DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA
Paarl | Wellington | Gouda | Saron | Simondium

ANNEXURE A

Oversight Report

2020/2021 Annual Report

10 March 2022

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1. INTRODUCTION

The Annual Report (AR) is one of the key instruments of transparent governance and accountability. It is a post-financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year, in this instance the 2020/2021 financial year. The adoption of an AR is a legislative requirement in terms of the Municipal Finance Management Act (MFMA).

2. PURPOSE

The purpose of this report is to present to Council for adoption, the 2020/2021 AR as well as the Oversight Report (OR) on the 2020/2021 AR as required in terms of Section 129 of the MFMA.

3. 2020/2021 ANNUAL REPORT

3.1 LEGAL FRAMEWORK

Section 121 of the MFMA determines that Drakenstein Municipality must deal with the preparation and adoption of the 2020/2021 AR as follows:

> *"(1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality`s sole or shared control in accordance with section 129.*
>
> *(2) The purpose of an annual report is:*
>
> *(a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
> *(b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
> *(c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

Section 127(2) of the MFMA also determines with regard to the submission and tabling of ARs that the Executive Mayor must, within seven months after the end of a financial year, table in the Municipal Council the AR of Drakenstein Municipality. This was done on 26 January 2022.

Section 129 of the MFMA determines with regard to the OR on the 2020/2021 AR that:

> *"(1) The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality`s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council`s comments on the annual report, which must include a statement whether the council:*
>
> *(a) Has approved the annual report with or without reservations;*
> *(b) Has rejected the annual report; or*
> *(c) Has referred the annual report back for revision of those components that can be revised."*

3.2 COMPONENTS OF THE ANNUAL REPORT

The format of the 2020/2021 AR is based on the AR template issued by National Treasury in terms of MFMA Circular 63 of 2012. The Circular requires that an AR consists of six (6) chapters and attempts to cover all the aspects that needs to be reported on as derived from the MFMA and the Local Government: Municipal Systems Act.

4. 2020/2021 ANNUAL REPORT CONSULTATION AND ADOPTION PROCESS

4.1 MUNICPAL PUBLIC ACCOUNTS COMMITTEE

Council established a Municipal Public Accounts Committee (MPAC) in terms of Section 79 of the Local Government: Municipal Structures Act, 1998. The Terms of Reference tasks the MPAC with the responsibility to perform an oversight role over the process of preparing the AR of Council and to produce an OR based on the AR.
As required by the MFMA the City Manager attended the Council Meeting where the 2020/2021 AR was tabled by the Executive Mayor on 26 January 2022, thereafter it was released for public comment. The MPAC convened one meeting on 10 March 2022 to deliberate on the content of the 2020/2021 AR together with the comments received on the 2020/2021 AR. The City Manager attended the MPAC meeting as required to answer questions posed by MPAC members on the 2020/2021 AR and

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written comments received.

The attendance of MPAC members for the purpose of compiling the OR is recorded as follows:

Table 1: MPAC Members and Attendance

Name	Capacity	Meeting Attendance: 10 March 2022
Cllr JA September	MPAC Chairperson	X
Cllr SJ Liebenberg	Member	X
Cllr AJ van Santen	Member	X
Cllr EA Solomons	Member	X
Ald AC Stowman	Member	X
Cllr AM Richards	Member	X
Cllr LS Sambokwe	Member	X

4.2 ADOPTION AND PUBLIC CONSULTATION PROCESS

The Executive Mayor tabled the Draft 2020/2021 AR in Council on 26 January 2022 in compliance with the MFMA. The Draft 2020/2021 AR was made public on the municipal website within (5) days as well as within seven (7) days in the local newspapers after it was tabled at Council.

Members of the community and any other stakeholder were invited to submit written comments on the 2020/2021 AR. In addition, the 2020/2021 AR was also made available at all municipal libraries and selected municipal offices.

The 2020/2021 AR was also submitted, in terms of Section 127(5)(b) of the MFMA to the Auditor-General of South Africa (AGSA), Western Cape Provincial Treasury and the Western Cape Department of Local Government. The AGSA was also invited to attend the Council meeting held on 31 March 2022 as well as the MPAC meeting held on 10 March 2022.

The closing date for public comments were on 16 February 2022. No submissions from the public were received. Written comments were received from the Auditor-General, Audit Committee and from the Department: Corporate Services (Executive Director: Corporate Services). These comments were tabled and considered at the MPAC meeting held on 10 March 2022.

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4.3 MATTERS DISCUSSED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The MPAC met on 10 March 2022 to discuss and consider the adoption of the 2020/2021 AR. The MPAC members, prior to these meetings, perused through the content of the 2020/2021 AR as well as the written comments received and the corrections made to the AR (attached as Appendix 1 and 2 to the Oversight Report).

The following changes were approved:
Page 31, paragraph 1, line 1: Removal of the words "Furthermore, "
Page 237, paragraph 1, line 2: Correction of the financial year "2019/20" to "2020/21"
Page 249, Graph 20: Correction of the 2020/2021 figure for investments, to the audited amount of R51,085,204.

In terms of Section 129(1) of the MFMA, Council must indicate whether the 2020/2021 AR is being adopted with or without reservations. The matters as discussed in Appendix 1 and 2 were finalised on 10 March 2022. As a result, the MPAC is satisfied with the content of the Final 2020/2021 AR and as such recommends to Council that the 2020/2021 AR be adopted without any reservations.

5. CONCLUSION

As Chairperson of the MPAC, I would like to thank the MPAC members, the Mayoral Committee members, the City Manager and Senior Management, as well as the various contributors to the Final 2020/2021 AR product for their diligence and constructive commitment during the oversight period.

The MPAC is satisfied that the 2020/2021 AR provides an accurate overview of the process of financial and non-financial performance during the period under review and therefore would like to recommend the adoption thereof.

6. RECOMMENDATIONS

It is recommended to Council that:

6.1 Council adopts the Oversight Report on the 2020/2021 Annual Report;

6.2 Council approves the 2020/2021 Annual Report without any reservations;

6.3 The Oversight Report on the 2020/2021 Annual Report be made public in accordance with Section 129(3) of the MFMA; and

6.4 The Minutes of the Oversight Committee meeting of 10 March 2022, the Oversight Report on the 2020/2021 Annual Report and the Final 2020/2021 Annual Report be submitted, in accordance with Section 129(2) and 132(2) of the MFMA, to the Auditor-General of South Africa, Western Cape Provincial Treasury, Western Cape Department of Local Government and the Western Cape Provincial Legislature.

7. APPENDICES

Appendix 1: Comments received on the Draft Annual Report 2020/2021;
Appendix 2: MPAC Minutes of 10 March 2022; and
Appendix 3: Extract of corrections to the Draft Annual Report.

CLLR JA SEPTEMBER
CHAIRPERSON: MPAC

10 March 2022

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Comments received on the Draft Annual Report

2020/2021 Financial Year

To be considered by the Municipal Public Accounts Committee on 10 March 2022

Row Number	Comments Received From	Content of Comments Received	Senior Management Response	MPAC's Response to Council
1.	Auditor-General (attached hereto).	From page 307 the page numbering is incorrect	*Error has been corrected*	Senior Management's response accepted.
2.	Auditor-General (attached hereto).	Page 461 of 490 • Reads the next 42 pages and should be 29 pages	*Error has been corrected*	Senior Management's response accepted.
3.	Auditor-General (attached hereto).	Page 31 • The word million is missing after the R138,8 • States that there were no incidents of unauthorised, fruitless and wasteful expenditure, however there were instances included in the AFS	*Error has been corrected*	Senior Management's response accepted.
4.	Auditor-General (attached hereto).	Page 56 • The political party FF+ Should be VF+ for Vryheidsfront Plus (VF PLUS)	*Error has been corrected*	Senior Management's response accepted.
5.	Auditor-General (attached hereto).	Page 101 and 102 • Table 30 and 31 do not agree for the households below minimum basic level 413 is omitted in table 30	*Error has been corrected*	Senior Management's response accepted.
6.	Auditor-General	Page 278 and 288	*Error has been corrected*	Senior Management's

Row Number	Comments Received From	Content of Comments Received	Senior Management Response	MPAC's Response to Council
	(attached hereto).	• ANNEXURE J (I): REVENUE COLLECTION BY VOTE and ANNEXURE J (II): REVENUE COLLECTION PERFORMANCE BY SOURCE • Not all amounts agree to that disclosed in the AFS for segment reporting		response accepted.
7.	Auditor-General (attached hereto).	Page 231 • Table 162: Financial Summary, does not agrees to the stamped AFS 2020/2021	*Error has been corrected*	Senior Management's response accepted.
8.	Auditor-General (attached hereto).	Page 136 • Reads at the bottom "of R1,538,350,285 billion.", is this number correct?	*Error has been corrected*	Senior Management's response accepted.
9.	Auditor-General (attached hereto).	Page 244 Table 157: Skills Matrix, includes the incorrect year of 30 June 2020 and not 30 June 2021	*Error has been corrected*	Senior Management's response accepted.

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td>10.</td><td>Internal Audit (attached hereto)</td><td>Internal Audit performed a cast and cross casting for a sample of tables contained in the Annual Report for the 2020/21 financial year. The following discrepancies were detected.
<table>
<tr><th>No.</th><th>Table Number</th><th>Discrepancy</th></tr>
<tr><td>1.</td><td>2</td><td>Pg. 34
Population Details
Difference in recalculation
<table>
<tr><th>Description</th><th>Figure Disclosed</th><th>Auditor Recalculation</th><th>Difference</th></tr>
<tr><td>Total/s (2019/20)</td><td>284 230</td><td>285 006</td><td>-776</td></tr>
<tr><td>Total/s Male (2020/21)</td><td>141 544</td><td>141 543</td><td>1</td></tr>
<tr><td>Total/s Female (2020/21)</td><td>148 943</td><td>148 942</td><td>1</td></tr>
<tr><td>Total/s (2020/21)</td><td>290 487</td><td>290 485</td><td>2</td></tr>
</table></td></tr>
</table></td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
<tr><td>11.</td><td>Internal Audit (attached hereto)</td><td>Internal Audit performed a cast and cross casting for a sample of tables contained in the Annual Report for the 2020/21 financial year. The following discrepancies were detected.
<table>
<tr><th>No.</th><th>Table Number</th><th>Discrepancy</th></tr>
<tr><td>2.</td><td>3</td><td>Pg. 34
Household breakdown by ethnic group
Difference in recalculation
<table>
<tr><th>Description</th><th>Figure Disclosed</th><th>Auditor Recalculation</th><th>Difference</th></tr>
<tr><td>Total (2019/2020)</td><td>75 800</td><td>75 847</td><td>-47</td></tr>
<tr><td>Serial No. 1 - % Share 2019/20</td><td>26,44%</td><td>26,43%</td><td>0,01%</td></tr>
</table></td></tr>
</table></td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>Serial No. 3 - % Share 2019/20</td><td>0,39%</td><td>0,40%</td><td>-0,01%</td></tr>
<tr><td></td><td></td><td>Serial No. 4 - % Share 2019/20</td><td>16,48%</td><td>16,47%</td><td>0,01%</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>12.</td><td>Internal Audit (attached hereto)</td><td>
Internal Audit performed a cast and cross casting for a sample of tables contained in the Annual Report for the 2020/21 financial year. The following discrepancies were detected.
<table>
<tr><th>No.</th><th>Table Number</th><th colspan="4">Discrepancy</th></tr>
<tr><td>3.</td><td>74</td><td colspan="4">Pg. 152
Service Statistics for Libraries
Difference in recalculation</td></tr>
<tr><td></td><td></td><td>Description</td><td>Figure Disclosed</td><td>Auditor Recalculation</td><td>Difference</td></tr>
<tr><td></td><td></td><td>Serial No. 1 Displays - Full year</td><td>857</td><td>587</td><td>270</td></tr>
<tr><td></td><td></td><td>Serial No. 6 Community and Outreach Programmes - Full year</td><td>671</td><td>571</td><td>100</td></tr>
<tr><td></td><td></td><td>Serial No. 12 Total Library visits - Full year</td><td>322 210</td><td>324 415</td><td>-2 205</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
<tr><td>13.</td><td>Internal Audit (attached hereto)</td><td>
Internal Audit performed a cast and cross casting for a sample of tables contained in the Annual Report for the 2020/21 financial year. The following discrepancies were detected.
<table>
<tr><th>No.</th><th>Table Number</th><th>Discrepancy</th></tr>
<tr><td>4.</td><td>91</td><td>Pg. 169</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td></td><td colspan="4">Operating Revenue and Expenditure: Environmental Management (Pollution Control included)

Difference in recalculation</td></tr>
<tr><td></td><td></td><td>Description</td><td>Figure Disclosed</td><td>Auditor Recalculation</td><td>Difference</td></tr>
<tr><td></td><td></td><td>Serial No. 1 Column F</td><td>0,0%</td><td>-25,9%</td><td>-25,9%</td></tr>
<tr><td></td><td></td><td>Serial No. 2 Column F</td><td>0,0%</td><td>-25,9%</td><td>-25,9%</td></tr>
<tr><td></td><td></td><td>Serial No. 7 Column F</td><td>0,0%</td><td>5,6%</td><td>5,6%</td></tr>
<tr><td></td><td></td><td>Serial No. 10 Total Operating Expenditure 2019/20 Actual Results</td><td>774 466</td><td>774 467</td><td>-1</td></tr>
<tr><td></td><td></td><td>Serial No. 10 Total Operating Expenditure 2020/21 Actual Results</td><td>423 152</td><td>423 151</td><td>1</td></tr>
<tr><td></td><td></td><td>Serial No. 11 Operating (Surplus)/ Deficit 2019/20 Actual Results</td><td>(760 061)</td><td>(760 060)</td><td>1</td></tr>
<tr><td></td><td></td><td>Serial No. 11 Operating (Surplus)/ Deficit 2020/21 Actual Results</td><td>(2 430 536)</td><td>(2 430 537)</td><td>-1</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>14.</td><td>Internal Audit (attached hereto)</td><td>Internal Audit performed a cast and cross casting for a sample of tables contained in the Annual Report for the 2020/21 financial year. The following discrepancies were detected.

<table>
<tr><th>No.</th><th>Table Number</th><th>Discrepancy</th></tr>
<tr><td>9.</td><td>115</td><td>Pg. 192</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td></td><td colspan="4">Debt Recovery
Difference in recalculation</td></tr>
<tr><td></td><td></td><td>Description</td><td>Figure Disclosed</td><td>Auditor Recalculation</td><td>Difference</td></tr>
<tr><td></td><td></td><td>Serial No. 7 (2019/20) Billed</td><td>1 860 834</td><td>28 975 607</td><td>-27 114 773</td></tr>
<tr><td></td><td></td><td>Serial No. 7 (2019/20) Collected</td><td>1 776 295</td><td>1 776 292</td><td>3</td></tr>
<tr><td></td><td></td><td>Serial No. 6 (2019/20) % Collection Rate</td><td>776,81%</td><td>0,78%</td><td>776,03%</td></tr>
<tr><td></td><td></td><td>Serial No. 7 (2019/20) % Collection Rate</td><td>95,46%</td><td>6,13%</td><td>89,33%</td></tr>
<tr><td></td><td></td><td>Serial No. 7 (2020/21) Collected</td><td>-1 918 523</td><td>1 918 522</td><td>-3 837 045</td></tr>
<tr><td></td><td></td><td>Serial No. 6 (2020/21) % Collection Rate</td><td>376,53%</td><td>226,29%</td><td>150,24%</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>15.</td><td>Internal Audit (attached hereto)</td><td>Furthermore, it was noted that in some instances the summary information of the related table does not agree. The following refer:
Inconsistency between Tables and the Summary description in the Annual Report.
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Summary Description</th><th>Table Description</th><th>Comment</th></tr>
<tr><td>1.</td><td>Page 99, Point 3.5.1, Table 29, Total use of water by sector</td><td>Water sales increases from 9,988,321 kl sold in 2019/20.</td><td>Total Water Sold for the 2019/20 year is indicated as 9,988,035.</td><td>Inconsistency between the figures reported in the Summary and Table.</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td></td><td></td><td></td><td>The supporting documents indicate an amount of 9,983,321.</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>16.</td><td>Internal Audit (attached hereto)</td><td>Furthermore, it was noted that in some instances the summary information of the related table does not agree. The following refer:
Inconsistency between Tables and the Summary description in the Annual Report.
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Summary Description</th><th>Table Description</th><th>Comment</th></tr>
<tr><td>2.</td><td>Page 151, Point 3.17.1, Table 74, Service Statistics for Libraries</td><td>Drakenstein has 93,003 library members. A total of 339,403 library items were circulated and ICT computer usage amounted to 9,973 times.</td><td>Serial No.14 indicates membership for 2020/21 as 94,382. Serial No.10, circulation is indicated as 341,451 and Serial No. 8, ICT computer usages as 9,673.</td><td>Inconsistency between the figures reported in the Summary and Table.</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
<tr><td>17.</td><td>Internal Audit</td><td>Furthermore, it was noted that in some instances the summary information of the related table does not agree. The following refer:</td><td>Error has been corrected</td><td>Senior Management's</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td></td><td>(attached hereto)</td><td>Inconsistency between Tables and the Summary description in the Annual Report.
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Summary Description</th><th>Table Description</th><th>Comment</th></tr>
<tr><td>3.</td><td>Page 175, Point 3.25.5, Table 98, Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement</td><td>Traffic, licensing and law enforcement, as a community service, generated an operating surplus of R41.8 million for the 2020/21 financial year. The surplus is subsidising other community services running at a loss.</td><td>The table indicates for the 2020/21 financial year under Actual Results an Operating Deficit of R41.8 million.</td><td>Inconsistency between the Summary and Table.</td></tr>
</table></td><td></td><td>response accepted.</td></tr>
<tr><td>18.</td><td>Internal Audit (attached hereto)</td><td>Furthermore, it was noted that in some instances the summary information of the related table does not agree. The following refer:
Inconsistency between Tables and the Summary description in the Annual Report.</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Summary Description</th><th>Table Description</th><th>Comment</th></tr>
<tr><td>4.</td><td>Page 213, Point 3.37.1, Table 141, Fleet</td><td>Procurement services generated an operating deficit of R17.4 million for the 2020/21 financial year.</td><td>The table relates to Fleet Management and indicates an operating deficit of R70.1 million for the 2020/21 financial year.</td><td>The summary relates to Procurement services and the Table to Fleet Management.</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>19.</td><td>Internal Audit (attached hereto)</td><td>Furthermore, it was noted that in some instances the summary information of the related table does not agree. The following refer:
Inconsistency between Tables and the Summary description in the Annual Report.
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Summary Description</th><th>Table Description</th><th>Comment</th></tr>
<tr><td>5.</td><td>Page 214, Point 3.39.1, Table 143, Internal Audit</td><td>Internal Audit generated an operating deficit of R17.4 million for the 2020/21 financial year.</td><td>The table for Internal Audit indicates an operating deficit of R8.7 million for the 2020/21 financial year.</td><td>The summary amount differs to what is reflected in the table.</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td>20.</td><td>Internal Audit (attached hereto)</td><td>Furthermore, it was noted that in some instances the summary information of the related table does not agree. The following refer:
Inconsistency between Tables and the Summary description in the Annual Report.
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Summary Description</th><th>Table Description</th><th>Comment</th></tr>
<tr><td>6.</td><td>Page 215, Point 4.2.1, Table 144, Total Employees per GFS Classification</td><td>The number of approved budgeted posts is 1,973.</td><td>The table indicates for the 2020/2021 financial year under Number of Approved Funded Posts a total of 1,968.</td><td>Inconsistency between the figures reported in the Summary and Table.</td></tr>
</table></td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
<tr><td>21.</td><td>Internal Audit (attached hereto)</td><td>In respect of the following reported information in the Annual Report for the 2020/2021 financial year, the actual annual report results reported was inaccurate when compared to the supporting evidence submitted for audit purposes. The details are as follow:
Reported Performance Measurements Inaccurate</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
</table>

<table>
<tr><th>Row Number</th><th>Comments Received From</th><th>Content of Comments Received</th><th>Senior Management Response</th><th>MPAC's Response to Council</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Department</th><th>Description</th><th>Actual results reported</th><th>Audited results as per Evidence provided</th><th>Comment</th></tr>
<tr><td>1</td><td>Page 99, Point 3.5.1</td><td>Engineering Services</td><td>Service Statistics - Total water sold in 2019/20</td><td>9 988 321</td><td>9 983 321</td><td>The evidence provided differ from what has been reported in the Annual Report.</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>22.</td><td>Internal Audit (attached hereto)</td><td>In respect of the following reported information in the Annual Report for the 2020/2021 financial year, the actual annual report results reported was inaccurate when compared to the supporting evidence submitted for audit purposes. The details are as follow:
Reported Performance Measurements Inaccurate
<table>
<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Department</th><th>Description</th><th>Actual results reported</th><th>Audited results as per Evidence provided</th><th>Comment</th></tr>
<tr><td>2</td><td>Page 29, Point 1.1</td><td>Planning and Development</td><td>Executive Mayor's Foreword- Total waiting list</td><td>41 803</td><td>42 463</td><td>The evidence provided differ from what has been reported in the Annual Report.</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
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<tr><td>23.</td><td>Internal Audit (attached hereto)</td><td>In respect of the following reported information in the Annual Report for the 2020/2021 financial year, the actual annual report results reported was inaccurate when compared to the supporting evidence submitted for audit purposes. The details are as follow:
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<tr><td>3</td><td>Page 29, Point 1.1</td><td>Planning and Development</td><td>Executive Mayor's Foreword- Verified waiting list</td><td>19 897</td><td>20 371</td><td>The evidence provided differ from what has been reported in the Annual Report.</td></tr>
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<tr><td>4</td><td>Page 121, Point 3.9.2</td><td>Planning and Development</td><td>Challenges - Housing Demand for low cost houses</td><td>19 897</td><td>20 371</td><td>The evidence provided differ from what has been reported in the Annual Report.</td></tr>
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<tr><td>5</td><td>Page 34, Table 2</td><td>Planning and Development</td><td>Population Details 2019/2020 Total</td><td>284 230</td><td>285 008</td><td>The evidence provided differ from what has been reported in the Annual Report.</td></tr>
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<tr><td>6</td><td>Page 174, Table 96</td><td>Community Services</td><td>Traffic, Licensing and Law Enforcement Service Data 2020/2021 - Number of road traffic accidents during the year</td><td>3 293</td><td>3 356</td><td>The evidence provided differ from what has been reported in the Annual Report.</td></tr>
<tr><td></td><td></td><td></td><td>Traffic, Licensing and Law Enforcement Service Data 2020/2021 - Number of by-law</td><td>3 587</td><td>3 523</td><td>The evidence provided differ from what has been reported in the Annual Report.</td></tr>
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<tr><td></td><td></td><td>
<table>
<tr><td></td><td></td><td></td><td>infringements attended</td><td></td><td></td><td></td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>27.</td><td>Internal Audit (attached hereto)</td><td>In respect of the following information, inconsistencies were identified when comparing the 2020/21 Annual Report and 2020/21 Annual Performance Assessment Report.

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<tr><th>No</th><th>Annual Report Page & Ref No</th><th>Description</th><th>Reported as per Annual Report</th><th>Reported as per Annual Performance Assessment Report</th><th>Comment</th></tr>
<tr><td>1.</td><td>Page 30, Point 1.2</td><td>Drakenstein Municipal coverage area</td><td>1,539 km2</td><td>1,538 km2</td><td>Information were found to be inconsistent between the 2 reports.</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
<tr><td>28.</td><td>Internal Audit (attached hereto)</td><td>In respect of the following information, inconsistencies were identified when comparing the 2020/21 Annual Report and 2020/21 Annual Performance Assessment Report.

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<tr><td>2.</td><td>Page 33, Table 1</td><td>Socio Economic Status - Unemployment Rate 2018/19</td><td>13.1%</td><td>23.0%</td><td>Information were found to be inconsistent between the 2 reports.</td></tr>
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<tr><td>29.</td><td>Internal Audit (attached hereto)</td><td>In respect of the following information, inconsistencies were identified when comparing the 2020/21 Annual Report and 2020/21 Annual Performance Assessment Report.

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<tr><td>3.</td><td>Page 33, Table 1</td><td>Socio Economic Status - Unemployment Rate 2020/21</td><td>14.7%</td><td>20.1%</td><td>Information were found to be inconsistent between the 2 reports.</td></tr>
</table>
</td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
<tr><td>30.</td><td>Internal Audit</td><td>In respect of the following information, inconsistencies were identified when comparing the 2020/21 Annual Report and 2020/21 Annual Performance Assessment Report.</td><td>Error has been corrected</td><td>Senior Management's</td></tr>
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<tr><td>31.</td><td>Internal Audit (attached hereto)</td><td>In respect of the following information, inconsistencies were identified when comparing the 2020/21 Annual Report and 2020/21 Annual Performance Assessment Report.

The details are as follow:<table><tr><th>No</th><th>Annual Report Page & Ref No</th><th>Description</th><th>Reported as per Annual Report</th><th>Reported as per Annual Performance Assessment Report</th><th>Comment</th></tr><tr><td>5.</td><td>Page 145, Table 69</td><td>Number of EPWP job opportunities created by 30 June</td><td>1,726</td><td>2,487</td><td>Information were found to be inconsistent between the 2 reports.</td></tr></table></td><td>Error has been corrected</td><td>Senior Management's response accepted.</td></tr>
<tr><td>32.</td><td>Internal Audit</td><td>In respect of the following information, inconsistencies were identified when comparing the 2020/21 Annual Report and 2020/21 Annual Performance Assessment Report.</td><td>Error has been corrected</td><td>Senior Management's</td></tr>
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<tr><td>6.</td><td>Page 236, Graph 10: Cost Coverage Ratio</td><td>Cost coverage ratio ((Available cash + investments) / Monthly fixed operating expenditure, measured annually</td><td>0.81</td><td>1.59</td><td>Information were found to be inconsistent between the 2 reports.</td></tr>
</table></td><td></td><td>response accepted.</td></tr>
</table>

DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA
Paarl | Wellington | Gouda | Saron | Simondium

Draft Annual Report

2020/2021

Comments received

DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA
Paarl | Wellington | Gouda | Saron | Simondium

2020/2021 Annual Report Review

2021/22

February 2022

CITY MANAGER SNAPSHOT REPORT

2020/2021 Annual Report Review	
SUMMARY OF FINDINGS	
1.	Arithmetical inaccuracies identified in tables in the Annual Report
2.	Reported performance information inaccurate
3.	Inconsistencies between statistics reported in the Annual Report vs the Annual Performance Report
Did management agree to implement the necessary action plans in response to Internal Audit findings?	
Yes	
Is there anything the City Manager should take note of, or intervention required?	
No	
Responsibility	**ED: Engineering Services** **ED: Planning and Development** **ED: Community Services** **ED: Corporate Services** **Chief Financial Officer**

Dr. Johan Leibbrandt
The City Manager
Drakenstein Municipality
Civic Centre, Bergriver Boulevard
P.O. Box 1
Paarl
7622

Dear Dr. Leibbrandt

INTERNAL AUDIT – 2020/2021 ANNUAL REPORT REVIEW

We have pleasure in submitting our final report on the agreed internal audit work performed in respect of the 2020/21 Annual Report Review as approved in the 2021/22 Internal Audit Plan. The attached report records our internal audit findings and recommends possible ways in which the controls could be improved to address the identified weaknesses or increase business efficiency.

It must be appreciated that the matters included in the attached report came to our attention during the execution of our internal audit procedures on the 2020/21 Annual Report Review. The nature and scope of these internal audit procedures did not constitute an audit of the financial records in accordance with International Standards on Auditing.

Whilst our report details those errors and weaknesses that came to our attention during our review, the responsibility for the prevention and detection of irregularities and fraud rests with management. We planned our review in such a manner, that should weaknesses and deficiencies in the system of internal control exist, we would have a reasonable expectation of detecting these. Our review however, should not be relied upon to disclose all irregularities that may exist.

Based on the outcome of an external quality assurance assessment conducted in June 2020, the Internal Audit activity generally conforms to the International Standards for the Professional Practice of Internal Auditing.

The audit findings have been discussed with the relevant managers as well as the responsible Executive Director (ED's) and their comments have been taken into account and included in this report. The comments provided were not validated. We would like to express our

appreciation to the various staff members of the municipality who assisted us in performing our work.

This report has been prepared for the sole use of the Drakenstein municipality's management and staff.

We would be pleased to provide you with any further assistance and request that you do not hesitate to contact us.

Yours sincerely

……

Rozan Jaftha

Chief Audit Executive **Date:**

Acknowledgement of receipt of report by management:

I hereby acknowledge receipt of the report.

……. **…….**

Chief Financial Officer **Date**

Table of Contents Page

1. Background 6
2. Audit Objectives & Scope 7
3. Definitions and Reporting Framework 8
4. High Level Summary of Engagement Results 10
5. Distribution List 12

DETAILED AUDIT FINDINGS 14

Executive Summary

1. **Background**

The annual report is compiled in terms of the Local Government: Municipal Finance Management Act, 2003, and the Local Government: Municipal Systems Act, 2000. The audit is therefore a legislative audit and not included in the IA plan based on a specific risk.The draft Annual Report received on 18 January 2022 was used as the basis for this audit.

2. Audit Objectives & Scope

The overall objective of the audit is to give management assurance on whether risk treatments are adequate and effective to manage the risks to an acceptable level, resulting in the achievement of the strategic goals and objectives. The table below outlines the specific audit objectives and scope of the audit performed. The audit scope covers the period 01 July 2020 to 30 June 2021.

No.	Audit Area	Business Process Covered	Engagement Objective	Extent of Coverage
1.	The audit is a legislative compliance audit which is required by Chapter 5.2 of the National Treasury's Framework for Managing Programme Performance Information (FMPPI).	Annual Reporting	• Assessing the validity, accuracy and completeness of the Annual Report; • Assessing the consistency of information reported in the Annual Performance Report and Annual Report; and • Assessing the compliance requirements of the Annual Report	• Compliance testing in accordance with the reporting template/ requirements; • A sample of pages in the Annual Report were selected for testing; and • Consistency between information reported in the Annual Performance Report and Annual Report.

3. Definitions and Reporting Framework

Report Rating Definitions

The three rating system used to draw an overall conclusion on internal control adequacy has been approved by management and the Audit Committee and consists of:

Report Rating for Internal Audit Reviews	
Satisfactory	No control matters of concern were noted. Some needed control enhancements and other issues may have been identified, which should be addressed within a reasonable timeframe
Needs Improvement	One or more substantial control matters of concern were noted, which, if not corrected promptly, could result in unacceptable levels of risk
Unsatisfactory	One or more critical control matters of concern and/ or a preponderance of important issues were noted that exposes the organization to an unacceptable level of risk.

Reporting Framework

The reporting framework used is presented below. The framework was developed to assist in assessing the severity of the items being reported. It is based on the following classification:

High Priority	An issue of such fundamental significance to the municipality that it requires the immediate attention of the line and senior management where the weakness is occurring and priority action for immediate resolution.
Medium Priority	An issue of substantial importance which requires the immediate attention of the responsible line management where the weakness is occurring and an agreed action plan for prompt resolution as soon as possible.
Low Priority	An issue which does not necessarily warrant immediate attention but which should have an agreed action plan for resolution within a reasonable timeframe.

4. High Level Summary of Engagement Results

4.1 Overall Conclusion on System of Internal Controls

Cast and cross casting of Annual Report tables	**Needs Improvement**
Validity, Accuracy and Completeness of the Annual Report	**Needs Improvement**
Consistency between information reported in the Annual Report and Annual Performance Report	**Needs Improvement**
Compliance requirements of the Annual Report	**Satisfactory**

Summary of Findings and Management Action Plans

No.	Audit Area	Executive Summary of Findings	Rating	City Manager Intervention Required	Management Action Plan	Responsible Official and Due Date	Responsible Executive Director
1.	Cast and cross casting of annual report tables	Arithmetical inaccuracies identified in tables in the Annual Report	Medium	Not applicable			
2.	Validity, Accuracy and Completeness of the Annual Report	Reported performance information inaccurate	Medium	Not applicable			
3.	Consistency between information reported in the Annual Report	Inconsistencies between statistics reported in the Annual	Medium	Not applicable			

No.	Audit Area	Executive Summary of Findings	Rating	City Manager Intervention Required	Management Action Plan	Responsible Official and Due Date	Responsible Executive Director
	and Annual Performance Report	Report vs the Annual Performance Report					
4.	Compliance requirements of the Annual Report	No findings					

5. Distribution List

This report has been prepared for the sole and exclusive use of Drakenstein Municipality. Therefore, it may not be made available to anyone other than authorized persons within the organization, or relied upon by any third party. No part of this work may be reproduced or transmitted in any form by any means, electronic or mechanical, including photocopying and recording, or by information storage or retrieval system except as permitted, in writing by the City Manager.

Drakenstein Municipality staff	To Act	To Secure Action	For Information
Dr J. Leibbrandt City Manager			✓
Mr. B. Brown Chief Financial Officer	✓		
Mr. G. Esau Executive Director: Community Services	✓		
Mr. S. Johaar Executive Director: Corporate Services	✓		
Mr. M. Wüst Executive Director: Engineering Services	✓		
Ms. J. Samson Executive Director: Planning, Development and Human Settlements	✓		
Ms. C. September Manager: IDP& PMS	✓		
Ms. W. Prins Performance Management Officer	✓		
Mr. G. Dippenaar Chief Risk Officer	✓		
Office of the Auditor General			✓
Audit Committee			✓

DETAILED AUDIT FINDINGS

1. Arithmetical accuracy of tables in the Annual Report

Rating

Medium Priority

Criteria

Management review and supervisory checks are performed to ensure that information contained in the Annual Report is valid, accurate and complete.

Audit Finding

Internal Audit performed a cast and cross casting for a sample of tables contained in the Annual Report for the 2020/21 financial year. The following discrepancies were detected.

No.	Table Number	Discrepancy			
1.	2	**Pg. 34** **Population Details** Difference in recalculation			
		Description	**Figure Disclosed**	**Auditor Recalculation**	**Difference**
		Total/s (2019/20)	284 230	285 006	-776
		Total/s Male (2020/21)	141 544	141 543	1
		Total/s Female (2020/21)	148 943	148 942	1
		Total/s (2020/21)	290 487	290 485	2

No.	Table Number	Discrepancy			
2.	3	**Pg. 34** **Household breakdown by ethnic group** Difference in recalculation			
		Description	**Figure Disclosed**	**Auditor Recalculation**	**Difference**
		Total (2019/2020)	75 800	75 847	-47
		Serial No. 1 - % Share 2019/20	26,44%	26,43%	0,01%
		Serial No. 3 - % Share 2019/20	0,39%	0,40%	-0,01%

		Serial No. 4 - % Share 2019/20	16,48%	16,47%	0,01%

No.	Table Number	Discrepancy
3.	74	**Pg. 152** **Service Statistics for Libraries** Difference in recalculation

Description	Figure Disclosed	Auditor Recalculation	Difference
Serial No. 1 Displays - Full year	857	587	270
Serial No. 6 Community and Outreach Programmes - Full year	671	571	100
Serial No. 12 Total Library visits - Full year	322 210	324 415	-2 205

No.	Table Number	Discrepancy
4.	91	**Pg. 169** **Operating Revenue and Expenditure: Environmental Management (Pollution Control included)** Difference in recalculation

Description	Figure Disclosed	Auditor Recalculation	Difference
Serial No. 1 Column F	0,0%	-25,9%	-25,9%
Serial No. 2 Column F	0,0%	-25,9%	-25,9%
Serial No. 7 Column F	0,0%	5,6%	5,6%
Serial No. 10 Total Operating Expenditure 2019/20 Actual Results	774 466	774 467	-1
Serial No. 10 Total Operating Expenditure 2020/21 Actual Results	423 152	423 151	1
Serial No. 11 Operating (Surplus)/ Deficit 2019/20 Actual Results	(760 061)	(760 060)	1
Serial No. 11 Operating (Surplus)/ Deficit 2020/21 Actual Results	(2 430 536)	(2 430 537)	-1

No.	Table Number	Discrepancy			
9.	115	**Pg. 192** **Debt Recovery** Difference in recalculation			
		Description	**Figure Disclosed**	**Auditor Recalculation**	**Difference**
		Serial No. 7 (2019/20) Billed	1 860 834	28 975 607	-27 114 773
		Serial No. 7 (2019/20) Collected	1 776 295	1 776 292	3
		Serial No. 6 (2019/20) % Collection Rate	776,81%	0,78%	776,03%
		Serial No. 7 (2019/20) % Collection Rate	95,46%	6,13%	89,33%
		Serial No. 7 (2020/21) Collected	-1 918 523	1 918 522	-3 837 045
		Serial No. 6 (2020/21) % Collection Rate	376,53%	226,29%	150,24%

Furthermore, it was noted that in some instances the summary information of the related table does not agree. The following refer:

Inconsistency between Tables and the Summary description in the Annual Report.

No	Annual Report Page & Ref No	Summary Description	Table Description	Comment
1.	Page 99, Point 3.5.1, Table 29, **Total use of water by sector**	Water sales increases from 9,988,321 kl sold in 2019/20.	Total Water Sold for the 2019/20 year is indicated as 9,988,035.	Inconsistency between the figures reported in the Summary and Table. The supporting documents indicate an amount of 9,983,321.

No	Annual Report Page & Ref No	Summary Description	Table Description	Comment
2.	Page 151, Point 3.17.1, Table 74, **Service Statistics for Libraries**	Drakenstein has 93,003 library members. A total of 339,403 library items were circulated and ICT computer usage amounted to 9,973 times.	Serial No.14 indicates membership for 2020/21 as 94,382. Serial No.10, circulation is indicated as 341,451 and Serial No. 8, ICT computer usages as 9,673.	Inconsistency between the figures reported in the Summary and Table.
3.	Page 175, Point 3.25.5, Table 98, **Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement**	Traffic, licensing and law enforcement, as a community service, generated an operating surplus of R41.8 million for the 2020/21 financial year. The surplus is subsidising other community services running at a loss.	The table indicates for the 2020/21 financial year under Actual Results an Operating Deficit of R41.8 million.	Inconsistency between the Summary and Table.
4.	Page 213, Point 3.37.1, Table 141, **Fleet**	Procurement services generated an operating deficit of R17.4 million for the 2020/21 financial year.	The table relates to Fleet Management and indicates an operating deficit of R70.1 million for the 2020/21 financial year.	The summary relates to Procurement services and the Table to Fleet Management.
5.	Page 214, Point 3.39.1, Table 143, **Internal Audit**	Internal Audit generated an operating deficit of R17.4 million for the 2020/21 financial year.	The table for Internal Audit indicates an operating deficit of R8.7 million for the 2020/21 financial year.	The summary amount differs to what is reflected in the table.
6.	Page 215, Point 4.2.1, Table 144, **Total Employees per GFS Classification**	The number of approved budgeted posts is 1,973.	The table indicates for the 2020/2021 financial year under Number of Approved	Inconsistency between the figures reported in the Summary and Table.

No	Annual Report Page & Ref No	Summary Description	Table Description	Comment
			Funded Posts a total of 1,968.	

Root Cause

Lack of management review and supervisory checks to ensure the accuracy and consistency of information disclosed in the Annual Report.

Effect

Information reflected in the Annual Report could be inaccurate which could have a negative impact on the user's perception of the credibility of information provided by the Municipality.

Recommendations and Management's Response

No.	Recommendations	Management's Response & Action Plan	Action Owner	Due Date
1.	Management review and supervisory checks should be performed to verify the accuracy of the information reflected in the Annual Report. Management review and supervisory checks should include the casting and cross casting of information contained in the tables disclosed in the Annual Report.	Management will attempt in the next financial year to ensure that the Annual Report is more accurately reviewed.	I Engelmohr	31 January 2023
2.	Management should ensure that the information reflected in the summary description agree to the information contained in the related table.	Management will attempt in the next financial year to ensure that the Annual Report is more accurately reviewed.	I Engelmohr	Immediately
3.	The Summary description and or tables should be updated to reflect the correct figures and or information.	The summary descriptions and tables for the tables will be updated and corrected.	I Engelmohr	Immediately

Auditor's Response

2. Reported Performance Measurements Inaccurate

Rating

Medium Priority

Criteria

The Annual Report information is compiled on a continuous basis throughout the financial year, to support the results reported in the Annual Report. Management review and supervisory checks are performed to ensure the validity, accuracy and completeness of supporting information.

Audit Finding

In respect of the following reported information in the Annual Report for the 2020/2021 financial year, the actual annual report results reported was inaccurate when compared to the supporting evidence submitted for audit purposes. The details are as follow:

Reported Performance Measurements Inaccurate

No	Annual Report Page & Ref No	Department	Description	Actual results reported	Audited results as per Evidence provided	Comment
1	Page 99, Point 3.5.1	Engineering Services	Service Statistics - Total water sold in 2019/20	9 988 321	9 983 321	The evidence provided differ from what has been reported in the Annual Report.
2	Page 29, Point 1.1	Planning and Development	Executive Mayor's Foreword- Total waiting list	41 803	42 463	The evidence provided differ from what has been reported in the Annual Report.
3	Page 29, Point 1.1	Planning and Development	Executive Mayor's Foreword- Verified waiting list	19 897	20 371	The evidence provided differ from what has been reported in the Annual Report.

No	Annual Report Page & Ref No	Department	Description	Actual results reported	Audited results as per Evidence provided	Comment
4	Page 121, Point 3.9.2	Planning and Development	Challenges - Housing Demand for low cost houses	19 897	20 371	The evidence provided differ from what has been reported in the Annual Report.
5	Page 34, Table 2	Planning and Development	Population Details 2019/2020 Total	284 230	285 008	The evidence provided differ from what has been reported in the Annual Report.
6	Page 174, Table 96	Community Services	Traffic, Licensing and Law Enforcement Service Data 2020/2021 - Number of road traffic accidents during the year	3 293	3 356	The evidence provided differ from what has been reported in the Annual Report.
			Traffic, Licensing and Law Enforcement Service Data 2020/2021 - Number of by-law infringements attended	3 587	3 523	The evidence provided differ from what has been reported in the Annual Report.

DRAFT

Root Cause

Inadequate management review and supervisory checks to ensure that the evidence supporting the results reported in the Annual Report, are accurate.

Effect

The reported information may be incorrect which could negatively impact the user's perception of the credibility of the information reported by the Municipality.

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Recommendations and Management's Response

No.	Recommendations	Management's Response & Action Plan	Action Owner	Due Date
1.	Management review and supervisory checks should include the review of the supporting evidence to ensure consistency between the evidence provided and the results reported in the Annual Report.	Kindly contact the relevant Department for comment		
2.	Management should update the reported information and/ or update the supporting evidence to accurately reflect the reported performance information.	Kindly contact the relevant Department for comment		

Auditor's Response

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3. Inconsistencies between the Annual Report and Annual Performance Assessment Report

Rating

Medium Priority

Criteria

Performance related information is consistently recorded and reported between the various strategic documents (IDP, SDBIP, Annual Performance Report and Annual Report) used in the Performance Management System.

Audit Finding

In respect of the following information, inconsistencies were identified when comparing the 2020/21 Annual Report and 2020/21 Annual Performance Assessment Report.

The details are as follow:

No	Annual Report Page & Ref No	Description	Reported as per Annual Report	Reported as per Annual Performance Assessment Report	Comment
1.	Page 30, Point 1.2	Drakenstein Municipal coverage area	1,539 km2	1,538 km2	Information were found to be inconsistent between the 2 reports.
2.	Page 33, Table 1	Socio Economic Status - Unemployment Rate 2018/19	13.1%	23.0%	Information were found to be inconsistent between the 2 reports.
3.	Page 33, Table 1	Socio Economic Status - Unemployment Rate 2020/21	14.7%	20.1%	Information were found to be inconsistent between the 2 reports.
4.	Page 33, Table 1	Socio Economic Status - Illiterate people older than 20 years 2018/19	15.74%	16.87%	Information were found to be inconsistent between the 2 reports.

No	Annual Report Page & Ref No	Description	Reported as per Annual Report	Reported as per Annual Performance Assessment Report	Comment
5.	Page 145, Table 69	Number of EPWP job opportunities created by 30 June	1,726	2,487	Information were found to be inconsistent between the 2 reports.
6.	Page 236, Graph 10: Cost Coverage Ratio	Cost coverage ratio ((Available cash + investments) / Monthly fixed operating expenditure, measured annually	0.81	1.59	Information were found to be inconsistent between the 2 reports.

Root Cause

Inadequate consistency review of the Annual Report and Annual Performance Assessment Report.

Effect

The inconsistencies between the Annual Report and Annual Performance Assessment Report could negatively affect the reliability of performance information that is reported to the various stakeholders (Council, public etc.). This could negatively impact the user's perception of the credibility of information provided by the municipality.

DRAFT

Recommendations and Management's Response

No.	Recommendations	Management's Response & Action Plan	Action Owner	Due Date
1.	Management and supervisory review procedures should be implemented to ensure consistency between information reported in the Annual Report and the Annual Performance Report.	Items 1 – 5: Kindly contact the relevant Department for comment. Item 6. The formula used in the Performance report differs from that, that was used in the annual report. The Annual Report will be corrected.	I Engelmohr	Immediate
2.	The necessary amendments should be made to correct the reported performance information before the Annual Performance Report and Annual Report is submitted to external stakeholders and published on the municipal website.	Inconsistencies will be corrected from the items identified above.	I Engelmohr	Immediate

Auditor's Response

Western Cape Government
Provincial Treasury

Mr A Rasool
Local Government Budget Office
Email: ashley.rasool@westerncape.gov.za
Tel: +27 021 483 8992

The Chief Financial Officer
Drakenstein Municipality
PO Box 1
Paarl
7622

Dear Mr Brown

PROVINCIAL TREASURY COMMENTS ON THE TABLED 2020/21 ANNUAL REPORT

1. INTRODUCTION

Section 121(1) of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003) states that every municipality and every municipal entity must prepare an annual report for each financial year. The council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

MFMA sections 121(3) and (4) sets out the framework relating to the content of the annual reports for both municipalities and municipal entities. National Treasury has further introduced the new annual report template and MFMA Circular No. 63 on 26 September 2012. MFMA Circular 63 aims to provide guidance to municipalities and municipal entities on the Annual Report format and its contents.

The municipal council is obliged to consider any views of the local community; the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the Annual Report.

Provincial Treasury reminded all municipalities of these responsibilities in Treasury Circular No 1 of 2022 (25 January 2022).

2. LEGISLATIVE COMPLIANCE

2.1 Conformance

The conformance assessment highlights compliance by the Drakenstein Municipality with the MFMA and MFMA Circular 63 as follows:

a. The Municipality submitted the draft 2020/21 Annual Performance Report/Annual Report together with the Annual Financial Statements (AFS) to the Auditor General by the 31st of August 2021.

b. It could not be determined whether the unaudited Annual Report was tabled before Council at least two months after the end of the budget year in accordance with MFMA Circular 63. The Municipality should in future disclose this matter as part of the Annual Report information statement placed on the municipal website.

c. The Annual Report was tabled before Council on 26 January 2022 which is within 7 months after the end of the financial year in accordance with section 127(2) of the MFMA.

d. The draft Annual Report was placed on the website on 27 January 2022 which is in line with section 75 of the MFMA i.e., 5 days after being tabled in council.

e. The Annual Report was made public, and the public was invited to comment on the Annual Report, on 26 January 2022, with a deadline of 16 February 2022.

2.2 Conformance Format of the Annual Report as per MFMA Circular 63

a. The Annual Report fully complies with the guiding template outlined in MFMA Circular 63 as all the relevant chapters are included.

b. The Mayor and Municipal Manager's Foreword is broadly in line with MFMA Circular 63 guidelines.

c. The Annual Report provides a comprehensive overview in relation to the socio-economic and macro-economic climate faced by the Municipality. Specific mention is made of the demographics, population, growth, highlights, and challenges faced in the municipal area during the 2020/21 financial year.

d. All the required Appendices A to T (refer to in MFMA Circular 63) are included.

3. SERVICE DELIVERY PERFORMANCE

Strategic Objective	SDBIP Target Set (No of total KPIs)	Target Achieved (No of KPIs met)	Targets not achieved	% achieved
Governance and stakeholder participation	3	3	-	100%
Financial Sustainability	9	9	-	100%
Institutional Transformation	3	3	-	100%
Physical Infrastructure and Services	13	11	2	84.6%
Planning and Economic Development	2	2	-	100%
Safety and Environmental Management	1	1	-	100%
Social and Community Development	1	1	-	100%
TOTAL	**32**	**30**	**2**	**93.7%**

Of the 32 targets reported on, the Municipality managed to achieve 30 which equates to a 93.8 per cent attainment of PDOs, or differently stated, a 6.2 per cent variance between planned and actual performance. This minor variance is acceptable.

When reviewing PT's quarterly assessments of the Sec.52 reports, the performance recorded for Quarter 4 mirrors that of Quarter 3 i.e., there is adequate alignment between the performance reports and the objectives of the integrated development plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP).

The Municipality is urged continue its focus on maintaining these high standards and exemplary performance, particularly in achieving all basic service delivery targets, while the missed target relating to infrastructure provision has a marginal variance and the explanation provided is deemed adequate.

4. BROAD-BASED BLACK ECONOMIC EMPOWERMENT DISCLOSURES

Information on compliance with the Broad-based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003) is included in the Annual Report under the section titled Employment Equity on page 127.

5. AUDITOR GENERAL FINDINGS

The Municipality received no material findings on the audit of pre-determined objectives (PDOs) as reported in the Annual Performance Report attached as Chapter 6 (page 253) to the Annual Report.

6. CONCLUSION AND RECOMMENDATIONS

The Municipality is compliant with the legislative requirements as per sections 75, 121 and 127 of the MFMA.

It is recommended that the Municipality incorporate the above-mentioned findings (where applicable) in order to improve the quality of the annual report.

Kind regards

MR M BOOYSEN
DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE
DATE: 16 FEBRUARY 2022

Ian Engelmohr

From: Cindy Lategan
Sent: Friday, 21 January, 2022 9:08 AM
To: Ian Engelmohr
Cc: Bradley Brown
Subject: FW: High level review of Annual report

Good day Ian

Please see below.

C

From: Ashleigh Prince <AshleighP@agsa.co.za>
Sent: Thursday, January 20, 2022 5:07 PM
To: Cindy Lategan <Cindy.Lategan@drakenstein.gov.za>
Subject: High level review of Annual report

Dear Cindy

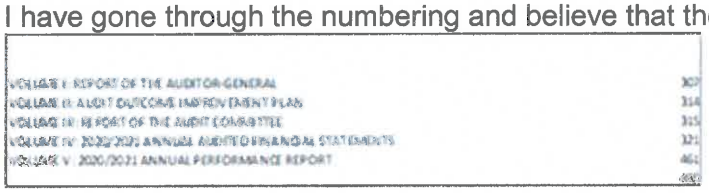
I trust you are well.

Please see the following comments on the AR 2020/2021, also note that Rosemary and Kalthiemah are still doing their review.

Kindly provide comments for whether the following changes will be made.

[1] From page 307 the page numbering is incorrect

- I have gone through the numbering and believe that the following page numbers are to be changed:



-

[2] Page 461 of 490

- Reads the next 42 pages and should be 29 pages

[3] Page 31

- The word million is missing after the R138,8
- States that there were no incidents of unauthorised, fruitless and wasteful expenditure, however there were instances included in the AFS

[4] Page 56

- The political party FF+ Should be VF+ for Vryheidsfront Plus (VF PLUS)

[5] Page 101 and 102

- Table 30 and 31 do not agree for the households below minimum basic level 413 is omitted in table 30

[6] Page 278 and 288

- ANNEXURE J (I): REVENUE COLLECTION BY VOTE and ANNEXURE J (II): REVENUE COLLECTION PERFORMANCE BY SOURCE
- Not all amounts agree to that disclosed in the AFS for segment reporting

[7] Page 231

- Table 162: Financial Summary, does not agrees to the stamped AFS 2020/2021

[8] Page 136

- Reads at the bottom "of R1,538,350,285 billion.", is this number correct?

[9] Page 244

- Table 157: Skills Matrix, includes the incorrect year of 30 June 2020 and not 30 June 2021

Thank you and Regards

Ashleigh Prince

Trainee Auditor • Western Cape • Auditor-General of South Africa
Tel: +27(0)21 528 4100 • Fax: +27(0)21 528 4200 • Email: ashleighp@agsa.co.za

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DRAKENSTEIN MUNICIPALITY **APPENDIX 2**

MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

ORDINARY MEETING HELD IN THE COUNCIL CHAMBERS, FIRST FLOOR, CIVIC CENTRE, BERG RIVER BOULEVARD, PAARL ON THURSDAY, 10 MARCH 2022 AT 10:00

PRESENT:	**Councillors:**	J A September (Chairperson)	
		S J Liebenberg	
		A J van Santen	
		E A Solomons	
		Ald AC Stowman	
		A M Richards	
		L S Sambokwe	
ALSO PRESENT:		Cllr M Nobala	
		Cllr R Nell	
		Cllr P T de Villiers	
		Ms K Abrahams	(AGSA)
		Mr R Najjaar	(Audit Committee Chairperson)
	Officials:	Dr J H Leibbrandt	(City Manager)
		B Brown	(Chief Financial Officer)
		S Johaar	(Executive Director: Corporate Services)
		G Esau	(Executive Director: Community Services)
		J Sampson	(Executive Director: Planning, Development and Human Settlements)
		L Pienaar	(Acting Executive Director: Engineering Services)
		R Jaftha	(Chief Audit Executive)
		I Engelmohr	(Financial Accounting Research Expert)
		N October	(Snr Manager Legal and Administrative Service)
		C September	(Manager: IDP/PM)
		G Dippenaar	(Chief Risk Officer)
		F P Goosen	(Manager: Administrative Support Services)
		P January	(Senior Administrative Officer)

5. OVERSIGHT REPORT ON THE 2020/2021 ANNUAL REPORT

The Committee considered the following documents:

1. Draft Annual Report 2020/2021;
2. Oversight Report on the 2020/2021 Annual Report;
3. Written comments received on the Draft Annual Report; and
4. Extract of corrections to the Draft Annual Report.

The Chairperson allowed the Chief Financial Officer to provide an overview, wereafter the following corrections to the Annual Report were introduced and accepted, with consent of the representative of the Auditor-General and Audit Committee Chair:

- *Page 31, paragraph 1, line 1: Removal of the words "Furthermore, "*
- *Page 237, paragraph 1, line 2: Correction of the financial year "2019/20" to "2020/21"; and*
- *Page 249, Graph 20: Correction of the 2020/2021 figure for investments, to the audited amount of R51,085,204.00.*

On a question of Cllr Richards, the City Manager indicated that although the aspects in the previous report had been addressed, some might still be unresolved as indicated in the previous item, but are being continuously attended to.

UNANIMOUSLY RESOLVED that

It be recommended to Council that:

1. The Oversight Report (OR) on the 2020/2021 Annual Report be approved;

2. The 2020/2021 Annual Report (AR) be approved without any reservations;

3. The Oversight Report (OR) on the 2020/2021 Annual Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act; and

4. The Oversight Report (OR) on the 2020/2021 Annual Report, the final 2020/2021 Annual Report and the minutes of the Municipal Public Accounts Committee (MPAC) meeting held on 10 March 2022 be submitted, in accordance with Section 129(2) and 132(2) of the Municipal Finance Management Act, to the Auditor-General of South Africa, Western Cape Provincial Treasury, Western Cape Department of Local Government and the Western Cape Provincial Legislature.

Meeting: MPAC: 10/3/2022 Ref No: 9/1/2 Coll No: 1898645		Submitted by Department: Financial Services Author/s: B Brown Referred from:	
CLAUSE:	ACTION: Refer to Council	RESPONSIBLE DEPT: Administration	DUE DATE:

DRAKENSTEIN
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Paarl | Wellington | Gouda | Saron | Simondium

Annual Report

2020/2021

Extract of corrections to Draft Annual Report

Government, dated 3 July 2020. Households have increased to an estimated 74,230. Drakenstein's unemployment figure is estimated at 25% of the economically active population. The growth in population goes hand in hand with various challenges, in particular the ongoing demand for state-provided accommodation. The Municipality has a verified waiting list of 20,371 persons compared with a total waiting list of 42,463 persons seeking housing assistance. The Municipality has responded by planning and rolling out a number of projects, including the Vlakkeland project (some 2,556 mixed typology and affordability opportunities) and the Erf 16161 Development (1,978 GAP and social rental opportunities).

To develop a vibrant and resilient economy, a number of projects have been launched to promote the industrial, financial and commercial sectors. Given the need to focus and maximise our resources, five catalytic zones were identified throughout Drakenstein, namely: the N1 Corridor; South City Corridor; Paarl East/West Integration Corridor; North City Corridor; and the Hinterland catalytic zones. Development and resources will be concentrated in these zones over the next 15 years.

The Annual Report for 2020/21 provides detail on various infrastructure projects being undertaken to facilitate the envisioned accelerated growth. These projects are only possible through strategic partnerships with other spheres of government, the private sector and the community of Drakenstein, without which we cannot meet the challenges that we face.

I remain grateful to Council, the Deputy Executive Mayor, the Mayoral Committee and the City Manager, all of whom continue to guide our staff, resources and operations to make Drakenstein a City of Excellence.

ALD CONRAD POOLE
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.2 CITY MANAGER'S OVERVIEW

Drakenstein Municipality is a Category B municipality with powers and functions assigned in terms of Sections 155 and 156 of the Constitution of the Republic of South Africa, 1996 (local government matters referred to in Schedules 4 and 5). These powers and functions are exercised subject to Chapter 5 of the Municipal Structures Act, 117 of 1998 and Chapter 3 of the Local Government Municipal Systems Act, 32 of 2000. The Municipality covers an area of 1,538 km² and consists of 33 wards. It comprises of 5 towns of which, Paarl and Wellington, are the primary urban nodes.

In presenting the 2020/21 Annual Report we affirm that Drakenstein Municipality has made massive strides towards its vision of *"A city of excellence"*, guided by the values of transparency, excellence, responsiveness, accountability, accessibility and integrity, supported by the following strategic objectives:

- To ensure good governance and the active participation of all relevant stakeholders;
- To ensure financial sustainability in order to meet the statutory requirements;
- To transform the municipality into an effective and efficient organisation;
- To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services;
- To plan and facilitate sustainable and inclusive economic growth and development;
- To ensure a safe community and a healthy and protected environment; and
- To facilitate social and community development.

Drakenstein received a clean audit opinion from the Auditor General for the 2020/2021 financial year. This is our fourteenth (14th) consecutive unqualified audit opinion and seventh (7th) clean audit, currently we are the largest municipality in the Western Cape with a clean audit. This bears testament to good governance and sound financial management.

The overall financial performance of the Municipality in 2020/2021 confirms sound financial management and fiscal discipline. In previous financial years, increased capital infrastructure investment funded through borrowing was necessary to unlock economic growth and cater for future demand.

The 2020/21 financial year realised an operating surplus of R101,3 million as opposed to the budgeted surplus of R77,1 million, mainly due strict cost containment and expenditure control measure. The municipality's current assets exceeded current liabilities in the year under review, this is an improvement from the 2019/20 financial year where the municipality had a net current liability position. The cash and cash equivalent balances increased from R80,6 million

on 30 June 2020 to R138,8 million on 30 June 2021 and the gearing ratio decreased from 68.68% on 30 June 2020 to 63.67% on 30 June 2021. Employee related costs stood at 28.86% of the total expenditure and debtor collection days improved from 50 days the previous year to 43,4 days for the year under review and the debt collection ratio improved from 93.9% the 2019/20 financial year to 98.6% for the year under review. Furthermore, there were incidents of unauthorised, fruitless and wasteful expenditure.

From an economic perspective Drakenstein was negatively affected by the COVID-19 Lockdown, with the local economy declining by more than R600 million in revenue. The impact on the local economy and the loss of income suffered by households, businesses and government were severe. Approximately 6 500 jobs were lost, primarily in the tourism, construction and informal sectors.

Despite various challenges, the municipality continued to provide the necessary services and ensured that the 41 registered informal settlements in Drakenstein, all had access to waste removal, sanitation and clean drinking water. The burden on the municipal budget, services and infrastructure has however increased as approximately 57% of the population are impoverished. To address unemployment and poverty it is important to grow the economy and create much needed job opportunities.

Throughout the financial year, we encouraged and maintained a positive payment culture through the effective implementation of credit control. This is evident in the ability of the Municipality to fund its operations and service its debts. We remain steadfast in our commitment to provide affordable and quality services in an efficient and effective manner to all our residents.

DR JOHAN LEIBBRANDT
CITY MANAGER

1.3.3.1 Socio-Economic Status information

According to Quantec Research, the unemployment rate in Drakenstein was estimated to be 20.1% in 2020, from 14.2% in 2019 and 23.0% in 2018. Youth unemployment in Drakenstein is estimated to have increased to 20.71% in 2020, from 20.05% in 2019 and 18.67% in 2018. A high unemployment rate is often associated with the number of illiterate people.

The Gini coefficient is a statistical measure of income or wealth distribution within a geographic boundary. The coefficient ranges from 0, perfect equality, to 1, total inequality. A higher coefficient means greater inequality. In 2020 the Gini coefficient in the municipal area was calculated to be 0.605, an increase from 0.603 in 2019 and 0.601 recorded for 2018. The rising income inequality can be attributed to the increase in unemployment as well as low salaries earned by the working age population in low-skilled employment.

Table 1: Socio-Economic Status

Socio-Economic Status						
Serial No.	Year	Unemployment rate	Youth unemployment	Percentage of working age population in low skilled employment	Gini coefficient	Illiterate people older than 20 years
Column Ref.	A	B	C	D	E	F
1	2018/19	*23.0%	18.67%	17.4%	0.601	15.74%
2	2019/20	*14.2%	20.05%	17.2%	0.603	16.83%
3	2020/21	*20.1%	20.71%	15.8%	0.605	17.12%

Sources: Quantec Research 2021, IHS Markit Regional eXplorer 2021

** With the seasonality of many jobs available in Drakenstein, the unemployment rate should not only be based on persons who are actively seeking work as per the official definition of unemployment. Based upon the extended definition of unemployment and research undertaken by the Economic Growth Division, it is estimated that the unemployment rate for the municipal area could be about 25%.*

1.3.3.2 Demographic Profile

Quantec Research estimated the total population for Drakenstein in 2020 to be 290 486, up from 284 230 in 2019. However, a report by the Western Cape Government in 2020 estimated the population for the municipal area to be 305 281. This is close to the population of 304 590 projected for 2023 by the Department of Social Development. A shift in the population creates many opportunities for growth and development. Channelled properly, it may be a source of labour for different economic sectors and also provides a market for produced goods.

The table below provides a snapshot of Drakenstein's estimated population by gender and age distribution based on Quantec Research.

2.4.2 Council

Council's primary role is to govern the Municipality in a democratic and accountable manner, to perform legislative and executive functions and generally to fulfil its roles and responsibilities as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). It focuses on legislation, decision-making, oversight and participatory roles and has delegated executive functions to the Executive Mayor, other office bearers, the City Manager and other staff members where applicable.

Drakenstein Municipal Council consists of 33 ward councillors and 32 proportionally elected councillors. Political parties are represented through elected councillors from the DA (43), ANC (15), EFF (2), ACDP (1), VF+ (1), PDM (1), FD (1) and ICOSA (1).

2.4.2.1 Political Decision Making

Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) prescribes the manner in which Council takes decisions. A quorum of all Councillors must be present to take any decision and the majority of the votes cast results in a legal decision. The exception to this rule is that when any of the following issues are determined, it is determined by a decision taken with a supporting vote of a majority of all its members:

- The passing of bylaws;
- The approval of budgets;
- The imposition of rates and other taxes, levies and duties; and
- The raising of loans.

2.4.3 Mayoral Committee

The Executive Mayor is supported by a Mayoral Committee. Each member of the Mayoral Committee has a portfolio with specific functions. The Executive Mayor may delegate specific responsibilities to each member of the Mayoral Committee. Any powers and duties delegated to the Executive Mayor by the Municipal Council must be exercised and performed by the Executive Mayor together with the other members of the Mayoral Committee.

COMPONENT B: BASIC SERVICES

Water, electricity, waste water and refuse removal services are fundamentally important basic services to ensure a healthy and safe environment for all Drakenstein inhabitants. These basic services sections play a very important part in the planning and implementation of basic services in all formally established township developments as well as informal settlements in the Drakenstein Area over which the Municipality has control.

3.5 WATER SERVICES

The main objective of the Water Section is to provide water services in an effective, efficient and sustainable manner in respect of service delivery and to ensure that all people in Drakenstein Municipality's Management Area have access to adequate, safe, appropriate and affordable water services, using water wisely.

Other objectives are to upgrade existing water mains to new and higher standards and to extend the service life of existing bulk water infrastructure in accordance with the Water Master Plan.

The rapid rate of urbanisation is resulting in many cities and towns in South Africa facing major challenges of providing their increasing population with adequate and sustainable water services. On top of this, extensive parts of the continent are currently water stressed and these areas struggle to reconcile the water requirements and the water resources.

Apart from providing potable water to all our urban residents, we are obliged to fulfil our other basic functions of upgrading the existing infrastructure, extending the network and to effectively maintain the existing network.

3.5.1 Service Statistics

It is clear from the table below that water use increase during the 2020/21, compared to the usage during 2019/20 financial year. Water sales increases from 9,988,035 kl sold in 2019/20 to 11,363,179 kl; sold during 2020/21. Water losses over the three financial years remained more or less the same, but due to the decrease in sales turnover, technical water losses increased from 13.21 % in 2018/19 to 16.92 % in 2019/20 and decreased to 14.3% in 2020/2021.

Within the constraints of the budget, the Water Section performed satisfactorily. The bulk water pipeline at Main Road, Wellington was completed between Distillery (Stokery) Road and Pentz Street.

A total of 4,059 metres of water reticulation mains were upgraded in Paarl and Wellington; 371 water connections were installed in the Drakenstein Area; 421 burst pipes were repaired on reticulation networks; 1,082 water connections were repaired; 630 water meters were replaced during the year; 57 water meters were stolen and replaced by the Municipality; and, 1,770 water leaks on private properties were repaired during the financial year.

3.5.2 Service Delivery Levels

The 2020/2021 Annual WSDP Performance- and Water Services Audit Report on water service delivery levels in Drakenstein indicates that 76,024 households (99.82%) receive a water service of the minimum level and above and that 297 households (0.39%) receive a water service below the minimum level.

The audit report indicates that there is an estimated 76,195 households at the end of June 2021 in Drakenstein compared with the 71,686 households listed in the STATSSA 2016 Community Survey.

Table 30: Water Service Delivery Levels

Water Service Delivery Levels				
Serial No.	Description	Households		
		2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.
Column Ref.	A	B	C	D
1	**Water: (Minimum level and above)**			
2	Piped water inside dwelling	40,244	40,491	40,988
3	Piped water inside yard (but not in dwelling)	25,263	25,829	27,332
4	Using public tap (stand pipes)	5,939	6,998	7,397
5	Other water supply (within 200 m)	*407	*407	*407
6	**Minimum Level and Above Sub-total**	**71,853**	**73,725**	76,024
7	**Water: (Below minimum level)**			
8	Using public tap (more than 200 m from dwelling)	60	208	0
9	Other water supply (more than 200 m from dwelling)	*163	*163	*163
10	No water supply (rural)	*134	*134	*134
11	**Below Minimum Service Level sub-total**	**357**	**505**	**297**
12	**Total number of households***	**72,210	**74,230**	76,321
13	Minimum Service Level and Above Percentage	99.51%	99,32%	99.61%
14	Below Minimum Service Level Percentage	0.49%	0.68%	0.39%

**Farms which do not form part of the Municipal Water Reticulation System. Figures based on 2011 Census data*

***STATSSA 2016 Community Survey indicated that there were 71,686 households in Drakenstein.*

All formal erven in the urban areas of Drakenstein Municipality's Management Area are provided with individual water connections inside the erven (higher level of service). Communal standpipes are provided in the informal areas as a temporary emergency service. Drakenstein works towards a target of at least one (1) standpipe per twenty five (25) households.

Within formal settlements, there are 297 households (0.43%) of 68,924 households receiving a water service below the minimum water service level. These households are on farms which do not form part of the Drakenstein water reticulation system. Within informal settlements, there are 7,397 households with communal water services.

Table 31: Households - Water Service Delivery Levels below the minimum level

Households – Water Service Delivery Levels below the minimum level				
Serial No.	Households			
	Description	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.
Column Ref.	A	B	C	D
1	**Formal Settlements**			
2	Total households	66,211	67,024	68,924
3	Households below the minimum service level	*297	*297	*297
4	Proportion of households below the minimum service level	0.45%	0.44%	0.43%
5	**Informal Settlements**			
6	Total households	5,999	7,206	7,397
7	Households below minimum service level	60	208	0
8	Proportion of households below minimum service level	1.00%	2.89%	0%

**Farms which do not form part of the Municipal Water Reticulation System. Figures based on 2011 Census data.*

3.5.3 Capital Expenditure

The Water Services Section spent R16.6 million or 98.5% of the final adjustments budget on water infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 32: Capital Expenditure 2020/21 - Water Services

Capital Expenditure 2020/21: Water Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Replace/Upgrade Water Reticulation System	10,027,622	8,466,058	8,435,487	0.4%
2	Extension of Basic Services: Informal Settlements Water	800,000	6,963,653	6,744,216	3.2%
3	Completion of CES11/2018 - 8 ML Courtrai	858,457	858,457	858,457	0.0%
4	Pressure Reduction Paarl & Wellington	-	500,000	500,000	0.0%
5	Other Capital Projects	2,235,000	13,034	13,033	0.0%
6	Saron Bulk Storage & Water Treatment	23,552,460	-	-	0.0%
7	**Total Capital Expenditure**	**37,473,539**	**16,801,202**	**16,551,194**	**1.5%**

Challenges

- Housing Demand for 20,371 low cost houses;
- Forty one registered (41) informal settlements comprising of 7,356 structures and housing an estimated 14,528 people;
- High Rate of eviction applications and access to serviced land for evicted families;
- Access to funding to improve basic services and the maintenance of these services in Informal Settlements
- Vandalism and theft of basic services infrastructure in the informal settlements; and
- Gang violence and crime is increasing daily and workers are threatened when performing their duties.

3.9.3 Housing Pipeline

Annually, a pipeline of projects is presented to the Mayoral Committee for approval. These projects are then submitted to the Provincial Department of Human Settlements, who in turn link it to a business plan. The business plan for the 2020/21 financial year is indicated in the table below.

Table 51: Housing Pipeline Projects

Housing Pipeline Projects			
Serial No.	**Project**	**Description**	**Progress for 2020/21**
Column Ref.	**A**	**B**	**C**
1	Vlakkeland Housing Development	Development of 2,556 housing opportunities in phases over multiple financial years.	405 sites were serviced and 330 houses were handed over to beneficiaries.
2	Chester Williams (139 opportunities)	Upgrade of informal settlement.	Project Feasibility report submitted to the Provincial Department of Human Settlements (DoHS) for approval.
3	Lovers Lane (168 opportunities)	Upgrade of informal settlement.	Project Feasibility report submitted to the DoHS for approval.
4	Dignified Informal Sites (360 opportunities)	Upgrade of 9 informal settlements.	Project Feasibility report submitted to the DoHS for approval.
5	Paarl East IRDP Project	Greenfields development catering for 538 housing opportunities.	Environmental authorisation obtained for the project.
6	Simondium	Development of 1,033 opportunities.	Feasibility Planning in process. Provisional layout plan was accepted in principle by key project stakeholders (including the representative Task Team of the community).

- The inspection of all foundation trenches and the positioning of the building on-site;
- The inspection of all new drainage installations; and
- On completion of a building, a final inspection (completion) is carried out as no building may be occupied without a certificate of occupation.

Prior to the issuing of the certificate of occupation, the building inspector ensures compliance with the structural aspects, fire installation, health requirements, electrical installation, roads and storm water requirements, drainage installation, energy efficiency of the structure and compliance with the approved building plan.

Furthermore, it is the responsibility of the building inspector to address illegal structures and unsafe structures, be a witness in court cases on behalf of Council, implement legal action when required, control building rubble, enhance public safety, assist the general public and professionals with information on building control related matters and performs administrative tasks associated with these functions.

Local authorities act in the interest of the owner when carrying out the compulsory inspections and have no financial or any other interest in such buildings. For this reason, the owner of a building must appoint his/her own clerk of works to inspect and control the quality and workmanship of the building work. There is thus no obligation on the Council's building inspectors to control the quality of workmanship and materials, but the owner must be informed by Council of poor quality workmanship and/or materials when observed.

COVID-19 has continued to bring its own challenges throughout the year in review, however the Building Control Section continued its processes and functions. The implementation of a complete automation of its plan assessment and approval process proved crucial, as staff could continue to work remotely from home as and when required with the implementation of the various promulgated COVID-19 lockdown levels. The electronic stamping of approved building plans, was fully implemented during this period. Electronic invoicing of various income streams within Building Control has been implemented and eliminates the need for hand written invoices and applicants having to travel to the municipal offices to pay for services. The request for and issuing of copies of building plans was dealt with electronically. A standard operating procedure to address the health and safety aspects of Building Control officials when conducting the legislated site inspections, was implemented and updated as required during the various COVID-19 lockdown levels.

3.13.2.1 Building Control Statistics

A total of 1,184 new building plan applications, for various types of projects, have been submitted for consideration over the year under review. This amounts to a total of 164,934 m² of potential development area with an estimated value of R1,538 billion.

3.14.1.4 EPWP Job Creation

The Expanded Public Works Program is a program designed to provide temporary work opportunities for unemployed youth in order to make them more employable in the future. The Municipality obtained a conditional grant from the National Department of Public Works and topped it up with own funding to reach more beneficiaries. Drakenstein Municipality contributed R15.26 million in 2020/2021, while the grant was R4.09 million. Over the last five years Drakenstein Municipality contributed 3.26 time that of the grant allocation towards job creation.

The special two week ward projects were also recruited from the jobseeker database in order to improve transparency.

During the 2020/2021 1, 726 people were appointed from the EPWP grant and municipal funding, 342 people were appointed on the ward projects and 78 people were appointed on capital projects.

The following table depicts the number of EPWP Projects, funding and the number of jobs created through EPWP projects over the last three financial years.

Table 69: Job creation through EPWP Projects

Job creation through Expanded Public Works Programme (EPWP) Projects					
Serial No.	Financial Year	DTPW EPWP Grant allocation	Drakenstein Municipal Funding	Number of EPWP Projects	Number of Jobs created through EPWP Projects
Column Ref.	A	B	C	D	E
1	2018/19	R4,433,000	R15,144,426	20	1,804
2	2019/20	R5,185,000	R5,305,000	17	1,026
3	2020/21	R4,093,000	R15,263,357	21	2,487

3.14.2 Tourism and Market places

The local tourism industry continues to bleed as the country experience varying COVID -19 waves. What were once live tourism experiences, have changed to more virtual experiences and this has negatively impacted various tourism value chain businesses namely accommodation, travel agencies, tour operators, transport services and food and beverage establishments. Global lockdowns caused traveling to a grinding halt and forced the industry to revive in innovative ways to assist the slow transition to re-ignite the tourism sector.

The Tourism Sector remains one of Drakenstein's priority sectors and as such the municipality remains committed to provide the required support bolster all efforts to revive the sector.

COMPONENT E: COMMUNITY AND SOCIAL SERVICES

3.16 INTRODUCTION

This part of the report deals with library services, cemeteries and crematoria, community halls, facilities, and Thusong centres, services to childcare, aged care and social programmes rendered during the year under review.

3.17 LIBRARY SERVICES

There are currently 19 library sites across Drakenstein Municipality providing a range of services with changed operations because of COVID-19. Library staff had to adjust in doing business innovative and creatively during the state of disaster and also in the different alert level stages. Library layouts changed to adhere to protocols such as distancing, by rearranging the furniture and shelves in the library. Sanitisers for staff and patrons were placed at dedicated areas in the library.

The borrowing privileges for patrons was extend, total items increased, and fines waived for late book returns. Staff assisting patrons with all online queries, and virtual storytelling, and other information talks on social media platforms.

Drakenstein Libraries started with curbside and virtual services during Alert Level 2. Curbside services are book returns from library driveways, parking areas, lobbies and drop boxes and on call pick-ups from patron's cars. Virtual circulation services started in July 2020 for book requests via telephone, e-mail, WhatsApp and Facebook. Contactless pick up of books and other library materials by patrons became the new norm. Virtual services include online learner support, community outreach and other services to help our patrons with their formal and informal educational needs.

We continuously market and promote our services to our patrons in the printed media, Municipal website and on social platforms.

3.17.1 Service Statistics

Drakenstein has 94,382 library members and all libraries accounted for 324,415 library visits during the year under review. A total of 341,451 library items were circulated and ICT computer usages amounted to 9,673 times.

Table 74: Service Statistics for Libraries 2020/21

Service Statistics for Libraries 2020/21						
Serial No.	Programme	Q1	Q2	Q3	Q4	Full Year
Column Ref.	A	B	C	D	E	F
1	Displays	123	120	160	184	**587**
2	Storytelling Sessions	179	171	183	233	**766**
3	Reading and Literacy Sessions facilitated	73	364	1,191	497	**2,125**
4	Book Education, Book Discussions Library Orientation, Book Talks and Book Clubs, Class Visits and Bibliographic Instruction	155	133	127	137	**552**
5	Library Centred Activities	46	51	93	222	**412**
6	Community and Outreach Programmes	88	244	69	170	**571**
7	Developmental Reading Programmes	60	54	129	233	**476**
8	ICT computer usages	489	2,439	2,046	4,699	**9,673**
9	Learner support	863	1,068	1,528	1,620	**5,079**
10	Circulation	43,108	70354	106419	121570	**341,451**
11	New members added	320	720	739	1,272	**3,051**
12	Total library visits	52,272	80,136	88,812	103,195	**324,415**
13	Library space usage	8	58	34	9	**109**
14	**Membership**			**2019/20**	**2020/21**	
				101,174	94,382	
15	**Library stock**			**Province**	**Own**	**Total**
				230,845	65,807	**296,652**

3.17.2 Service Delivery Levels

Drakenstein Libraries and Information Services always provide effective, efficient and quality informational and recreational services to all library users in our communities within the framework of the norms and standards of the Western Cape Library Services. Library circulation and usage declined since the start of COVID 19.

3.17.3 Capital Expenditure

The Library Services Section spent R97.1 thousand or 100% of the final adjustments budget on library services infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 91: Operating Revenue and Expenditure: Environmental Management (Pollution Control included)

Operating Revenue and Expenditure: Environmental Management (Pollution Control Included)						
			2020/21			
Serial No.	Decription	2019/20 Actual Results	Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(1,534,527)	(3,100,000)	(3,851,085)	(2,853,688)	25.9%
2	**Total Operating Revenue**	**(1,534,527)**	**(3,100,000)**	**(3,851,085)**	**(2,853,688)**	25.9%
3	Employee Related Costs	0	3,229,825	168,451	145,647	13.5%
4	Impairment Losses on Financial Assets	0	0	0	0	0.0%
5	Interest Paid	0	0	0	0	0.0%
6	Contracted Services	139,355	1,360,000	765,198	116,409	84.8%
7	Depreciation and Provisions	9,597	0	10,725	10,121	0.0%
8	Inventory	18,599	33,000	154,695	141,695	8.4%
9	Operational Costs	606,916	12,500	104,200	9,279	91.1%
10	**Total Operating Expenditure**	**774,467**	**4,635,325**	**1,203,269**	**423,151**	64.8%
11	**Operating (Surplus) / Deficit**	**(760,060)**	**1,535,325**	**(2,647,816)**	**(2,430,537)**	-8.2%

3.22.5 Employee Statistics

The Environmental Management Division has 17 posts on the organisational structure approved by Council on 31 May 2018 of which 9 posts are frozen and 8 posts funded at year-end. The section had 5 filled posts at year-end and based on the number of vacancies (3) had a 37.5% vacancy rate.

Table 92: Employees: Environmental Management

Employees: Environmental Management								
		2019/20	2020/2021					
Serial No.	Job Level	Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	4	9	4	5	3	2	40.0%
4	T09 - T11	1	6	5	1	1	0	0.0%
5	T06 - T08	0	1	0	1	0	1	100.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	**Total**	**6**	**17**	**9**	**8**	**5**	**3**	**37.5%**

3.25.1 Service Statistics

Table 96: Traffic, Licensing and Law Enforcement Service Data

Traffic, Licensing and Law Enforcement Service Data				
Serial No.	Details	2018/19 Actual	2019/20 Actual	2020/21 Actual
Column Ref.	A	B	C	D
1	Number of road traffic accidents during the year	3,340	3,228	3,356
2	Number of bylaw infringements attended	3,017	2,553	3,523
3	Number of traffic officers in the field on an average day	8 – Early Shift 8 – Late Shift 16 = officers per day	8 – Early Shift 8 – Late Shift 16 = officers per day	5 – Shift One 6 – Shift Two 11 = officers per day
4	Number of traffic officers on duty on an average day	10 – Testing Station 8 – Early Shift 8 – Late Shift = 26 officers per day	8 – Early Shift 8 – Late Shift 16 = officers per day	11 – Testing Station 5 – Shift One 6 – Shift Two 22 = officers per day

3.25.2 Service Delivery Levels

The mission of Traffic Services is to render an effective and high-quality service through a process of consultation and transparency in all facets of the traffic services, and in rendering a service to the community of Drakenstein and its visitors by ensuring the free flow of traffic and creating a safe environment to make Drakenstein *"A city of excellence"*.

3.25.3 Capital Expenditure

The Traffic Section spent R913.7 thousand or 57.7% of the final adjustments budget on traffic, licensing and law enforcement services infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 97: Capital Expenditure 2020/21 - Traffic, Licensing and Law Enforcement

Capital Expenditure 2020/21: Traffic, Licensing and Law Enforcement					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Electronic Learning and Driver Licencing	800,000	808,400	455,662	43.6%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Traffic HQ	500,000	309,042	309,041	0.0%
4	Radios	310,000	112,739	112,738	0.0%
5	Other Capital Projects	500,000	354,639	36,265	89.8%
6	**Total Capital Expenditure**	**2,110,000**	**1,584,820**	**913,706**	**42.3%**

3.30.1 Service Statistics

Table 115: Debt Recovery

Debt Recovery							
Serial No.	Revenue Service	R'000					
		2019/20			2020/21		
		Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	B	C	D	E	F	G
1	Property Rates	349,873	286,263	81.82%	347,999	322,242	92.60%
2	Electricity	1,071,016	936,972	87.48%	1,072,406	1,013,015	94.46%
3	Water	157,008	139,480	88.84%	158,513	164,884	104.02%
4	Sanitation	121,242	98,879	81.56%	121,786	112,442	92.33%
5	Refuse	134,554	103,857	77.19%	127,660	119,386	93.52%
6	Other	27,141	210,841	776.84%	82,439	186,553	226.29%
7	Totals	1,860,834	1,776,292	95.46%	1,910,803	1,918,522	100.40%

3.30.2 Service Delivery levels

Service delivery levels are determined in the Standard Operating Procedures for every service rendered by this section. These standards are incorporated as key performance indicators in the Service Delivery and Budget Implementation Plan, thereby ensuring measurement and compliance to the set service standards.

3.30.3 Capital Expenditure

The Financial Services Department spent R5.7 thousand or 50.5% of the final adjustments budget on financial services infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 116: Capital Expenditure 2020/21 - Financial Services

Capital Expenditure 2020/21: Financial Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Furniture and Office Equipment	-	11,410	5,760	49.5%
2	Extension of Basic Services: Informal Settlements Water	-	11,410	5,760	49.5%

3.30.4 Major Projects Completed

No major capital projects were completed in the Department of Financial Services.

3.37 FLEET

The Fleet and Workshop Division resorts under the Engineering Services Department.

3.37.1 Operating Expenditure

Fleet services generated an operating deficit of R70.2 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 141: Operating Revenue and Expenditure: Fleet Management

Operating Revenue and Expenditure: Fleet Management						
			2020/21			
Serial No.	Decription	2019/20 Actual Results	Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-26,096	-20,610	-20,610	-946	-95.4%
2	**Total Operating Revenue**	**-26,096**	**-20,610**	**-20,610**	**-946**	**-95.4%**
3	Employee Related Costs	6,931,600	9,323,618	6,678,349	6,820,401	-2.1%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	12,629,456	18,926,061	18,701,786	18,701,785	0.0%
6	Contracted Services	16,197,323	8,564,466	15,821,401	15,935,581	-0.7%
7	Depreciation and Provisions	5,625,975	22,739,357	6,297,531	5,942,667	5.6%
8	Inventory	17,379,743	14,254,629	20,980,511	20,666,190	1.5%
9	Operational Costs and Losses	2,641,060	2,986,451	2,305,319	2,093,862	9.2%
10	**Total Operating Expenditure**	**61,405,158**	**76,794,582**	**70,784,897**	**70,160,487**	0.9%
11	**Operating (Surplus) / Deficit**	**61,379,063**	**76,773,972**	**70,764,287**	**70,159,541**	-0.9%

3.38 OTHER ADMINISTRATIVE SECTIONS

Other Administrative sections comprise all other sections providing support to various Directorates across the Municipality.

3.38.1 Operating Expenditure

Other Administrative Sections generated an operating deficit of R48.1 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 142: Operating Revenue and Expenditure: Other Administrative Sections

Operating Revenue and Expenditure: Other Administrative sections						
			2020/21			
Serial No.	Decription	2019/20 Actual Results	Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-30,720,612	-5,027,349	-4,455,327	-5,283,348	18.6%
2	**Total Operating Revenue**	**-30,720,612**	**-5,027,349**	**-4,455,327**	**-5,283,348**	18.6%
3	Employee Related Costs	40,572,147	40,019,555	44,362,090	44,503,663	-0.3%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid		-	-	-	0.0%
6	Contracted Services	7,614,724	3,546,984	2,353,442	2,105,977	10.5%
7	Depreciation and Provisions	1,894,923	3,530,042	2,118,488	1,610,917	24.0%
8	Inventory	1,134,749	3,410,275	981,843	846,010	13.8%
9	Operational Costs and Losses	3,040,852	4,590,964	4,960,869	4,293,785	13.4%
10	**Total Operating Expenditure**	**54,257,395**	**55,097,820**	**54,776,732**	**53,360,353**	2.6%
11	**Operating (Surplus) / Deficit**	**23,536,783**	**50,070,471**	**50,321,405**	**48,077,005**	-4.5%

3.39.1 Operating Expenditure

Internal Audit generated an operating deficit of R8.7 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 143: Operating Revenue and Expenditure: Internal Audit

Operating Revenue and Expenditure: Internal Audit						
			2020/21			
Serial No.	Decription	2019/20 Actual Results	Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-	-	-	-	0.0%
2	**Total Operating Revenue**	-	-	-	-	0.0%
3	Employee Related Costs	7,319,060	7,175,814	8,074,048	8,129,538	-0.7%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid		-	-	-	0.0%
6	Contracted Services	331,887	336,731	597,031	493,280	17.4%
7	Depreciation and Provisions	20,832	57,581	23,281	21,970	5.6%
8	Inventory	33,712	59,900	61,400	53,151	13.4%
9	Operational Costs and Losses	14,630	80,500	45,000	25,685	42.9%
10	**Total Operating Expenditure**	**7,720,121**	**7,710,526**	**8,800,760**	**8,723,623**	0.9%
11	**Operating (Surplus) / Deficit**	**7,720,121**	**7,710,526**	**8,800,760**	**8,723,623**	-0.9%

consideration. The number of frozen posts is 1,685 and the number of approved budgeted posts is 1,973 (1968 approved and 5 intern posts). From the approved budgeted posts, 1,778 posts are filled and 195 post are vacant with a vacancy rate of 9.9% as at the end of the 2020/21 financial year.

Table 144: Total Employees per GFS Classification

Total Employees per GFS Classification								
		2019/20	2020/2021					
Serial No.	Description of Departments/Divisions	Number of Employees	Number of Approved Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies (Funded)	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	Water Services	82	183	92	91	78	13	14.3%
2	Wastewater (Sanitation) Services	121	194	63	131	118	13	9.9%
3	Electricity Services	140	242	86	156	132	24	15.4%
4	Waste Management	138	341	192	149	127	22	14.8%
5	Housing (Human Settlements and Rental Stock (Rural Development Excluded)	78	141	64	77	70	7	9.1%
6	Roads and Stormwater	168	262	89	173	158	15	8.7%
7	Planning Services	49	82	31	51	47	4	7.8%
8	Economic Growth	8	13	6	7	7	0	0.0%
9	Library Services	77	130	53	77	72	5	6.5%
10	Cemeteries and Crematoria	41	44	17	29	24	5	17.2%
11	Community Halls, Facilities & Thusong Centres	62	82	17	65	62	3	4.6%
12	Child Care, Aged Care & Social Programmes	7	8	1	7	7	0	0.0%
13	Environmental Management	6	17	9	8	5	3	37.5%
14	Biodiversity and Landscaping (Parks)	175	340	167	173	153	20	11.6%
15	Traffic, Licensing and Law Enforcement	113	320	201	119	111	8	6.7%
16	Fire and Disaster Management	81	176	93	83	81	2	2.4%
17	Sport and Recreation	63	204	131	73	69	4	5.5%
18	Executive and Council Support	11	11	0	11	11	0	0.0%
19	Financial Services	138	215	65	150	134	16	10.7%
20	Human Resources	35	66	31	35	35	0	0.0%
21	ICT Services	11	15	4	11	11	0	0.0%
22	Property Services	0	0	0	0	0	0	N/A
23	Legal and Administrative Services (Legal Services and Property Administration)	13	20	6	14	12	2	14.3%
24	Risk Management	3	6	2	4	3	1	25.0%
25	Procurement Services	43	63	15	48	43	5	10.4%
26	Other	217	477	250	226	203	23	10.2%
27	**Total**	**1,880**	**3,652**	**1,685**	**1,968**	**1,773**	**195**	**9.9%**
28	Finance Interns					5		
29	**Total**	**1,880**	**3,652**	**1,685**	**1,968**	**1,778**	**195**	**9.9%**

4.2.2 Employee Vacancy Rate per Occupational Level

The Municipality filled a significant number of priority vacancies across all departments in the 2018/19 and 2019/20 financial year. The vacancy rate for funded positions is 12.0% for the financial year reflected below.

Table 145: Employee Vacancy Rate per Occupational Level

Vacancy Rate per Occupational Level 2020/2021									
Serial No.	Designation	Total number of approved posts	Vacancies (approved posts)	Vacancy rate (approved posts)	Number of Frozen posts (unfunded)	Number of Approved Budgeted Posts	Number of Employees (Filled Vacancies)	Number Budgeted Vacancies (Unfilled Vacancies)	Vacancy rate (budgeted posts)
Column Ref.	A	B	C	D	E	F	G	H	I
1	City Manager	1	0	0%	0	1	1	0	0%
2	CFO	1	0	0%	0	1	1	0	0%
3	Section 57 Managers	4	0	0%	0	4	3	1	25%
4	Senior Management: Levels 16 - 18	76	23	30%	18	58	53	5	9%
5	Senior Management: Levels 13 - 15	122	48	39%	38	84	74	10	12%
6	Highly skilled supervision: Levels 9 -	777	481	62%	436	341	296	45	13%
7	**Total**	**981**	**552**	**56%**	**492**	**489**	**428**	**61**	**12%**

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 INTRODUCTION

In line with the National Skills Strategy, Drakenstein Municipality continuously pursue investing towards a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.

During the 2020/21 financial year, the Municipality directed funds towards employee capacity building.

This was envisaged through the below programmes implemented during this financial year. It is unfortunate that implementation of some learning programmes was delayed due to the existing COVID 19 pandemic.

4.5.1 Skills Matrix

During the financial year 2020/21, 530 employees were trained in various interventions from 1 July 2020 until 30 June 2021.

The table below indicates the number of employees at professional and management levels that received training in the year under review.

Table 157: Skills Matrix

Skills Matrix								
Serial No.	Management Level	Gender	Number of skilled employees required and actual as at 30 June 2021					
			Learnerships		Skills programmes and other short courses		Total	
			Actual 2020	Target	Actual 2020	Target	Actual 2020	Target
Column Ref.	A	B	C	D	E	F	G	H
1	CM and S57	Female	0	0	0	0	0	0
2		Male	0	0	0	0	0	0
3	Councillors, Senior Officials and Managers	Female	0	0	16	16	16	16
4		Male	0	0	9	9	9	9
5	Technicians and Associate Professionals	Female	9	9	11	11	20	20
6		Male	12	12	25	25	37	37
7	Professionals	Female	2	2	6	6	8	8
8		Male	3	3	7	7	10	10
9	**Sub-Totals**	**Female**	**11**	**11**	**33**	**33**	**44**	**44**
10		**Male**	**15**	**15**	**41**	**41**	**56**	**56**
11	**Total**		**26**	**26**	**74**	**74**	**100**	**100**

5. FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5.1 INTRODUCTION

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original budget and the final adjustments budget.

5.2 FINANCIAL SUMMARY

Drakenstein Municipality generated an overall operating surplus of R101.6 million compared with budgeted operating surplus of R77.1 million for the year under review as depicted in the table below. More information on the revenue collection performance by vote and by source is included in **Appendix J** of the Annual Report.

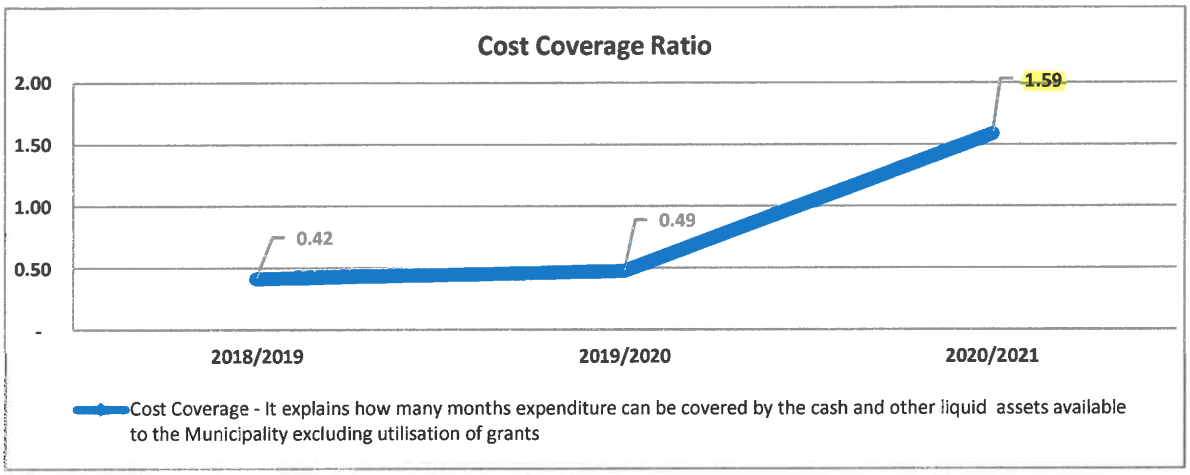
Table 162: Financial Summary

Financial Summary							
		2019/2020	2020/21			Positive / (Negative) % Variance	
Serial No.	Description	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
1	Financial Performance						
2	Property rates	311,891,562	331,536,704	342,977,305	343,711,356	103.67%	100.21%
3	Service charges	1,576,106,211	1,676,425,099	1,651,795,109	1,627,177,093	97.06%	98.51%
4	Investment revenue	6,140,446	6,000,000	6,000,000	5,222,733	87.05%	87.05%
5	Transfers recognised – operational	193,365,938	265,052,589	228,332,470	233,235,878	88.00%	102.15%
6	Other own revenue	142,665,879	152,205,806	200,116,243	192,222,463	126.29%	96.06%
7	Total Revenue (excluding capital transfers and contributions)	2,230,170,036	2,431,220,198	2,429,221,127	2,401,569,523	-1.22%	-1.14%
8	Employee costs	667,786,183	688,195,688	704,373,917	711,273,115	103.35%	100.98%
9	Remuneration of Councillors	31,026,997	31,709,291	31,709,291	31,101,146	98.08%	98.08%
10	Depreciation	215,723,756	240,352,185	240,352,185	227,235,412	94.54%	94.54%
11	Finance charges	178,474,546	182,311,791	180,158,030	179,830,803	98.64%	99.82%
12	Materials and bulk purchases	834,566,840	889,217,799	890,304,400	881,455,502	99.13%	99.01%
13	Transfers and grants	16,656,763	9,460,000	10,753,820	8,534,159	90.21%	79.36%
14	Other expenditure	382,575,614	473,937,667	474,704,281	436,770,346	92.16%	92.01%
15	Total expenditure	2,326,810,699	2,515,184,421	2,532,355,924	2,476,200,483	-1.55%	-2.22%
16	Surplus (Deficit)	(96,640,663)	(83,964,223)	(103,134,797)	(74,630,960)	88.88%	72.36%
17	Transfers recognised – capital	180,713,797	168,149,000	180,265,283	175,958,381	104.64%	97.61%
18	Contributions recognised – capital and contributed assets	0	0	0	0	0.00%	0.00%
19	Surplus (Deficit) after capital transfers and contributions	84,073,134	84,184,777	77,130,486	101,327,421	20.36%	31.37%
20	Share of surplus/(deficit) of associate	0	0	0	0	0.00%	0.00%
21	Surplus (Deficit) for the year	84,073,134	84,184,777	77,130,486	101,327,421	120.36%	131.37%
22	Capital Expenditure and Fund Sources						
23	Transfers recognised – capital	143,696,501	153,671,957	144,755,881	143,696,501	93.51%	99.27%
24	Public contributions and donations	0	0	0	0	0.00%	0.00%
25	Borrowing	0	0	0	0	0.00%	0.00%
26	Internally generated funds	77,949,957	63,300,476	94,303,180	77,949,957	123.14%	82.66%
27	Total sources of capital funds	221,646,458	216,972,433	239,059,061	221,646,458	2.15%	-7.28%
28	Financial Position						
29	Total current assets	528,029,398	561,475,605	563,740,428	577,824,897	102.91%	102.50%
30	Total non-current assets	6,230,522,784	6,196,648,911	6,218,735,539	6,270,475,702	101.19%	100.83%
31	Total current liabilities	587,433,383	588,578,402	592,173,402	547,154,872	92.96%	92.40%
32	Total non-current liabilities	2,102,116,784	1,960,199,866	1,960,199,866	2,040,855,700	104.11%	104.11%
33	Community wealth/ Equity	4,159,002,015	4,209,346,248	4,230,102,699	4,260,290,027	101.21%	100.71%

5.6.2 Cost Coverage Ratio

This ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available to the Municipality. The cost coverage ratio year on year shows and upward trend from the 2018/2019 financial year to the 2019/2020 year and a further upward improvement to the current 1.59 times coverage for the 2020/2021 year. This is an indicator that the cash flow of the Municipality is under strain, but recovering.

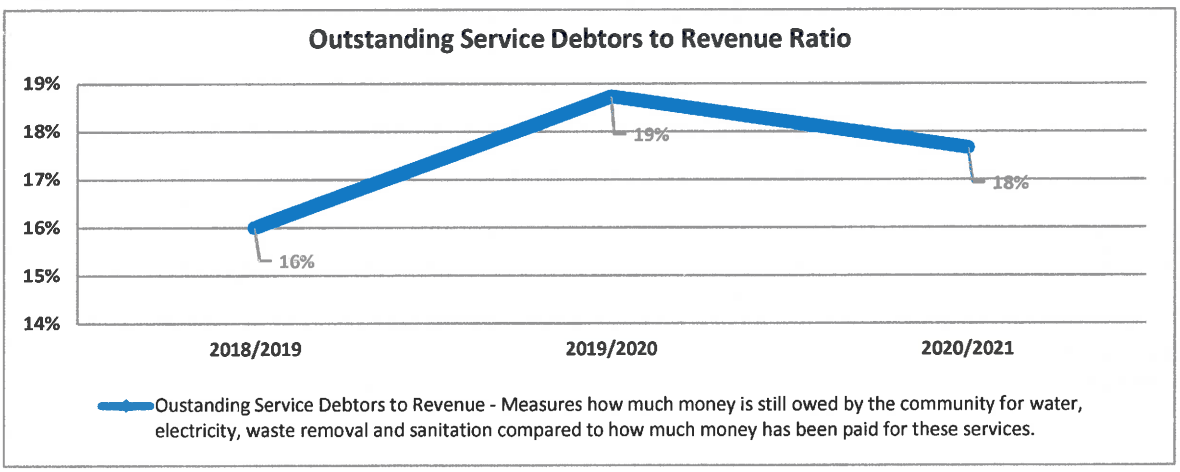
Graph 10: Cost Coverage Ratio



5.6.3 Outstanding Service Debtors to Revenue Ratio

This ratio measures how much money is owed by debtors when compared to the generated revenue. This is a measure of what the fraction of outstanding debt is from the total generated revenue. This ratio has decreased from 2019/2020 to 2020/2021, which, although not ideal is still manageable.

Graph 11: Outstanding Service Debtors to Revenue Ratio



ANNEXURE J: REVENUE COLLECTION PERFORMANCE

ANNEXURE J (I): REVENUE COLLECTION BY VOTE

Table 193: Revenue Collection Performance by GFS Vote *

Revenue Collection Performance by Vote							
		2019/2020	2020/2021			Positive / (Negative) % Variance	
Serial No.	Vote Description	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Executive and Council	98,252	392,424	592,847	1,636,659	317.06%	176.07%
2	Budget and Treasury Office	11,075,571	382,351,993	413,476,324	460,048,852	20.32%	11.26%
3	Corporate Services	0	0	0	0	0.00%	0.00%
4	Comm. and Social Services	2,361,281	4,106,062	5,293,062	5,848,486	42.44%	10.49%
5	Sports and Recreation	22,855,720	6,631,802	6,631,802	3,218,802	-51.46%	-51.46%
6	Public Safety	2,788,738	99,262,115	157,090,046	149,674,621	50.79%	-4.72%
7	Housing	33,733,882	114,060,897	30,327,550	30,454,222	-73.30%	0.42%
8	Health	0	0	0	0	0.00%	0.00%
9	Planning and Development	282,742	5,001,572	9,360,418	9,786,750	95.67%	4.55%
10	Road Transport	57,165,823	72,849,572	72,849,572	59,367,928	-18.51%	-18.51%
11	Envoromental Protection	0	0	0	0	0.00%	0.00%
12	Electricity	53,542,646	1,335,520,584	1,349,350,148	1,302,171,803	-2.50%	-3.50%
13	Water	51,574,113	188,366,841	182,588,345	171,419,757	-9.00%	-6.12%
14	Waste Water	31,529,734	206,665,892	200,031,111	200,368,548	-3.05%	0.17%
15	Waste Management & Solid Waste	2,539,340	184,149,247	181,985,185	183,531,516	-0.34%	0.85%
16	Other	210,000	0	0	0	0.00%	0.00%
17	Total revenue by vote	269,547,842	2,599,359,001	2,609,576,410	2,577,527,944	-0.84%	-1.23%

** - Agrees to Appendix B1 to the Annual Financial Statements*

ANNEXURE J (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Table 194: Revenue Performance by Source

Revenue Collection Performance by Source							
Serial No.	Description	2019/2020	2020/2021			Postive / (Negative) % Variance	
		Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Property rates	311,891,562	331,536,704	342,977,305	343,711,356	3.67%	0.21%
2	Property rates – penalties and collection changes	852,305	1,190,831	1,059,876	1,060,460	0.00%	0.00%
3	Service Charges – electricity revenue	1,171,403,016	1,253,689,815	1,249,678,882	1,222,752,400	-2.47%	-2.15%
4	Service Charges – water revenue	163,949,277	170,240,860	163,026,981	152,068,099	-10.67%	-6.72%
5	Service Charges – sanitation revenue	116,383,958	127,030,452	121,948,818	123,949,293	-2.43%	1.64%
6	Service Charges – refuse revenue	124,369,960	136,635,580	128,312,036	128,407,303	-6.02%	0.07%
7	Service Charges – other	0	0	0	0	0.00%	0.00%
8	Rentals of facilities and equipment	15,991,036	15,565,690	5,835,106	5,190,131	-66.66%	-11.05%
9	Interest earned – external investments	6,140,577	6,000,000	6,000,000	5,215,173	-13.08%	-13.08%
10	Interest earned – outstanding debtors	6,421,577	9,148,643	7,154,188	7,084,610	-22.56%	-0.97%
11	Dividends received	12,600	0	0	7,560	0.00%	0.00%
12	Fines	82,126,344	79,895,534	137,673,465	128,602,941	60.96%	-6.59%
13	Licenses and permits	20,240,886	3,894,494	18,017,754	20,628,984	429.70%	14.49%
14	Agency services	0	0	0	0	0.00%	0.00%
15	Transfers recognised – operational	193,365,938	264,814,589	228,094,470	220,606,267	-16.69%	-3.28%
16	Other operational revenue and sales of goods and services	16,208,266	29,577,006	17,442,246	35,704,093	20.72%	104.70%
17	Total revenue (excluding capital transfers and contributions)	2,229,357,302	2,429,220,198	2,427,221,127	2,394,988,670	-1.41%	-1.33%

VOLUME V: 2020/2021 ANNUAL PERFORMANCE REPORT

The audited 2020/2021 Annual Performance Report will now follow for the next 29 pages. No material findings on the usefulness and reliability of the reported information were raised by the Auditor-General.