTIONAL TURNAROUND PLAN.....	74
3.15 OPERATION CLEAN AUDIT	75
3.16 HUMAN RESOURCES.....	75
3.17 SKILLS TRANSFER.....	75
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE	77
COMPONENT A: EMPLOYEE TOTALS AND WORKFORCE.....	77
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE.....	78
4.1. POLICIES	78
4.2 INJURIES AND SICKNESS.....	80
4.3 DISCIPLINE	80
4.4 PERFORMANCE REWARDS	81
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	82
CHAPTER 5 - FINANCIAL PERFORMANCE	82
Component A: Statement of Financial Performance – Refer to annual financial statements	

((ANNEXURE A - ORIGINAL DOCUMENT).....	82
Component B: Spending against Capital Budget – Refer to annual financial statements. (ANNEXURE A - ORIGINAL DOCUMENT).....	82
Component C: Cash flow Management and Investments – Refer to annual financial statements. (ANNEXURE A - ORIGINAL DOCUMENT).....	83
Component D: Other Financial Matters – Refer to annual financial statements. (ANNEXURE A- ORIGINAL DOCUMENT).....	83
CHAPTER 6 - AUDITOR GENERAL FINDING	83
COMPONENT A: AUDITOR GENERALS OPINION ON FINICIAL STATEMENTS 2019/20	83
6.1 AUDIT REPORT: 2020/21 (ANNEXURE B - ORIGINAL DOCUMENT).....	83
Conclusion.....	83

1. INTRODUCTION

ABOUT THE 2020/21 ANNUAL REPORT

This report offers an overview of the operations, financial, non-financial activities and the performance of IKheis Municipality for the 2020/21 financial year. The annual report is prepared in terms of Section 127(3) and the process has been trailed as per section 127 (3) (a-c) Stipulated in the Municipal Finance Management Act (MFMA).

The Annual Report comprises of six chapters with the following broad overview:

- Chapter 1: An overview of the Municipality's social and demographic profile and key highlights regarding finance, performance and service delivery.
 - Chapter 2: Details about the governmental workings of the Municipality addressing the key aspects of good governance.
 - Chapter 3: Highlights the Municipality's performance for the year, focusing on the service delivery and the pre-determined objectives of the Council.
 - Chapter 4: Provides insight into the Human Resources and organizational management areas of the Municipality, focusing on organizational structure and legislation.
 - Chapter 5: An overview of the Municipality's financial performance, reflecting on the Municipality's financial position, assets, cash flow and intergovernmental grants received by the Municipality.
 - Chapter 6: An overview of the audit key findings per the Auditor-General
- Volume I: Annual Financial Statements 2020 - 2021
- Volume II: Audit Report 2020 - 2021
- Volume III: Annual Performance Report 2020 - 2021

COMPONENT A: FOREWORD BY THE MAYOR



ANDRIES DIERGAARDT
MAYOR

The Annual Report of !Kheis Municipality reflects our service delivery and developmental achievements and challenges, and is presented in recognition of our obligation to be an accountable and transparent organisation. Such a report is required from South African municipalities in terms of various pieces of legislation, referring to Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003. The year under review marked a period of growth and stability both at an administrative and political level. Since I took office, a number of outstanding issues were solved resolved and we embarked on a lot of new projects to enhance the lives of our people. Sustainable basic service delivery on a daily basis is not negotiable and as such this municipality did not have any service delivery protests in the year under review.

The following progress is quite remarkable Achievements:

Performance highlights over the review period include the following:

- (a) Provision of potable water to all households, and a metered water network in extensions 1 and 2.
- (b) Provision of sanitation to all households both in the formal and informal settlements.
- (c) Implementing renewable energy projects (ESKOM) for the households in Duineveld, Deboville and Teresa's Valley.
- (d) Introduction of a co-operative development and support programme in order to stimulate job creation.
- (e) Creation of 29 full-time equivalent jobs and more than 150 work opportunities through the Expanded Public Works Programme (EPWP).
- (f) Review the SDF, develop an LED Strategy and implementation of a number of policies to streamline the administration for !Kheis LM.

I would like to express my sincere gratitude to all Councillors, the Municipal Manager, his officials, and the residents of !Kheis Local Municipal area for their dedication, support and co-operation, which enabled the institution to excel, notwithstanding all challenges.

Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGERS OVERVIEW



FLOYD LEEUW

MUNICIPAL MANAGER

!Kheis Municipality's Annual Report for the 2020/2021 financial year gives one an in-depth picture of the work that was undertaken in the past year under review. This report is published in terms of the Local Government: Municipal Finance Management Act (No: 56 of 2003), this act places high standards and requirements when it comes to accounting on the use of public funds.

The municipality's financial position and performance are pleasing, and our central theme has been to live the motto 'Service delivery begins with me', and the vision to give our people the dignity they deserve.

All conditional grants from National Treasury, other departments, private investors and donors were spent within the specified time frames.

The year ahead

The aim is to lure investors, strengthen the institution and streamline its operations to enable us to expand and expedite service delivery to the residents of !Kheis Municipality, inter alia the following interventions/actions will be prioritised:

- a. Steadying the administration by providing relevant training opportunities to its officials.
- b. Sourcing national and international funding to amplify key service delivery projects and replace aging and poor infrastructure.
- c. Building the vision and mission of the municipality and our motto to provide a strategic thrust for the Municipality's long term development planning.
- d. Intensify our own key controls and stick to compliance deadlines to set the tone to improve the audit opinion by the Auditor-General towards obtaining a clean audit.
- e. Adherence to Supply Chain Management Policy by keeping officials responsible, structure systems and processes to reduce wasteful, irregular and unauthorised expenditure.
- f. Vigorously instilling a culture of work ethics within the institution.
- g. Promoting financial discipline and management.
- h. Financing and rollout of the New Age IDP with renewable innovations as key implementing factors.
- i. Explore our role and benefit in participating in the development of green technology.
- j. Vigorously market the municipality as part of the special economic zone

We have taken the opportunity in this Annual Report to reflect on what we have achieved and what remains to be done. One thing is clear – as we move into the next financial year, opportunities will be endless! Kheis Municipality is committed to the Batho-Pele Principles, and is therefore orientated to improve service delivery, with the community as target.

The Office of the Municipal Manager would like to extend its sincere gratitude to the Mayor and Council for the unwavering support. To all directors, line managers and officials, your hard work are bearing fruit, without you all efforts would be aimless, the year under review are showing a dedicated team in harmony.

Municipal Manager

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Vision, Mission and Values

Vision:

A beacon of basic service delivery

Mission:

1. Creation of a conducive working environment
2. Attracting employees with the requisite skills and competencies
3. Effective and efficient management of resources
4. Deliver on identified community priorities
5. Develop reliable infrastructure for service delivery
6. Promote a conducive environment for safety and socio-economic development
7. Promote a transparent and accountable system of governance

Our Shared Values

Ubuntu

- *"I am what I am because of who we all are"*
- Humility and dignity in everything we do and say
- Respect for each other and fellow citizens irrespective of age, gender, race, language or status

Integrity

- Incorruptability - Incapable of being bribed or morally corrupted, to be honest, refuse to lie, steal or deceive in any way
- Adherence to the facts
- Avoidance of untested and unverified opinions, including own
- Reasoning that is sound, complete and free of any flaw

Excellence

- *"Where there is a will, there is a way"*
- Display of unlimited ability, willingness and commitment to improve the quality of service offerings
- Diligence

Dynamism

- adaptability - Ability to deal successfully with positive and negative circumstances and different expectations
- An innovative organization striving for continuous improvements with a positive attitude

TABLE 2: KHEIS INDUSTRIES AND ACTIVITIES

Industries and activities in the various settlements include:

TOWN	INDUSTRIES
Groblershoop	<p>Internationally accredited abattoir Wine Cellar located along the wine route Hospitality and Tourism Destination Resort along the banks of the river</p> <p>Guest Houses Destiny Restaurant and Club The economy of the town is mainly centered on the agricultural industry, which includes the production of grape and lamb</p>
Boegoeberg	<p>Host to Boegoeberg dam, a tourist and camping attraction</p>
Grootdrink	<ul style="list-style-type: none"> • Home to the biggest wine cellar in the municipality and not operation to its full capacity because farmers have migrated to pecan nut farming • FM Safari game farm
Wegdraai	<p>Thuru lodge game farm</p>

POPULATION PROFILE

TABLE 3: POPULATION OF !KHEIS – SOURCE: Statistics South Africa, 2019

The tables below indicates the population forecasting of !Kheis Municipality population

1996			2001			2011			2016		
Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
7 521	7 525	15 046	8 196	8 343	16 538	8 408	8 229	16 637	8 378	8 188	16 566

1996			2001			2011			2016		
Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
7 521	7 525	15 046	8 196	8 343	16 538	8 408	8 229	16 637	8 378	8 188	16 566

HOUSEHOLDS

The table and graph indicate the number of households and indigents within the municipal area. The numbers of total number of households emanates from the community survey conducted in 2019 by Stats SA.

Number of households by household size, 1996-2019

Year	1	2	3	4	5	6	7	8	9	10+	Total
1996	421	565	486	506	413	260	201	125	117	112	3 206
2001	602	811	648	653	481	349	203	134	86	183	4 150
2011	773	845	649	633	430	280	236	117	95	142	4 200
2016	631	823	773	637	500	424	292	134	26	104	4 344

Year	1	2	3	4	5	6	7	8	9	10+	Total
1996	13.1	17.6	15.2	15.8	12.9	8.1	6.3	3.9	3.6	3.5	100.0
2001	14.5	19.5	15.6	15.7	11.6	8.4	4.9	3.2	2.1	4.4	100.0
2011	18.4	20.1	15.5	15.1	10.2	6.7	5.6	2.8	2.3	3.4	100.0
2016	14.5	18.9	17.8	14.7	11.5	9.8	6.7	3.1	0.6	2.4	100.0

Percentage distribution of households by household size, 1996-2019

1.2.2 SOCIO ECONOMIC STATUS

TABLE 4: SOCIO ECONOMIC STATUS SOURCE

Socio Economic Status									
Year	Housing Backlog as proportion of current demand	Informal settlements	Access to basic services	Access to free basic services	Unemployment Rate	Skilled	Semi-skilled	Low-skilled	
2020/21		3184	3000	3537	2500	60%	16,7%	34,1%	49,2%
									T.1.2.4

1.2.3 ENVIRONMENT, TOURISM AND LOCAL ECONOMIC DEVELOPMENT

The Local Economic Development (LED) Strategy together with the terms of reference (TOR) were approved in 2014. The LED Strategy is outdated, and the Department of Economic Development and Tourism was approached to assist with the review of the Strategy. The Department has already made a commitment to assist with the review in the coming financial year. The LED forum was fully functional for the year under review with three meetings taking place. The TORs are currently being reviewed and will be adopted in the next LED Forum.

Expanded Public Works program (EPWP) and the 2018/2019, 2019/2020 and 2020/2021 financial years, and the municipality's Annual targets set for EPWP jobs:

EPWP WORK OPPORTUNITIES					
YEAR	TARGET	TARGET ACHIEVED	TARGET (full time equivalent)	ACHIEVED (full time equivalent)	GRANT ALLOCATED
2018/19	98	43	1	1*	R1 000 000.00
2019/20	122	119	1	1*	R1 000 000.00
2020/21	135	59	1	1*	R1 000 000.00
					T020

TABLE 5: NATURAL RESOURCES

The table below reflects the natural resources within the municipal area:

Natural Resources	
Major Natural Resource	Relevance to Community
Water	Basic need to all residents
Electricity	Basic need to all residents

T 1.2.7

1.2.4 SERVICE DELIVERY OVERVIEW

Government policy places specific emphasis on the provision of basic services, which entail the provision of electricity, water, sanitation and waste collection. In terms of section 152 of the Constitution, Chapter 7, provide objects for a democratic and accountable government for local communities ; ensure the provision of services to communities in a sustainable manner; to promote social and economic development ; to promote a safe and healthy environment ; and to encourage the involvement of communities and community organizations in the matters of local government.

TABLE 6: HIGHLIGHTS DURING THE 2020/2021 FINANCIAL YEAR.

BASIC SERVICE DELIVERY HIGHLIGHTS FOR 2020/21

During the 2019/2020 financial year, the municipality made the following contributions to satisfy basic requirements:

SERVICE	HIGHLIGHT DESCRIPTION
WATER SECURITY AND PROVISION	Acquired and additional R4m for the Brandboom water reticulation project
	Appointment of a water resource management specialist
	Eradicating recoil in our water treatment plant in Groblershoop
	Monthly laboratory results of water samples that comply with SANS 241 with the quality of water
	Supply emergency water to community

SERVICE	HIGHLIGHT DESCRIPTION
ELECTRICITY	Sourced funding from ACWA Power for the refurbishment of the six Water Treatment Plants
	Connecting an additional 89 households on to the grid
ROADS	Upgrade of Main Street in town connecting to the town, magistrate office and the CBD
GOOD GOVERNANCE	Appointment of Audit Committee members
	Engagement with stakeholders internal and external on municipal affairs
	Good progress has been made in the turn-around of the Municipality although much effort is still required.

TABLE 7: CHALLENGES DURING THE 2020/2021 FINANCIAL YEAR

During the 2020/2021 financial year, the municipality faced the following challenges:

Service Area	Challenge	Interventions to address
Infrastructure: Water, roads, sanitation, electrical	<p>Inadequate funding (grant and own funding)</p> <p>Large number of faulty water meters. Users only pay for basic services. until meters are replaced- financial loss</p> <p>Roads - Grant funding not adequate to maintain upgraded roads.</p> <p>Water - availability of water, especially in the hot and dry summer months</p> <p>Non-compliance regarding the operation of refuse sites is serious. No funding is available to comply with the requirements.</p>	<p>Infrastructure maintenance and upgrades are the most crucial issues in the Municipality. Additional funding is required to address infrastructure Maintenance and upgrades.</p> <p>Funding and manpower required to repair/replace faulty water meters</p> <p>Ongoing application for external funding from various sources.</p> <p>Fast tracking of the ACIP & RBIG funding requests for WWTW's</p> <p>The Municipality is in a mediation process with the Department of Environmental Affairs and Public Prosecution.</p>

Interventions to address

Challenge

Funding required to increase the capacity of bulk infrastructure to allow for new housing developments
 BVI Engineers in the proses of drafting suitable business plans for all seven towns
 Appoint a survey or to alleviate the risk of incorrect title deeds
 Ongoing liaison with the Department of Human Settlements to fund the implementation of the human settlement pipeline
 We are encouraging employees in no-essential posts to consider severance packages to make a submission to Cogta.

Challenges with regard to the capacity of bulk infrastructure services resulting in significant increases in housing waiting lists

Incorrect title deeds

Huge demand for low cost and GAP housing

The employee costs as a percentage of operational expenditure are way beyond the norm

HR processes not adhered too

OHS and wellness programs not fully operational

Organizational structure currently being Reviewed and appointment of a HR Specialist
 Position is advertised in National and Local Newspapers
 Training and capacity building for the incumbent

Service Area

Community Service

Workforce

TABLE 8: PROPORTION OF HOUSEHOLDS TO BASIC SERVICES AS PER MUNICIPAL STATISTICS

(SOURCE: SAMRAS)
PROPORTION OF HOUSEHOLD DS WITH ACCESS TO BASIC SERVICES

Proportion of Households to basic services as per municipal statistics	
	2019/2020
Electricity service connections (inclusive of solar panels)	4267
Water - available within 200 m from dwelling	4307

Sanitation - Households with at least VIP service	3810	3810
Waste collection - kerbside collection once a week	4307	4007

Free Basic Services to Low Income Households		Number of households							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%
Total		1,556	45.5%	1,556	45.5%	1,556	26%	1,556	45.5%
2018/19	3400	978	27.5%	978	27.5%	978	27.5%	978	27.5%
2019/20	3560	964	27%	964	27%	964	27%	964	27%
2020/21	5,656								
	5,656								T 016

1.2.5 FINANCIAL OVERVIEW

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending. In turn, this can be described as an audit however section 188 of the Constitution, Chapter 9 states that the Auditor – General must audit and report on the accounts, financial statements and financial management of – any departments and administrations; all municipalities; and any other institution or accounting entity required by national or provincial legislation to be audited by the Auditor – General. In addition to the duties prescribed in subsection (1), and subject to any legislation, the Auditor – General may audit and report on the accounts, financial statements and financial management of – any institution funded from the National Revenue Fund or a Provincial Revenue fund or by a municipality; or any institution that is authorized in terms of any law to receive money for a public purpose. The Auditor – General must submit audit reports to any legislature that has a direct interest in the audit, and to any other authority prescribed by national legislation. All reports must be made public. The Auditor – general has the additional powers and functions prescribed by national legislation.

Financial Recovery Plan Provincial Treasury is satisfied with the progress in terms of the Financial Recovery Plan

made public. The Auditor – general has the additional powers and functions prescribed by national legislation; how ever the appointment of the Audit Committee members will improve its oversight

Financial Recovery Plan Provincial Treasury is satisfied with the progress in terms of the Financial Recovery Plan

FINANCIAL MISCONDUCT MPAC has largely been ineffective due to capacity constraints; how ever the appointment of the Audit Committee members will improve its oversight responsibilities.

All activities in the process and documents required have been linked to dates and specific persons to prevent negative impact in unwanted audit findings, should the documents not be available when requested. The process is being managed proactively and more effectively too.

RELIANCE ON CONSULTANTS

The municipality did not use the services of consultants in the preparations of the Annual Financial Statement nor the Asset Register for the year under review. We however realized that we will have to source expertise in asset management to improve compliance with GRAP 17 and 25 respectively because we do not have the requisite expertise and we have received little or no assistance from the District.

ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDIT

Enterprise Risk Management (ERM) is an essential function that must be performed by the Municipality in terms of the applicable local government legislation. Auditor-General reports in recent years have highlighted the risks for the Municipality and findings have indicated that ERM must be prioritized as this function has been neglected for years.

The municipality has established an Audit & Risk Committee and developed the policy, strategy and has conducted risk assessments for each business unit. We hope that this function will go to a great extent to assist with the improvement of the audit outcome of the municipality for the 2021/22 financial year.

CHALLENGES REGARDING FINANCIAL MANAGEMENT FOR 2020/21

Service Area	Challenge	Interventions to address
Late submission of Annual Financial Statements	The internet connection is very slow and sometimes leads to intermittent cut offs	Installing fiber cable to improve the connection and reduce our downtime
Operational Expenditure	Employee costs account for more than 42% of operational expenditure, which is way above the norm	Consulting staff and unions to opt for voluntary severance package that we must present to National Treasury

Asset management	Poorly maintained assets (vehicles, roads, and other infrastructure etc.) are major risk	Submitted a proposal to DBSA to replace yellow fleet
------------------	--	--

Revenue

Non-payment by households

Introduce flat rate

FINANCIAL OVERVIEW
CAPITAL EXPENDITURE - 2020/21

Details

	Original Budget	Adjustment Budget	Actual
Income	52,035,000.00	61,924,000.00	54,702,000.00
Grants Utilized for Operating Expenditure	30,115,000.00	29,782,000.00	26,401,000.00
Property Rates and service charges	15,387,000.00	22,550,000.00	23,558,000.00
Other	6,533,000.00	9,592,000.00	4,742,000.00
Sub Total	52,035,000.00	61,924,000.00	54,702,000.00
Less Expenditure	63,361,000.00	61,042,000.00	35,544,000.00
	-11,326,000.00	882,000.00	19,158,000.00
Plus: Grants Utilized for Capital Expenditure	15,191,000.00	15,591,000.00	10,691,000.00
Net Total	3,865,000.00	16,473,000.00	29,849,000.00

T001

CAPITAL EXPENDITURE – 2020/21

Details	Original Budget	Adjustment Budget	Actual
Capital Expenditure	15,191,000.00	15,591,000.00	10,691,000.00
T002			

OPERATIONAL EXPENDITURE – 2020/21

Details	Original Budget	Adjustment Budget	Actual
Operational Expenditure	63,361,000.00	61,042,000.00	35,544,000.00
Employee Related Costs	30,833,000.00	30,868,000.00	27,089,000.00
Employee costs as % of OEx	48.6%	50.5%	76.2%
T003			

CHAPTER 2: GOVERNANCE

COMPONENT A: 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 its community, subject to national and provincial legislation.

Political governance is the process of decision-making to formulate policy of a Municipality (by-laws), whereas administrative governance is the system of policy implementation.

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the communities are heard in decision-making. It is also responsive to the present and future needs of society.

!Kheis Local Municipality strives towards achieving the characteristics of good governance.

2.1 POLITICAL GOVERNANCE.

In terms of section 52(a) of the Local Government: Municipal Finance Management Act, Act 53 of 2003 (MFMA), the Executive Mayor provides general political guidance over the fiscal and financial affairs of the Municipality subject to applicable legislation and the delegations by Council. Council remains responsible for oversight and participatory roles. The primary role of Councillors are to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

The roles and responsibilities of council should always be carried out with a clear distinction between oversight and interference in administration, as defined in the Municipal Finance Management Act, sections 52(b) and 103 respectively, as well as in the Code of Conduct for Councillors (Schedule 1 to the Municipal Systems Act).

Component A: Government structure

1. Political Government Structure

Council

Kheis municipality has 7 councillors which consist of 4 ward councillors and 3 PR councillors. The legislative and executive authority of the municipality resides in council which are headed by the Mayor and 6 councillors.



Mayor: Cllr. A. Diergaardt (ANC)



Ward Councillor
Cllr. A. Tobias (ANC)



Ward Councillor
Cllr. S. Essau (ANC)



Ward Councillor
Cllr. J. Silo (ANC)



PR Ward Councillor
Cllr. G. Beukes (DA)



PR Ward Councillor
Cllr. E. Cloete (COPE)



PR Ward Councillor
Cllr. K. Essau (COPE)

Refer to **Appendix A** for a full list of Councillors (including committee allocations and attendance at council meetings) as well as resolutions taken and executed.

Refer to **Appendix B** where committees and committee functions are set out.

POLITICAL DECISION TAKING.

The Mayor of the Municipality is assisted by the Portfolio Committee chairs and advised by the Municipal Manager and senior managers. The Mayor is at the centre of the system of governance, since executive powers are vested in the Mayor to manage the day-to-day affairs. This means that the Mayor has an overarching strategic and political responsibility. The executive power is vested in Council itself; in terms of applicable legislation and a set of delegations approved by Council. Council appoints the Municipal Manager and Senior Managers and delegates powers through the approved set of delegations to provide for sufficient separation of powers.

OVERSIGHT STRUCTURES.

Council oversight is exercised through committees appointed by Council in terms of Section 79 of the Local Government: Municipal Structures Act, 1998. The following committees contribute towards assurance and makes recommendations for consideration and approval by Council:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Section 129(4) of the MFMA provides for the issuance of guidance on the way municipal councils should consider annual reports and conduct public hearings as well as the functioning and composition of any public accounts or oversight committees established by the council. The Municipal Public Accounts Committee (MPAC) assists council to exercise oversight over the executive functionaries of Council, to ensure the efficient and effective use of municipal resources and to ensure good governance in the Municipality. By so doing, the MPAC will help to increase council and public awareness of the financial and performance issues within the Municipality.

This MPAC focuses mainly on compliance in accordance with the Local Government: Municipal Finance Management Act. The terms of

reference of the MPAC include the following:

- Investigate unforeseen and avoidable expenditure (Section 29 of MFMA);
- Investigate unauthorised, irregular or fruitless and wasteful expenditure (Section 32 of MFMA);
- Review the quarterly report of the Executive Mayor on the implementation of the budget and the state of affairs of the Municipality – SDBIP (Section 52 (d) of MFMA);
- Review monthly budget statements (Section 71 of MFMA);
- Review mid-year budget and performance assessment (Section 72 of MFMA);
- Ensure disclosure of Councillors, Directors and Officials (Section 124 of MFMA);

- Review Financial Statements before submission to the Auditor General (AG) (Section 126 of MFMA);
- Review and give recommendation on the submission of the Annual Report (Section 127 of MFMA);
- Present an oversight report on the Annual Report (Section 129 of MFMA);
- Ensure that issues raised by the Auditor-General are addressed (Section 131 of MFMA);
- Ensure that the functions of the Audit Committee are carried out (Section 166 of MFMA);
- Ensure that disciplinary action instituted against Councillors, the Municipal Manager and Senior Management is within the guidelines of the MFMA financial misconduct regulations (MFMA);
- Review the IDP (Section 25 of MFMA);
- Annual Review of the IDP (Section 34 of MFMA);
- Review the performance management plan (Section 39 of MFMA);
- Monitor that the Annual Budget is aligned with the IDP (Regulation 6 of the LG: Municipal Planning and Performance Regulations); and
- Monitor that all declaration of interest forms are completed by Councillors and relevant municipal staff (Section 54 – read with item 7 of schedule 1).

MPAC MEMBERS CONSIST OF THE FOLLOWING

Cllr. S. Esau	Chairperson
Cllr. K. Esau	Member
Cllr. A. Tobias	Member
Cllr. G. Beukus	Member
Cllr. G. Cloete	Member

AUDIT AND PERFORMANCE AUDIT COMMITTEE

Council appointed a combined Audit and Performance Audit Committee. In the absence of an internal audit unit and as result of the instability in the appointment of Section 57 Senior Managers, the committee was not functional during the period under review. However training from Provincial Treasury to all committees is welcomed to capacitate the committee with new knowledge. The responsibilities of the Audit and Performance Audit Committee include:

- Advising Council and management of the Municipality on matters relating to:
- Internal financial control and internal audits;
- Risk management;
- accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with applicable legislation;
- performance evaluation; and
- Any other issues referred to it by the Municipality.
- Overseeing internal controls, financial reporting and compliance with regulatory matters;
- Reviewing the effectiveness of the council's system of internal control and risk management;
- Reviewing financial reporting and financial statements;
- Reviewing the internal audit function;
- Reviewing the performance management system and reports;
- Reviewing compliance with policies, regulations and procedures in terms of prescribed guidelines and applicable laws; and
- Responding to council on any issues raised by the Auditor-General in the audit report

THE AUDIT AND RISK COMMITTEE CONSISTS OF THE FOLLOWING MEMBERS:

MEMBER	ROLE
Deon Anthony September	Chairperson
Petrus Jacobus Buys	Member
Tertia Coffee	Member

Veniscia Koopman	Member
Denzil Neels	Member

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager, as the Accounting Officer of the Municipality is the Head of the Administration, must provide guidance on compliance with legislation to political structures, political office bearers and officials and is primarily responsible for service delivery and implementation of political priorities.

The organizational structure provides for 2 senior managers to report directly to the Municipal Manager. Provision is made for the Finance Department, and the Infrastructure Services Department. Performance agreements that align to the Municipality's top layer SDBIP were in place for senior managers serving during the 2020/21 financial year although performance evaluations have not been performed.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations (IGR) is an important inter-governmental structure for compliance purposes but also provides the opportunity for iKheis to progress issues of mutual interest with neighbouring municipalities, ZF Mgcawu District Municipality, provincial and national government as well as the South African Local Government Association. At these critical platforms the Municipality raises its experiences and challenges in order to obtain support from other government sectors and spheres or to address policy and practice matters. Attending meetings of these important IGR structures remain costly and directs funding away from other services delivery issues.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS COMMUNICATION, PARTICIPATION AND FORUMS

Section 16 of the Municipal Systems Act (MSA) refers to the development of a culture of community participation within municipalities. It requires of the Municipality to develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the Municipality throughout the year.

Such participation is required in terms of:

- The preparation, implementation and review of the IDP.
- Establishment, implementation and review of the performance management system.
- Monitoring and review of the performance, including the outcomes and impact of such performance.
- Preparation of the municipal budget; and
- Spatial Development Framework criteria.

!Kheis has a robust public participation process in terms of the revised Public Participation Policy adopted in May 2018. The process enables vigorous and constructive engagements with all stakeholders through their participation in ward committee meetings and community feedback sessions throughout the year on various issues including matters raised by members of the community. This is of particular importance, given the geographical size and nature of the municipal area within which community's needs vary from area to area.

WARD COMMITTEES

Public meetings are being held in all wards of the Municipality with the specific intention to determine community-based needs and opinions for purposes of the Integrated Development Plan and Annual Budget processes. These meetings inform and report on public needs, planning and budgeting as well as strategic objectives.

Ward Councillors with their Ward Committees have public meetings twice a year to discuss ward plans and service delivery shortcomings as well as to give feedback on the success / failure of proposed projects. Attendance of the public is determined by their personal interest in the matters for discussion at the specific the meeting, otherwise there is very little interest shown in such meetings. Attendance is often very poor at approximately 50 – 100 people attending such engagements. Municipal officials from all departments attend all public meetings to ensure that knowledgeable answers can be given on matters raised and for management to take note of matters to receive attention.

The result of the municipal public participation processes is designed to allow Council and management to do better long-term planning and deliver, amongst other, a more credible IDP and Budget. Strategic documents and information that may affect the community are being published on the municipal website, placed at municipal libraries and notices are published in local newspapers to afford members of the community the opportunity to make written representations for consideration by Council.

WARD COMMITTEES

Public meetings are being held in all wards of the Municipality with the specific intention to determine community-based needs and opinions for purposes of the Integrated Development Plan and Annual Budget processes. These meetings inform and report on public needs, planning and budgeting as well as strategic objectives.

Ward Councillors with their Ward Committees have public meetings twice a year to discuss ward plans and service delivery shortcomings as well as to give feedback on the success/ failure of proposed projects.

All ward committee members must attend the monthly meetings and submit a report as part of their participatory functions as ward committee members in their respective wards. A stipend of R500 per month has been approved as per the ward committee policy (out of pocket expense)

The ward committees are structured as follows:

- Ward 1: Topline & Wegdraai
- Ward 2 Grootdrink & Gariep
- Ward 3: Groblershoop (Sternham) & Opwag
- Ward 4: Boegoeberg & Duineveld

List the ward committees and meetings held: Meetings held monthly.

ALL WARD COMMITTEE MEMBERS IN THE !KHEIS MUNICIPAL AREA.

The selected members are as follows:

Topline

Ward 1

NAME & SURNAME
Maria Olyn
Steve Van Schalkwyk
Albertus Block
Ruben Lodewyk

Wegdraai
Ward 1

NAME & SURNAME
Glen Bosch
Lettie Schreuder
Mario Van Wyk
Christiana Persent

Grootdrink
Ward 2

NAME & SURNAME
Piet Jasson
Polina Kok
Susanna Adams
Anna Roman
Karina Bosman

Gariep
Ward 2

NAME & SURNAME
Teresa de Wee
Esmerelda de Bruyn
Chantelle de Bruin

Sternham / Groblershoop
Ward 3

NAME & SURNAME
Chrisjida Van Wyk
Klaas Thys
D. Vywers
Dawid Oor
Sarah Malo
Lawnineea Rooi
Lena Tobias

Opwag
Ward 3

NAME & SURNAME
Magdalena Ludick
Martha Makatong

Boegoeberg
Ward 4

NAME & SURNAME
Micheal Jantjies
Adam Kammies
Mervin Malgas
Elsa Speelman

Duineveld
Ward 4

NAME & SURNAME
Willem de Wee
Annaline Roberts
Willem Lottering
Mitha Eksteen

- Public Participation dates: 17 – 20 February 2020
- There were no additional Public Participation meetings held in 2021, due to Covid-19 restrictions

COMPONENT D: CORPORATE GOVERNANCE

The council and management subscribe to the principles reflected by the various King reports. The seven primary characteristics of good governance namely, discipline, transparency, independence, accountability, responsibility, fairness and social responsibility have been considered critical in the compilation of the Financial Recovery Plan.

2.6 ENTERPRISE RISK MANAGEMENT

The direction and mandate of risk management for !Kheis is clearly set out in Section 62(1) of the MFMA that stipulates that the "Accounting Officer must take all reasonable steps to ensure that the Municipality has and maintains an effective, efficient and transparent system 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 Unit (RMU) was developed in the 2017/18 financial year after the appointment of the Chief Risk Officer (CRO) but the Risk Management Committee only became functional in the 2018/19 financial year.

Enterprise Risk Management (ERM) is an essential function that must be performed by the Municipality in terms of the applicable local government legislation. Auditor-General reports in recent years have highlighted risks for the Municipality and findings indicated that ERM must be prioritized as this function has been neglected for years.

In terms of section 62 (1)(c)(1) and section 95 (c)(i) of the Municipal Financial Management Act (MFMA), puts a duty on the Accounting officer to ensure that his Municipality has a fully functioning Enterprise Risk Management system, he is also responsible for the establishment of a Risk Committee. The Public Sector Risk Management Framework Act aims to support and sustain the performance of risk management in the public sector. The Public Finance Management Act section 38 (1) (a) (i) and 51 (1) (a) (i) and 6 (2) (a), confirms the position as outlined in terms of the MFMA. In light of the above legal framework and legislative requirements and based on previous internal control finding as contained in previous audit reports, the current Executive Management established, and Council adopted early 2019, the following documents:

- Revised Risk policy;
- Risk Committee Charter;
- Risk Management Strategy Plan;
- Risk Management Implementation Plan

THE FOLLOWING EMPLOYEES HAS BEEN IDENTIFIED TO FORM THE RISK COMMITTEE:

- Me. Venicia Koopman
- Mr. Denzil Neels

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

CHALLENGES

ACTIONS TO ADDRESS

Implementation of the organizational structure

This process will ensure that a new structure be introduced to ensure effective, efficient, economic, quality and timeous service delivery and to ensure that employees are capacitated to perform according to expectations. Job descriptions to accompany the organizational structure have been completed. SALGA assisted the Municipality early in 2020 with an exercise regarding capacity.

Skills Development

The Municipality is in process to equip employees with training through the LGSETA program.

Municipal Minimum Competency has commenced with permanent and interns attending MFMA courses. Plans are underway for learnerships for the young people in the community through funding allocated to the District by LGSETA

2.7 AUDITOR GENERAL REPORT (ANNEXURE ORIGINAL DOCUMENT)

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF !KHEIS MUNICIPALITY

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending. In turn, this can be described as an audit.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters.

There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply

defined as follow:

A clean audit:

- The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.

Unqualified audit with findings:

- The financial statements contain material misstatements. Unless they express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.

Qualified audit opinion:

- The financial statements contain material misstatements in specific amounts, or insufficient evidence for them to conclude that specific amounts included in the financial statements are not materially misstated.

Adverse Audit Opinion:

- The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

Disclaimer of Audit opinion:

- The audit provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of enough evidence is not confined to specific amounts or represents a substantial portion of the information contained in the financial statements.

The table below indicates the audit opinion received for the past four financial years:

Financial year	Audit outcome
2017/18	Disclaimer
2018/19	Disclaimer
2019/20	Disclaimer
2020/21	Audit results pending

The Municipal Finance Management Act (MFMA) requires that a Municipality prepared an Annual Report for each financial year. The Annual Report is a measure of ensuring that there is regular, impartial feedback to stakeholders and that accountability and thereby transparency is strengthened. Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year, setting out the performance of the Municipality and its external service providers, providing a comparison between targets and performance in the previous financial year and improved measures taken. The annual performance report must form part of the annual report. The revised timeframe for the statutory annual report process received from National Treasury (Circular 63/2012) consists of the following and will be followed for the 2021/22 annual report process.

Activity	Legislation	Process Owner	Guidance Timeframes
Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	MSA S41 (1)(e)	Municipal Manager (Assisted by other s56 managers and CFO)	July
Implementation and monitoring of approved Budget and IDP through the approved SDBIP commences (In-year financial reporting and quarterly performance reports)	MSA S41 (1)(e)	Municipal Manager (Assisted by other s56 managers and CFO)	July
Finalize 4th quarter Performance Report for previous financial year	MFMA S52(d)	Municipal Manager (Assisted by other s56 managers and CFO)	July
Submit draft previous financial year Annual Report and evidence to internal and the Auditor General including annual financial statements and financial and non-financial information	Submission of AFS as per section 126 (1) of the MFMA. Additional step, a draft annual report is prepared. Annual performance report needs to be included as per section of the MSA	Municipal Manager and CFO	July
Submit Annual Report including Annual financial Statements and Annual Performance Report to the combined audit/performance committee	Joint committee assessing both financial and non-financial performance advances accountability and expedites corrective measures	Municipal Manager and CFO	July / August

Combined Audit/performance committee considers Unaudited Annual report of Municipality

The Annual Report submitted and complied with the requirements of Section 121 (3) (a-k). Information on pre-determined objectives to be included.

Note that is unaudited and will not include any of the AG's reports as the auditing thereof will still be in progress. (Municipalities with Municipal entities to submit a consolidated unaudited annual report by September)

Mayor CFO Council

August

Mayor tables the unaudited Annual Report in Council
Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General for auditing purposes - due 31 August.

Council submits unaudited tabled annual report to MPAC for vetting and verification of council's directive on service delivery and the committee to evaluate senior managers' performance against agreement entered.

Commencement of IDP analysis of institutional, services and infrastructure provision, backlogs and priorities.

Activity	Legislation	Process Owner	Timeframes Guidance
<p>Unaudited annual report as submitted to AG to be used as input into the IDP strategic phase process and community verification and input by MPAC on reported performance. Such information includes that of various entities incorporated into information of the parent.</p>	<p>If the above process is followed, the unaudited Annual report add value to the IDP/Budget planning process for the next year as well as oversight by MPAC on the reported deliverables by communities and achievements targets reached.</p>		

Auditor-General audits the unaudited Annual Report and submit an audit report to the accounting officer for the Municipality	Section 126 (3) (b) require the Auditor-General to submit an audit report within three months after receipt of statements from the Municipality	Auditor-General	November
Annual Report and oversight report processes for adoption to be used as input into public participating meetings for the IDP review process	Section 127, 128, 129 and 130	Council	September - November
The Auditor-General's reports are issued during the period of Oct/Nov. Once the AG audit reports have been issued no further changes are allowed as the audit process is completed	Section 129, 130 and 131. Tabling the audited Annual Report within 5 or 6 months after the end of the financial year. Section 75 for publication on website	Municipal Manager	November / December
Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report		Mayor	
Audited Annual Report is made public, and representation is invited		ICT / CFO	
Oversight committee finalizes assessment on Annual Report. This must be concluded within 7 days of receipt of AG's report. Council is expected to conclude on this matter before going on recess in December		MPAC	
Council adopts Oversight Report	The entire process, including oversight reporting and submission to provincial legislators are completed in December and not in March the following year	Council	December
Oversight Report is made public		Municipal Manager	
Oversight report is submitted to legislators, Treasurers and COGTA		Mayor	

TABLE 20: STATUTORY REPORTING TIMEFRAMES – CIRCULAR 63 (SEPTEMBER 2019)

The Annual Report must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The contents will assist with the annual audits and as a management tool for the budget process and as an accountability instrument for feedback to the public. MFMA reforms include ensuring transparency and accountability for the fiscal and financial affairs of municipalities through in- year and Annual Reporting. Real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget, SDBIP, service delivery agreements, performance agreements of senior management and officials, in-year reports covering financial and non-financial information, (such as MFMA Sections 71, 72 & 74 and MSA Section 41 among others), Annual Financial Statements, Annual Performance Report and the Annual Report.

The IDP, Budget, SDBIP, in-year reports, annual performance report and Annual Report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

CHAPTER 3: BASIC SERVICE DELIVERY PERFORMANCE INFORMATION

OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organization's strategy. It is also a management tool to plan, monitor, measure, and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organization and its employees, are met.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to inform the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players."

Performance management is not only relevant to the organization, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance

LEGISLATIVE CONTEXT

In terms of section 46(1) (a) a Municipality must prepare for each financial year a performance report reflecting the Municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

ORGANISATIONAL PERFORMANCE

Strategic performance indicates how well the Municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the Municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 46 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level and municipal services.

INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2020/2021

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a Municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements).

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the Strategic Objectives linked to the Municipal KPA's. The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

Performance Highlights per Service Delivery Category

6.1. BASIC SERVICES

6.1.1. WATER PROVISION

Access to portable water is essential to maintain a healthy lifestyle. Kheis Municipality is the Water Service Authority responsible for water services and waste water services in Groblershoop, Boegoeberg, Opwag, Topline, Gariep, Grootdrink and Wegdraai, with each town having its own Water Treatment Works (WTW). The WTW in Gariep needs extra capacity to cater for the

growing population and new households in that area. The municipality has identified the need for long term water security in all these towns and has submitted a Refurbishment Business Plan to Bokpoort CSP which was approved by the Board in June 2019.

Energy efficient pumps and metering systems were installed at all WTWs to save energy. The project was sponsored by the European Commission in partnership with the South African National Energy Development Institute (SANEDI).

The municipality commenced with bulk water supply projects in Groblershoop and Boegoeberg to refurbish pumps, storage tanks and increasing pipeline diameters. These refurbishments were funded the Department of Water and Sanitation to the tune of R13.5m and was completed by end of September 2019.

The table below indicates the water service delivery level for the !Kheis area

Water Service Delivery Levels		Household
Description	2020/21 Actual No.	
Water: (above min level)	435	
Piped water inside dwelling	3083	
Piped water inside yard (but not in dwelling)		
Using public tap (within 200m from dwelling) Other water supply (within 200m)	0	
Minimum Service Level and Above sub-total	0	
Minimum Service Level and Above Percentage		
Water: (below min level)	658	
Using public tap (more than 200m from dwelling)		
Other water supply (more than 200m from dwelling)	658	
No water supply	0	
Below Minimum Service Level sub-total		
Below Minimum Service Level Percentage		

Total number of households*	4,307
To include informal settlements	T004

The table below indicates Capital Expenditure for Water Services relating to the 2020/21 financial year

Capital Expenditure 2020/2021 financial year: Water Services						R'000
2020/2021						
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Upgrading of Bulk water supply-Boegoeberg	R 4,081,954,00	-	R 425,286,48	R 3,656,667,52	R7 000,000,00	
Received additional funding from WSIG						T005

Table below highlights indicators in the Top Layer SDBIP to Water Service

OBJECTIVE	INDICATOR	QUARTER				2019/2020	2020/2021			ACTION OF IMPROVEMENT
		1	2	3	4		Target	Actual	Status	
SO1. To improve and maintain current basic service delivery through specific infrastructural development projects	Upgrading of bulk water supply in Groblershoop	80%	20%	-	-	New Indicator	100%	71%	☹️	
	Upgrading of bulk water supply in Boegoeberg	25%	25%	25%	25%	Achieved 15% on the implementation stage	100%	42%	☹️	
	The number of single residential properties with access to basic level of water.	-	-	-	4893	New Indicator	4893	0	☹️	
										T006

The majority of households are connected to septic tanks and French latrines and the table and graph below indicated the Access to Sanitation within the Ikheis area. Construction of sewer reticulation in Grootdrink and Sternham was undertaken during the year review. The project was funded by the Municipal Infrastructure Grant (MIG) with a total cost of R18.8m which includes consultation fees and construction costs.

Sanitation Service Delivery Levels Household	
Description	Household
	2020/2021
	Outcome
Sanitation/sewerage: (above minimum level)	1958
Flush toilet (connected to sewerage)	188
Flush toilet (with septic tank)	1604
UDS	248
Pit toilet (NOT ventilated)	0
Other toilet provisions (above min. service level)	3810
Minimum Service Level and Above sub-total	100.0%
Minimum Service Level and Above Percentage	
Sanitation/sewerage: (below minimum level)	0
Bucket toilet	0
Other toilet provisions (below min. service level)	0
No toilet provisions	0
Below Minimum Service Level sub-total	0.0%
Below Minimum Service Level Percentage	4307
Total households	T007

The table below indicates Capital Expenditure for Sanitation Services relating to the 2020/21 financial year

Capital Expenditure 2020/2021 Financial year: Sanitation Services							R' 000
2020/2021							
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value		
Total	R 6,563,003,38	-	R 9,723,892,90	(R 3,187,889,52)	R 18,859,651,79		
Sternham & Duineveld Sewer Reticulation & Pump Station	R 9,121,941	-	-	(R 474,578,62)	R 10,946,476,72		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).						T 008	

Table below highlights indicators in the Top Layer SDBIP to Sanitation

OBJECTIVE	INDICATOR	QUARTER				2020/2021		ACTION OF IMPROVEMENT
		1	2	3	4	Target	Actual Status	
SO 2.To promote a safe and healthy environment through the protection of our natural	Construction of sewer reticulation, pump station and rising main to oxidation points in	80%	100%	-	4	100%	95% 😊	

Electricity Service Delivery Levels		Household
Description	2020/2021 Actual No.	
Energy: (above minimum level)	2,898	
Electricity (at least min. service level)	1,369	
Electricity – Solar panels (min. service level)	4,267	
Minimum Service Level and Above sub-total Minimum Service Level and Above Percentage	99.0%	
Energy: (below minimum level)	–	
Electricity (< min. service level)	–	
Electricity - prepaid (< min. service level)	–	
Other energy sources		
Below Minimum Service Level sub-total	–	
Below Minimum Service Level Percentage	0.0%	
Total number of households	4,267	
	T010	

The table below Highlights Top-Layer SDBIP for Electricity

OBJECTIVE	INDICATOR	QUARTER				2019/2020	2020/2021	ACTION OF IMPROVEMENT	
		1	2	3	4				
SO 1.To							Target	Actual	Status

improve and maintain current basic service delivery through specific infrastructural development projects	New electricity connections in Duineveld	75	75	80	New Indicator	305 Households in Duineveld with new electricity connections by June 2021	Electricity Connections: 100%	☹️
	The number of single residential properties with access to basic level of electricity	-	-	3025	New Indicator	3025	0	☹️
T 011								

6.1.1.4. WASTE MANAGEMENT

Currently the Municipality operates on Five (5) licensed landfill sites in Groblershoop, Wegraai, Topline, Grootdrink and Boegoeberg.

The !Kheis Municipality is in the process of drafting its own Waste Management Plan, Policies and Implementation Plan which will be tabled to the Council in the 2021 / 2022 financial year. As part of the waste management plan process, relevant landfill sites will be designated as overloading stations with one compliant licensed landfill site.

The Waste Management Plan will be in line with the National Waste Strategy. The plan covers the following goals:

- Promote, educate, and raise awareness towards integrated waste management
- Improve waste information
- Promote green technologies
- Ensure the effective and efficient delivery of integrated waste management services
- Improve regulatory compliance

AREA	TYPE OF SERVICE /FREQUENCY	RECEPTACLES	Number of Households
Brandboom	Weekly	Plastic bags	609
Duineveld	Weekly	Plastic bags	305
Gariep	Weekly	Plastic bags	323
Groblershoop Town	Weekly	Plastic bags	100
Grootdrink	Weekly	Plastic bags	830
Opwag	Weekly	Plastic bags	112
Sternham	Weekly	Plastic bags	389
Topline	Weekly	Plastic bags	528
Uitbreiding 1	Weekly	Plastic bags	201
Uitbreiding 2	Weekly	Plastic bags	300
Wegdraai	Weekly	Plastic bags	636
Witblok	Weekly	Plastic bags	65
			4307
T012			

Refuse Removal Service Delivery Levels

Description	Households 2020/21 Actual No.
Solid Waste: (minimum level)	4,307
Removal at least once a week	4,307
Minimum Service Level and Above sub-total	100.0%
Percentage	
Solid Waste: (below minimum level)	
Removed less frequently than once a week	-
Using communal refuse dump	-
Using own refuse dump	-
Other rubbish disposal	-
No rubbish disposal	0.0%
Below Minimum Service Level sub-total	0.0%
Below Minimum Service Level Percentage	0.0%
Total number of households	T013

The policy also assists with the transfer of land to beneficiaries as title deed holders. The central objective of this policy is to achieve timeous transfer of title deeds to housing beneficiaries in new housing projects with the assistance of COGSTHA. Seven comprehensive business plans for each township were developed in partnership with V3 engineers and was approved by Council and submitted to COGSTHA.

The table below indicates Housing Backlog and provision in housing pipeline as per the Housing Pipeline and Pre-feasibility Report

The first 25 houses were allocated for Topline, with another 50 for Wegdraai.

Town	Waiting List	GAP Housing	Provided in pipeline
Brandboom	213	R 3501-R 15 000	
Gariep	80		
Groblershoop	510	94	
Grootdrink	150		
Opwag	200	Town establishment	25
Topline	58		50
Wegdraai	200		75
TOTAL	1 411	94	75
			T015

The table below highlights indicators in the Top Layer SDBIP relating to Housing

OBJECTIVE	INDICATOR	QUARTER				2019/2020	2020/2021			ACTION OF IMPROVEMENT
		1	2	3	4		Target	Actual	Status	
		SO1. To improve and maintain current basic service delivery through specific infrastructural development projects.	To Ensure provision of infrastructure and basic service through securing suitable land for human settlement projects in the !Kheis Municipal area	-	-		-	1	New Indicator	
Construction of low-cost housing units in !Kheis area		-	5	10	20	New Indicator	35	No response could be received from Northern Cape Municipal Infrastructure Support Agency regarding Low Cost Housing.	☹️	
										T016

6.1.6. Free Basic Services and Indigent Support

Free Basic Services to Low Income Households										
Number of households										
Households earning less than R2,560 per month										
Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		Access	%
	Access	%	Access	%	Access	%	Access	%		
2017/18	3400	1,556	45.5%	1,556	45.5%	1,556	26%	1,556	1,556	45.5%
2018/19	5,656	978	27.5%	978	27.5%	978	27.5%	978	978	27.5%
2019/20	5,656	964	27%	964	27%	964	27%	964	964	27%
2020/21	5,656	1218	34%	1218	34%	1218	34%	1218	1218	34%
										T 017

FBE supplied by Eskom and charging the municipality

The table below highlights indicators in the Top Layer SDBIP relating to Free Basic Services

OBJECTIVE	INDICATOR	QUARTER				2020/2021	ACTION OF IMPROVEMENT	
		1	2	3	4			
S01. To		1	2	3	4	Target	Actual	Status

improve and maintain current basic service delivery through specific infrastructure projects	The number of formalized single residential properties with access to free basic services: WATER	350	350	350	350	New Indicator	1400	1218	☹️
	The number of formalized single residential properties with access to free basic services: SANITATION	350	350	350	350	New Indicator	1400	1218	☹️
	The number of formalized single residential properties with access to free basic services: REFUSE REMOVAL	350	350	350	350	New	1400	1218	☹️
	The number of formalized single residential	350	350	350	350	New	1400	1218	☹️

Upgrading of Internal Streets Sternham Phase 4	R 400,000	R 161,714.33	R 3,414,919,95)	R 27 154 197,11
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.				T 019

The table below highlights indicators in the Top Layer SDBIP relating to Roads

OBJECTIVE	INDICATOR	QUARTER				2020/2021		ACTION OF IMPROVEMENT
		1	2	3	4	Target	Actual	
SO 1. To improve and maintain current basic service delivery through specific infrastructural development projects	Upgrading of Visser Street in Groblershoop town through EPWP	-	300m	300m	-	600m meters	600m	☹️
								T020

6.3. Planning and Development

6.3.1. PLANNING

The Municipality reviewed and adopted its Spatial Development Framework (SDF) in August 2015 and is in the process of developing a Land use Management Scheme (LUMS) with the assistance of the Department of Land Reform and Development and was tabled and approved by Council in April 2021.

The purpose of the SDF is to give guidance for future development in each town and is limited within the urban edge of each town. The SDF will be reviewed annually.

The SDF makes specific recommendations concerning the following elements:

- Bio - regions;
- Spatial Planning Categories (SPCs) for Land Use Management;
- Sustaining the economy;
- Major infrastructure projects;

Table below highlights indicators in the Top Layer SDBIP to Refuse Removal

OBJECTIVE	INDICATOR	QUARTER				2019/2020	2020/2021		ACTION OF IMPROVEMENT			
		1	2	3	4		Target	Actual		Status		
SO2.To promote a safe and healthy environment through the protection of our natural resources	The number of single residential properties with access to basic level of solid waste removal	-	-	-	4	3880	4222	4274	Household refuse removal by 30June 2021	Households to be serviced with refuse removal by 30June 2021	4274 households serviced.	😊

T014

6.1.5. HOUSING

The municipality has developed Human Settlement Plan which outlines the overall housing projects in the municipal area.

The Human Settlement Plan entails the following technical work:

- Geotechnical assessment
- Contour Survey
- Draft Planning Layout
- Bio-diversity assessment
- Bulk services Report
- Widened the existing urban edges

The municipality has developed a housing selection policy which was tabled to Council and approved. This policy regulates the housing waiting list and the allocation of housing. This policy enables the council to determine the demand for housing.

				equivalent	equivalent	
2017/18	98	43	-	-	R1 000 000.00	
2018/19	122	119	1	1*	R1 000 000.00	
2019/20	135	59	1	1*	R1 000 000.00	
2020/21	30	30	1	1*	R1 000 000.00	
						T022

*Full time data capture for EPWP

The table below highlights indicators in the Top Layer SDBIP relating to LED

OBJECTIVE	INDICATOR	QUARTER				2020/2021	2020/2021		ACTION OF IMPROVEMENT
		1	2	3	4		Target	Actual	
SO 6. To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	Youth internship program aimed at skill development in finance, technical and HR	1	1	1	1	New Indicator	4 appointments for youth interns by 30 June 2021	3 x Financial Interns were appointed on the 1 st of July 2019 on the two year contracts.	☹️
	Tourism Destination Plan	-	-	-	1	New Indicator	1 Tourism Destination Plan to be approved before or	1 Tourism Destination Plan was not approved as no council minutes could	☹️

							on 30 th of June 2021	be provided.		T023
--	--	--	--	--	--	--	----------------------------------	--------------	--	------

6.4. Community and Social Services

6.4.1. Libraries, Community Facilities and Other

The municipality renders the library service on an agency basis for the Provincial Government (DSAC) which is funded 100% through a grant. The municipality views the libraries as key to developing the human capital, encouraging people to equip themselves with knowledge and skills in order to lead quality lives.

The table below indicates library users and stock

Libraries	Users	Stock
Boegoeberg	100	R 80 000
Groblershoop	350	R 600 000
Topline	80	R 40 000
Grootdrink	155	R 60 000
Gariep	40	R 30 000
		T024

Table 22 - Library users and stock

6.4.2. CEMETERIES

The municipality has identified the need to develop new cemeteries due to capacity and life expectancy of the current cemeteries. The area (land) for the new cemeteries in Groblershoop and Topline has been identified. The process of re-zoning of the land is the first phase and will be tabled to council for approval. The Environmental Impact Assessment will be done on the approval of council.

6.4.3. CHILD CARE, AGED CARE, SOCIAL PROGRAMMES

!Kheis Municipality is committed to ensure that special programs (Gender, Elderly, Youth, Disabled, HIV/Aids etc.) are rolled out in the municipality in partnership with the district municipality, national and provincial government departments as well as other social partners. The municipality currently does not have a functional unit through which it can initiate, develop, and implement such programs on its own given the human and capital constraints.

6.4.4 POPULATION AND DEMOGRAPHICS

!Kheis has the smallest population in the ZF Mcauwu District. The table below indicates that in 2001 there was a total population of 16 821 and in 2011 a total population of 16 637 in the municipal area.

Description	Census 2001	Census 2011	Census 2016
Population	16 538	16 637	16 566
!Kheis			
Municipality			
AGE			
0-4	5-14	15-34	35-65
1 970	3 853	5 170	5 165
11.84%	23.16%	31.08%	31.05%
Total			
			478
			2.87%
T025			

Table 023 - Population - Census 2001/2011/ 2016

The latest figures of 2016 indicate an actual decline in population which can be attributed to migrate on patterns and natural attrition. The population of !Kheis increased by 1 520 people, for 15 046 in 1996 to 16 566 in 2016. There were more females in the years 1996 and 2001 an more males than females in 2011 and 2016. Over the period from 1996 to 2016, the number of females increased by 663, whilst males increased 857 persons. The language spoken mostly by households in !Kheis municipality is Afrikaans, representing a total number of 15 795 (96.7%) of households, followed by those who speak Setswana (1.1%) and English (0.8%).

6.4.5 EDUCATION

The level of education in the municipality over the period 1996 to 2016 improved, however there was a decline in the percentage of people aged 20 years and above with no schooling from 26.8% in 1996 to 11.7% in 2016. There is also an increase observed in the percentage of people having matric qualification over the period from 1996 to 2016 from 6.6% to 18.0%

	2001	2011	2016
No schooling	2072	1232	1062
Some primary	2795	2360	1689
Completed primary	1004	894	873
Some secondary	2120	2945	3526
Grade 12	972	1278	1638
Higher	355	413	315

T026

6.4.6 DISASTER MANAGEMENT

Kheis Municipality does not have a functional disaster management structure. The function is the competency of the District Municipality. However the Municipality do have an approved Disaster Management Plan and a Disaster Management Recovery Plan in place terms of the Section 53 Disaster Management Act.

The table below highlights indicators in the Top Layer SDBIP relating to Disaster Management

OBJECTIVE	INDICATOR	QUARTER				2019/2020			2020/2021			ACTION OF IMPROVEMENT
		1	2	3	4	Target	Actual	Status	Target	Actual	Status	
SO 6. To encourage the involvement of communities in	Review of the Disaster Management	-	-	-	1	1 Disaster Management Plan	1 Disaster Management Plan	☺	1 Disaster Management Plan	1 Disaster Management Plan	☺	

the matters of local government, through the promotion of open channels of communication	Plan	Approved on the 27 th of September 2018.	Approval before or on the 30 th of June 2020	approved on the 26 th of February 2021	
					T027

The table below highlights indicators in the Top Layer SDBIP relating to Community Services

OBJECTIVE	INDICATOR	QUARTER				2019/2020	2020/2021			ACTION OF IMPROVEMENT
		1	2	3	4		Target	Actual	Status	
SO1.To improve and maintain current basic service delivery through specific infrastructural development projects.	Human Settlement Plan 2020 - 2021	-	1	-	-	New Indicator	1 Human Settlement Plan to be approved before or on the 30 th December 2021.	1 Housing Plan was not approved as no council minutes could be provided.	☹️	
										T028

OBJECTIVE	INDICATOR	QUARTER				2019/2020	2020/2021			ACTION OF IMPROVEMENT
		1	2	3	4		Target	Actual	Status	
SO 5. To structure and manage the municipal administration to ensure efficient service delivery		-	-	-	4		Target	Actual	Status	T029
	Spatial Development Framework (SDF) Review 2019-2020	-	-	-	1	New Indicator	1 Spatial Development Framework to be approved before or on 30 December 2020.	1 Spatial development framework approved on the 26 February 2021	😊	

OBJECTIVE	INDICATOR	QUARTER				2019/2020	2020/2021			ACTION OF IMPROVEMENT
		1	2	3	4		Target	Actual	Status	
SO 6. To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication		-	-	-	4		Target	Actual	Status	T030
	Zoning Scheme Bylaw (Review) 2020-2021	-	-	-	1	New Indicator	1 Zoning Scheme By-law to be approved before or on the 30 th December 2020.	1 Zoning Scheme By-law approved on the 26 th of February 2021	😊	

COMPONENT A: BASIC SERVICE DELIVERY

3.1 WATER PROVISION

Access to portable water is essential to maintain a healthy lifestyle. Ikheis Municipality is the Water Service Authority responsible for water services and waste water services in Groblershoop, Boegoeberg, Opwag, Topline, Gariep, Grootdrink and Wegdraai with each town having its own Water Treatment Works (WTW). The WTW in Gariep needs extra capacity to cater for the growing population and new households in that area. The municipality has identified the need for long term water security in all these towns and has submitted a Refurbishment Business Plan to Bokpoort CSP, which was approved by the Board in June 2019. The refurbishment works on the plants except for Gariep commenced in September 2019. The municipality then commenced with bulk water supply projects in Groblershoop and Boegoeberg to refurbish pumps, storage tanks and increasing pipeline diameters. These refurbishments were funded the Department of Water and Sanitation to the tune of R13.5m and will be completed by end of September 2021.

Water Service Delivery Levels		Household
Description	2020/2021 Actual No.	
<u>Water:</u> (above min level)		435
Piped water inside dwelling		3083
Piped water inside yard (but not in dwelling)		
Using public tap (within 200m from dwelling) Other water supply (within 200m)		0
Minimum Service Level and Above sub-total		0
Minimum Service Level and Above Percentage		
<u>Water:</u> (below min level)		658

Using public tap (more than 200m from dwelling)	658
Other water supply (more than 200m from dwelling)	0
No water supply	
Below Minimum Service Level sub-total	
Below Minimum Service Level Percentage	4,307
Total number of households*	
To include informal settlements	

The table below indicates the total use of water by sector in kiloliters from 2020/21 per financial year:

Years	Total Use of Water by Sector 2020/21		Unaccountable water losses (R)
	Commercial	Industrial	
2019/2020	101 103	348 255	746 120
2020/2021	76 336	334 552	-802 446

The tables below indicate the employees per levels, financial performance, capital expenditure and performance information (strategic objectives), for 2020/21 financial year:

TABLE 28: TOTAL EMPLOYEES PER WATER SERVICES - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

Job Level	Employees: Water Services					
	2019/2020			2020/2021		
	Employees	Posts	Employees	Employees	Posts	Vacancies (fulltime equivalents)
0 - 3	No. 3	No. 36	No. 6	No. 6	No. 30	30
4 - 6	No. 2	No. 4	No. 7	No. 7	No. -3	-3
7 - 9	No. 4	No. 20	No. 10	No. 10	No. 10	10
10 - 12	No. 0	No. 4	No. 5	No. 5	No. -1	-1
13 - 15	No. 0	No. 1	No. 0	No. 0	No. 1	1

16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	9	65	28	37

Capital Expenditure 2020/2021 financial year:					R'000
Water Services					
2020/2021					
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Brandboom water reticulation	R 4,000,000.00	R 8,5000,00	R 7,634,874,30	R 3,634,874,30	R 6,500,00,00
Received additional funding from WSIG					T032

The table below indicates Capital Expenditure for Water Services relating to the 2020/21 financial year

3.2 SANITATION PROVISIONS

The majority of households are connected to septic tanks and French latrines and the table and graph below indicated the Access to Sanitation within the !Kheis area. Construction of sewer reticulation in Grootdrink and Sternham was undertaken during the year review. The project was funded by the Municipal Infrastructure Grant (MIG) with a total cost of R18.8m which includes consultation fees and construction costs.

Sanitation Service Delivery Levels Household

Description	Household 2020/2021 Outcome
<u>Sanitation/sewerage:</u> (above minimum level)	1958
Flush toilet (connected to sewerage)	188
Flush toilet (with septic tank)	1604
UDS	248
Pit toilet (NOT ventilated)	0
Other toilet provisions (above min. service level)	3810
Minimum Service Level and Above sub-total	100.0%
Minimum Service Level and Above Percentage	
<u>Sanitation/sewerage:</u> (below minimum level)	0
Bucket toilet	0
Other toilet provisions (below min. service level)	0
No toilet provisions	0
Below Minimum Service Level sub-total	0.0%
Below Minimum Service Level Percentage	4307
Total households	

Capital Expenditure 2020/21 financial year: Sanitation Services						R' 000
2020/21						
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total	R 6,563,003,38	-	R 9,723,892,90	(R 3,187,889,52)	R 18,859,651,79	
Groblershoop and Sternham sewer reticulation pump station	R 6,300,000,00	-	R 5,310,609,75	(R 474,578,62)	R 9,530,959,40	
Grootdrink sewer reticulation pump station	R 1,500,000,00		R 0.00	(R 2,686,374,90)	R 9,328,692,39	
Sternham Water Tank	R 1,500,000,00		R 349,002.00			
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.						T033

TABLE 33: TOTAL EMPLOYEES PER SANITATION SERVICES - 2020/21 - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

The table below indicates Capital Expenditure for Sanitation Services relating to the 2020/21 financial year

Below is the policy objectives taken from the IDP for the financial year under review:

Sanitation Service Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	2019/2020		2020/2021	
		Target	Actual	Target	Actual
SO.2 To ensure efficient infrastructure and energy supply and improve our public relations thereby pledging that our customers are served with dignity	Providing 2160 households with basic sanitation services by 30 June 2021	Target not realistic	Target not realistic	2160	2583

TABLE 35: SANITATION SERVICE POLICY OBJECTIVES TAKEN FROM IDP

3.3 ELECTRICITY PROVISION

Electricity is provided by Eskom for the entire municipal area. For the year under review the design phase for 305 households in Duineveld, 125 in Opwag and 150 in Boegoeberg was completed. The project is funded through the Integrated National Electrification Program (INEP) aimed at connecting new households to the grid. The program has commenced in Opwag and material has already been supplied.

Electricity Service Delivery Levels		Household
Description	2020/21 Actual No.	
Energy: (above minimum level)		2,898
Electricity (at least min. service level)		1,369
Electricity – Solar panels (min. service level)		4,267
Minimum Service Level and Above sub-total Minimum Service Level and Above Percentage		99.0%
<hr/>		
Energy: (below minimum level)		–
Electricity (< min. service level)		–
Electricity - prepaid (< min. service level)		–
Other energy sources		–
Below Minimum Service Level sub-total		0.0%
Below Minimum Service Level Percentage		4,267
Total number of households		

3.4 WASTE MANAGEMENT

Currently the Municipality operates on Five (5) licensed landfill sites in Groblershoop, Wegdraai, Topline, Grootdrink and Boegoeberg. In the 2019/2020 financial year the municipality applied for MIG funding to establish well-constructed compliant landfill sites.

The !Kheis Municipality is in the process of drafting its own Waste Management Plan, Policies and Implementation Plan which was tabled to Council in the 2020/2021 financial year. As part of the waste management plan process, relevant landfill sites will be designated as overloading stations with one compliant licensed landfill site.

The Waste Management Plan will be in line with the National Waste Strategy.

The plan covers the following goals:

- Promote, educate, and raise awareness towards integrated waste management
- Improve waste information
- Promote green technologies
- Ensure the effective and efficient delivery of integrated waste management services Improve regulatory compliance

AREA	TYPE OF SERVICE /FREQUENCY	RECEPTACLES	Number of Households
Brandboom	Weekly	Plastic bags	609
Duineveld	Weekly	Plastic bags	305
Gariep	Weekly	Plastic bags	323
Groblershoop Town	Weekly	Plastic bags	100
Grootdrink	Weekly	Plastic bags	830
Opwag	Weekly	Plastic bags	112
Sternham	Weekly	Plastic bags	389
Topline	Weekly	Plastic bags	528
Uitbreiding 1	Weekly	Plastic bags	201
Uitbreiding 2	Weekly	Plastic bags	300
Wegdraai	Weekly	Plastic bags	636
Witblik	Weekly	Plastic bags	65
TOTAL			4307

TABLE 43: TOTAL NUMBER OF EMPLOYEES PER SOLID WASTE MANAGEMENT SERVICES

Refuse Removal Service Delivery Levels		Households
Description	2020/21 Actual No.	
Solid Waste: (minimum level)	4,307	
Removal at least once a week	4,307	
Minimum Service Level and Above sub-total Minimum Service Level and Above Percentage	100.0%	
<hr/>		
Solid Waste: (below minimum level)		
Removed less frequently than once a week	-	
Using communal refuse dump	-	
Using own refuse dump	-	
Other rubbish disposal	-	
No rubbish disposal	0.0%	
Below Minimum Service Level sub-total	0.0%	
Below Minimum Service Level Percentage	0.0%	
Total number of households		

Below are the service policy objectives taken from the IDP for the financial year under review:

Service Objectives	Outline Service Targets	2019/2020		2020/2021	
		Target	Actual	Target	Actual
SO.2 To ensure efficient infrastructure and energy supply and improve our public relations thereby pledging that our customers are serviced with dignity.	Submission and approval 1 Waste Management policy by 30 June 2020.	New	New	Submission of a waste management policy	1 Approved Waste management policy
SO.2 To ensure efficient infrastructure and energy supply and improve our public relations thereby pledging that our customers are serviced with dignity.	Providing 3880 households with solid waste removal per annum by 30 June 2020	New	New	3880 Households	4298 households

3.5 HOUSING

The municipality has developed Human Settlement Plan which outlines the overall housing projects in the municipal area. The Human Settlement Plan entails the following technical work: -

- Geotechnical assessment
- Contour Survey
- Draft Planning Layout
- Bio-diversity assessment
- Bulk services Report
- Widened the existing urban edges

The municipality has developed a housing selection policy which was tabled to Council and approved. This policy regulates the housing waiting list and the allocation of housing. This policy enables the council to determine the demand for housing. The policy also assists with the transfer of land to beneficiaries as title deed holders. The central objective of this policy is to achieve timeous transfer of title deeds to housing beneficiaries in new housing projects with the assistance of COGSTHA. Seven comprehensive business plans for each township were developed in partnership with V3 engineers and was approved by Council and submitted to COGSTHA.

The table below indicates Housing Backlog and provision in housing pipeline as per the Housing Pipeline and Pre-feasibility Report

Town	Waiting List	GAP Housing	Provided in pipeline
Brandboom	213	R 3501-R 15 000	
Gariep	80		
Groblershoop	510	94	
Grootdrink	150		
Opwag	200	Town establishment	25
Topline	58		50
Wegdraai	200		75
TOTAL	1 411	94	

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

		Free Basic Services to Low Income Households							
		Number of households							
		Households earning less than R3,500 per month							
Total		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%
2018/19	5,656	978	27.5%	978	27.5%	978	27.5%	978	27.5%
2019/20	5,656	964	27%	964	27%	964	27%	964	27%

FBE FBE supplied by Eskom and charging the municipality

TABLE 52: FINANCIAL PERFORMANCE OF FREE BASIC SERVICES - SOURCE: SAMIRAS (MUNICIPAL STATISTICS)

COMPONENT B: ROADS AND STORM WATER

3.7 ROADS

The road infrastructure in the municipality is mainly gravel roads with only 16 kilometers paved. Extended Public Works funding was utilized to pave approximately 600 meters of the main street linking the town to N10 and acting as a connecting road the CBD, the police station and the municipal offices. Plans are in place to also upgrade Visser street which connects the town to the Post Office and Home Affairs. The road will also serve as a buffer to the planned shopping complex earmarked opposite the post office which has been delayed because Eskom cannot guarantee addition supply.

The table below indicates Capital Expenditure for Road Services relating to the 2020/21 financial year

Capital Expenditure 2020/21 financial year: Road Services						R' 000
						2020/21
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
• Total All	R1,000,000	R1,000,000	R 752,890,00	247,110,00		
• Upgrading of Visser street in Groblershoop town	R1,000,000	R1,000,000-	R 752,890.00	75.3%		R1,000,000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).						

COMPONENT C: PLANNING AND DEVELOPMENT

3.8 PLANNING

The Municipality reviewed and adopted its Spatial Development Framework (SDF) in August 2015 and is in the process of developing a Land use Management Scheme (LUMS) with the assistance of the Department of Land Reform and Development which was tabled to Council in April 2020. The purpose of the SDF is to give guidance for future development in each town and is limited within the urban edge of each town. The SDF will be reviewed with the adoption of the LUMS. The SDF makes specific recommendations concerning the following elements: Bio – regions;

- Spatial Planning Categories (SPCs) for Land Use Management;
- sustaining the economy;
- Major infrastructure projects;
- Major Tourism Destinations;
- Land Reform;
- Urban Related Development

The table below indicates the number of applications for land use development relating to the 2020/21 financial year

Applications for land use development		
Detail	2019/20	2020/21
	Planning application received	05
Determination made in year of receipt	05	01
Determination made in following year	0	0
Applications withdrawn	01	0
Applications outstanding at year end	0	01

3.9 LOCAL ECONOMIC DEVELOPMENT

The Local Economic Development (LED) Strategy together with the terms of reference (TOR) was approved in 2014. The LED strategy is outdated, and the Department of Economic Development and Tourism has approached assist with the review of the Strategy. The Department has already made a commitment to assist with the review in the coming financial year. The LED forum was fully functional for the year under review with three meeting taking place. The TORs are currently being reviewed and will be adopted in the next LED Forum. Expanded Public Works program (EPWP) and over the 2018/2019, 2019/2020 and 2020/2021 financial years, the municipality partially met the annual targets set for EPWP jobs:

The tables below indicate the Target, actuals and Grants Allocated targets for EPWP

EPWP WORK OPPORTUNITIES						
YEAR	TARGET	TARGET ACHIEVED	TARGET full time equivalent	ACHIEVED full time equivalent	GRANT ALLOCATED	
2018/19	122	119	1	1*	R1 000 000.00	
2019/20	135	59	1	1*	R1 000 000.00	
2020/21	30		1	1*	R1 000 000.00	

*Full time data capturer for EPWP

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.10 LIBRARIES, COMMUNITY FACILITIES AND OTHER

The municipality renders the library service on an agency basis for the Provincial Government (DSAC) which is funded 100% through a grant. The municipality views the libraries as key to developing the human capital, encouraging people to equip themselves with knowledge and skills in order to lead quality lives.

The table below indicates library users and stock

Libraries	Users	Stock
Boegoeberg	100	R 80 000
Groblershoop	350	R 600 000
Topline	80	R 40 000
Grootdrink	155	R 60 000
Gariep	40	R 30 000

Table 22 - Library users and stock

3.11 CEMETERIES

The municipality has identified the need to develop new cemeteries due to capacity and life expectancy of the current cemeteries. The area (land) for the new cemeteries in Groblershoop and Topline has been identified. The process of re-zoning of the land is the first phase and will be tabled to council for approval. The Environmental Impact Assessment will be done on the approval of council.

COMPONENT E:

3.12 DISASTER MANAGEMENT

!Kheis Municipality does not have a functional disaster management structure. The function is the competency of the District Municipality. However, the Municipality do have an approved Disaster Management Plan and a Disaster Management Recovery Plan in place in terms of the Section 53 Disaster Management Act.

COMPONENT F:

3.13 SPORTS AND RECREATION

Supporting the growth of a culture of a healthy sporting society is important to the Municipality. Due to financial constraints the Municipality has put out the sporting field on a notarial lease to ensure effective maintenance and community participation. The Provincial Government Sport and Recreation is involved in supporting clubs within the !Kheis Municipal area. Supporting the growth of a culture of a healthy sporting society is important to the municipality and with its modest budget it maintains the following sports fields and has made a commitment in this budget and the next budget to commit resources for upgrading.

COMPONENT I: CORPORATE POLICY OFFICE AND OTHER SERVICES

3.14 INSTITUTIONAL TURNAROUND PLAN

Below are the key milestones reached for the period under review.

- Council has adopted and approved the final budget for the 2020/2021 financial year. The budget has been approved by National Treasury as mSCOA compliant.
- National Treasury in partnership with Provincial Treasury assisted the municipality to develop an Action Plan to address the key audit findings emanating from the Management Report of 2019/2020.
- We have managed to correct the configuration of the data strings on the Financial System which led to disclaimable items with Treasury.
- The parameters for reporting which led to incorrect Section 71 reports and C schedules have been corrected to depict a true reflection of the activities of the municipality.

3.15 OPERATION CLEAN AUDIT

- The municipality has with the assistance of Provincial Treasury designed an Audit Readiness Tool for the 2021/2022 financial year.
- The concept framework for the Annual Financial Statement (AFS) is already in place.
- The Audit Committee chaired by Mr D September has been approved by Council.
- The AFS will be done internally with the assistance of Provincial Treasury and desktop review by National Treasury.

3.16 HUMAN RESOURCES

The municipality currently has 134 employees, of which 3 are Section 57 employees, 126 permanent and 5 contract employees. (Information provided by HR)

In the 2020/2021 financial year, management initiated a process to review the macro-structure to ensure alignment with the municipal strategic objectives (IDP) to ensure compliance and effective and efficient service delivery. This exercise highlighted several critical areas that management needs to address to ensure optimal service delivery.

Examples of these are as follows:

- Low morale
- Inadequate relevant skills levels
- Inadequate qualifications
- Lack of clarity regarding roles and responsibilities (middle management and supervisors)
- Lack of discipline

Some of the above concerns have subsequently been addressed in implementing the following initiatives:

- Job descriptions for all staff have been developed
- Training plans have been developed to identify skills needs.
- Workplace Skills Plan has been developed and will be implemented in the next financial year
- Present the code of conduct to staff

3.17 SKILLS TRANSFER

The following staff has completed the Minimum Municipal Competency Level qualification:

- Municipal Manager
- Chief Finance Officer
- Human Capital Manager
- Technical Manager
- Head Supply Chain

- Manager Supply Chain
- Supply Chain Officer
- Assets Manager
- Assistant Account Expenditure
- Assistant Account Income
- Budget and Treasury Officer
- Budget and Treasury Manager
- Risk Officer
- Payroll Officer

2020/21 Permanent Employees						
Description	Approved Posts		Employees		Vacancies	
	No.	No.	No.	No.	No.	%
Water	23	22	1	1	95	
Wastewater (Sanitation)	6	6	0	0	100	
Electricity	3	1	1	2	50	
Waste Management	10	9	1	1	95	
Housing	5	3	1	1	66	
Technical Service	6	6	0	0	100	
Transport / Vehicle Maintenance	1	0	0	0	0	
Planning	2	2	2	0	100	
Local Economic Development	2	1	1	0	100	
Planning (Strategic & Regulatory) (ID)	1	1	0	1	100	

Municipal Manager	15	10	5	50
Community & Social Services	8	8	2	81
Environmental Protection	0	0	2	100
Health	0	0	0	0
Security and Safety (Traffic)	3	0	0	100
Sport and Recreation	0	0	0	0
Corporate Services	21	20	1	100
Finance	40	33	7	82
Totals	156	134	22	85

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: EMPLOYEE TOTALS AND WORKFORCE

2020/21 Permanent Employees					
Description	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %	
Water	23	22	1	95	
Waste Water (Sanitation)	5	5	0	100	
Electricity	3	1	2	50	
Waste Management	10	9	1	95	
Housing	5	3	2	66	
Technical Service	6	6	0	100	
Transport / Vehicle Maintenance	5	5	0	100	
Planning	2	2	0	100	
Local Economic Development	1	1	0	100	
Planning (Strategic & Regulatory) (ID)	1	1	0	100	

Municipal Manager	6	6	0	100
Community & Social Services	5	4	1	80
Environmental Protection	0	0	2	100
Health	0	0	0	0
Security and Safety (Traffic)	3	3	0	100
Sport and Recreation	9	8	1	88
Corporate Services	21	15	6	71
Finance	29	20	4	68
Totals	134	113	20	84%

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.1. POLICIES

No.	Name of Policy	Completed	Date adopted by council
1	HR Plan	NO	
2	Affirmative Action	NO	
3	Attraction and Retention	NO	
4	Code of Conduct for employees	YES	USE BCE-ACT REGULATIONS
5	Delegations, Authorization & Responsibility	YES	
6	Disciplinary Code and Procedures	YES	USE SALGBC AGREEMENTS
7	Essential Services	NO	
8	Employee Assistance / Wellness	NO	
9	Employment Equity	YES	
10	Exit Management	NO	
11	Grievance Procedures	YES	USE SALGBC AGREEMENTS
12	HIV/Aids	YES	

13	Human Resource and Development	YES	
14	Information Technology	YES	
15	Job Evaluation	NO	
16	Leave	YES	
17	Occupational Health and Safety	NO	
18	Official Housing	NO	
19	Official Journeys (S & T)	YES	
20	Official transport to attend Funerals	NO	
21	Official Working Hours and Overtime	NO	
22	Organizational Rights	NO	
23	Payroll Deductions	YES	
24	Performance Management and Development	YES	
25	Recruitment, Selection and Appointments	YES	
26	Remuneration Scales and Allowances	YES	
27	Resettlement	NO	
28	Sexual Harassment	YES	
29	Skills Development	YES	
30	Smoking	YES	
31	Special Skills (Scarce Skills)	YES	
32	Work Organization	NO	
33	Uniforms and Protective Clothing	YES	

4.2 INJURIES AND SICKNESS

Type of injury	Number and Cost of Injuries on Duty 2020/21					Total Estimated Cost
	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	R'000	
Required basic medical attention only (Temporary Workers)	0	0	0	80	Information not available	
Temporary total disablement	0	0	0	80	Information not available	
Permanent disablement	0	0	0	80	Information not available	
Fatal	0	0	0	160	Information not available	
Total	0	0	0	400	0	

4.3 DISCIPLINE

Position	Number and Period of Suspensions 2020/21			Date Finalized
	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized	
Supply Chain Officer	Engaging in dishonest behavior and, Bringing the employers name in disrepute.	27 August 2020	Employee suspended and case not finalized yet	4 March 2021

Assistant Electrician	Gross negligence and insubordination	09 February 2021	Employee suspended and case not finalized yet	02 June 2021
-----------------------	--------------------------------------	------------------	---	--------------

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 Finalized	
N/A	N/A	N/A	N/A	

4.4 PERFORMANCE REWARDS

The performance management system has not yet been developed to include other officials than the section 56 and 57 senior managers. For the 2019/20 financial year no performance evaluations were performed, and no performance rewards were paid.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The Work Skills Plan is in place and has been approved. The following courses were presented in 2019/20 - 2020/2021:

Course	Number of officials
Councilors	7
Middle Management	5
Occupational Directed Education and Development Programs	0
Disciplinary and initiators course	0
Dealing with new trade unions	0
LLF Training	0

CHAPTER 5 - FINANCIAL PERFORMANCE

The annual financial statements have been compiled within the prescribed period and are attached hereto as Component A. The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003)

Component A: Statement of Financial Performance – Refer to annual financial statements (ANNEXURE A – ORIGINAL DOCUMENT)

Component B: Spending against Capital Budget – Refer to annual financial statements. (ANNEXURE A - ORIGINAL DOCUMENT)

Component C: Cash flow Management and Investments – Refer to annual financial statements. (ANNEXURE A - ORIGINAL DOCUMENT)

Component D: Other Financial Matters – Refer to annual financial statements. (ANNEXURE A- ORIGINAL DOCUMENT)

CHAPTER 6 - AUDITOR GENERAL FINDING

COMPONENT A: AUDITOR GENERALS OPINION ON FINICIAL STATEMENTS 2020/21

Audit activities by the Auditor-General are on-going, based on the preparation and submission of the Annual Financial Statements. Kheis Municipality received a Disclaimer Audit Opinion for the year under review. Please find attached audit report.

6.1 AUDIT REPORT: 2019/20 (ANNEXURE B - ORIGINAL DOCUMENT)

6.2 AUDIT REPORT: 2020/21 (ANNEXURE C - ORIGINAL DOCUMENT)

Conclusion

The organogram of the municipality for the year under review was one of the most archaic ones any Plenary Municipality has adopted. The total salary as a percentage of the Operational Expenditure stood at fifty three percent (53%) with six Section 57 managers including the Municipal Manager.

The journey towards the turnaround of the municipality required 'saam trek' and 'saam werk' ranging from employees, Coghsta, Provincial Treasury and other stakeholders directly affected by the business of the municipality. We could develop the best battle plan but if we don't have cadres with the requisite skills and expertise to execute the plan, the plan will not be worth its weight on paper.

The situation in the municipality is turning around despite the many challenges. The morale of the staff has improved, organised labour is supportive of management's initiatives and the community irrespective of socio-economic circumstance is beginning to play an active part in the affairs of the municipality.

The turnaround initiatives in the short and immediate term are being implemented and the next year we will report on progress made towards the implementation of the Turnaround Strategy including progress registered towards the development of a Financial Recovery Plan with the support of the National and Provincial Treasuries.

The Annual Performance therefore represents a synopsis of work in progress towards turning the municipality around so that it can deliver services according to its Constitutional injunction.