



ANNEXURE A

DRAKENSTEIN

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

Oversight Report

2024/2025 Annual Report

12 March 2026

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A city of excellence

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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 2024/2025 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 2024/2025 AR as well as the Oversight Report (OR) on the 2024/2025 AR as required in terms of Section 129 of the MFMA.

3. 2024/2025 ANNUAL REPORT

3.1 LEGAL FRAMEWORK

Section 121 of the MFMA determines that Drakenstein Municipality must deal with the preparation and adoption of the 2024/2025 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 28 January 2026.

Section 129 of the MFMA determines with regard to the OR on the 2024/2025 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 2024/2025 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. 2024/2025 ANNUAL REPORT CONSULTATION AND ADOPTION PROCESS

4.1 MUNICIPAL 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 2024/2025 AR was tabled by the Executive Mayor on 28 January 2026, thereafter it was released for public comment. The MPAC convened one meeting on 12 March 2026 to deliberate on the content of the 2024/2025 AR together with the comments received on the 2024/2025 AR. The City Manager attended the MPAC meeting as required to answer questions posed by MPAC members on the 2024/2025 AR and 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: 12 March 2026
Cllr R Nell	MPAC Chairperson	X
Cllr SJ Liebenberg	Member	X
Cllr AJ van Santen	Member	X
Cllr C Jacobs	Member	X
Cllr ND Adams	Member	X
Ald AC Stowman	Member	
Cllr AM Richards	Member	
Cllr LS Sambokwe	Member	X
Cllr JA September	Member	X

4.2 ADOPTION AND PUBLIC CONSULTATION PROCESS

The Executive Mayor tabled the Draft 2024/2025 AR in Council on 28 January 2026 in compliance with the MFMA. The Draft 2024/2025 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 2024/2025 AR. In addition, the 2024/2025 AR was also made available at all municipal libraries and selected municipal offices.

The 2024/2025 AR was also submitted, in terms of Section 127(5)(b) of the MFMA to the Auditor-General of South Africa (AGSA), National Treasury, Western Cape Provincial Treasury and the Western Cape Department of Local Government. The AGSA was also invited to attend the Council meeting to be held on 31 March 2026 as well as the MPAC meeting held on 12 March 2026.

The closing date for public comments were on 18 February 2026. One submission from the public were received. Written comments were received from the AGSA and from the Internal Audit Division. These comments were tabled and considered at the MPAC meeting held on 12 March 2026.

Furthermore the Audit Committee provided verbal feedback on the AR during the Special Audit Committee meeting on 4 February 2026 which were incorporated. No written comments were received from the Western Cape Department of Local Government or the Western Cape Provincial Treasury.

4.3 MATTERS DISCUSSED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The MPAC met on 12 March 2026 to discuss and consider the adoption of the 2024/2025 AR. The MPAC members, prior to these meetings, perused through the content of the 2024/2025 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).

In terms of Section 129(1) of the MFMA, Council must indicate whether the 2024/2025 AR is being adopted with or without reservations. The matters as discussed in Appendix 1 and 3 were finalised on 12 March 2026. As a result, the MPAC is satisfied with the content of the Final 2024/2025 AR and as such recommends to Council that the 2024/2025 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 2024/2025 AR product for their diligence and constructive commitment during the oversight period.

The MPAC is satisfied that the 2024/2025 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 2024/2025 Annual Report;
- 6.2 Council approves the 2024/2025 Annual Report without any reservations;
- 6.3 The Oversight Report on the 2024/2025 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 12 March 2026, the Oversight Report on the 2024/2025 Annual Report and the Final 2024/2025 Annual Report be submitted, in accordance with Section 129(2) and 132(2) of the MFMA, to the Auditor-General of South Africa, National Treasury, 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 2024/2025;
Appendix 2: MPAC Minutes of 12 March 2026; and
Appendix 3: Extract of corrections to the Draft Annual Report 2024/2025.

A handwritten signature in black ink, consisting of several overlapping loops and a final flourish.

CLLR R NELL
CHAIRPERSON: MPAC

12 March 2026



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APPENDIX 1

Comments received on the Draft Annual Report

2024/2025 Financial Year

To be considered by the Municipal Public Accounts Committee on 12 March 2026

Row Number	Comments Received From	Content of Comments Received	Senior Management Response	MPAC's Response to Council																																																																																																																								
1.	Auditor-General (attached hereto).	<p><i>Page 153 (Table 79) Operating revenue and expenditure: Legal and Administrative Services - The employee and councillor costs were added, however, the addition of the councillor costs seems to have been done in the incorrect row which resulted in the other costs being added incorrectly and operational costs and losses value (R10 972 915) being excluded from the table altogether</i></p> <p>Auditor comments</p> <p>The total is still incorrect - The table does not align with the expenses as detailed in the financial performance per section working paper for the Legal and administrative services</p> <table border="1" data-bbox="728 555 1108 710"> <thead> <tr> <th>LEGAL AND ADMINISTRATIVE SERVICES</th> <th>Income</th> <th>Operational revenue</th> <th>(18 213 849)</th> </tr> </thead> <tbody> <tr> <td>Expense</td> <td>Employee related costs</td> <td>74 133 400</td> <td></td> </tr> <tr> <td></td> <td>Interest paid</td> <td>-</td> <td></td> </tr> <tr> <td></td> <td>Contracted services</td> <td>11 331 312</td> <td></td> </tr> <tr> <td></td> <td>Councillor related costs</td> <td>34 841 767</td> <td></td> </tr> <tr> <td></td> <td>Depreciation and amortisation</td> <td>444 115</td> <td></td> </tr> <tr> <td></td> <td>Inventory consumed</td> <td>1 077 187</td> <td></td> </tr> <tr> <td></td> <td>Operational Costs and Losses</td> <td>10 972 915</td> <td></td> </tr> <tr> <td>LEGAL AND ADMINISTRATIVE SERVICES Total</td> <td></td> <td>114 586 848</td> <td></td> </tr> </tbody> </table> <table border="1" data-bbox="1115 539 1512 735"> <thead> <tr> <th colspan="6">Operating Revenue and Expenditure: Legal and Administrative Services</th> </tr> <tr> <th colspan="6">2024/25</th> </tr> <tr> <th>Serial No.</th> <th>Description</th> <th>2023/24 (Revised) Actual Results</th> <th>Original Approved Budget</th> <th>Final Adjustments Budget</th> <th>Actual Results</th> </tr> <tr> <th>Column Ref</th> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Operational revenue</td> <td>(16 721 734)</td> <td>(16 490 021)</td> <td>(16 955 021)</td> <td>(18 213 849)</td> </tr> <tr> <td>2</td> <td>Total Operating Revenue</td> <td>(16 721 734)</td> <td>(16 490 021)</td> <td>(16 955 021)</td> <td>(18 213 849)</td> </tr> <tr> <td>3</td> <td>Employee related costs</td> <td>58 927 060</td> <td>75 875 335</td> <td>63 560 087</td> <td>74 133 400</td> </tr> <tr> <td>4</td> <td>Interest paid</td> <td>0</td> <td>230 000</td> <td>0</td> <td>0</td> </tr> <tr> <td>5</td> <td>Contracted services</td> <td>9 318 286</td> <td>5 765 458</td> <td>13 743 408</td> <td>11 331 312</td> </tr> <tr> <td>6</td> <td>Depreciation and amortisation</td> <td>34 345 277</td> <td>39 276 957</td> <td>39 276 957</td> <td>34 841 767</td> </tr> <tr> <td>7</td> <td>Inventory consumed</td> <td>496 670</td> <td>545 511</td> <td>445 553</td> <td>444 115</td> </tr> <tr> <td>8</td> <td>Operational Costs and Losses</td> <td>1 549 024</td> <td>1 075 877</td> <td>1 266 189</td> <td>1 077 187</td> </tr> <tr> <td>9</td> <td>Total Operating Expenditure</td> <td>104 682 268</td> <td>122 773 140</td> <td>116 292 594</td> <td>121 827 782</td> </tr> <tr> <td>10</td> <td>Operating Surplus / Deficit</td> <td>87 960 534</td> <td>106 283 119</td> <td>99 337 573</td> <td>103 613 932</td> </tr> </tbody> </table>	LEGAL AND ADMINISTRATIVE SERVICES	Income	Operational revenue	(18 213 849)	Expense	Employee related costs	74 133 400			Interest paid	-			Contracted services	11 331 312			Councillor related costs	34 841 767			Depreciation and amortisation	444 115			Inventory consumed	1 077 187			Operational Costs and Losses	10 972 915		LEGAL AND ADMINISTRATIVE SERVICES Total		114 586 848		Operating Revenue and Expenditure: Legal and Administrative Services						2024/25						Serial No.	Description	2023/24 (Revised) Actual Results	Original Approved Budget	Final Adjustments Budget	Actual Results	Column Ref	A	B	C	D	E	1	Operational revenue	(16 721 734)	(16 490 021)	(16 955 021)	(18 213 849)	2	Total Operating Revenue	(16 721 734)	(16 490 021)	(16 955 021)	(18 213 849)	3	Employee related costs	58 927 060	75 875 335	63 560 087	74 133 400	4	Interest paid	0	230 000	0	0	5	Contracted services	9 318 286	5 765 458	13 743 408	11 331 312	6	Depreciation and amortisation	34 345 277	39 276 957	39 276 957	34 841 767	7	Inventory consumed	496 670	545 511	445 553	444 115	8	Operational Costs and Losses	1 549 024	1 075 877	1 266 189	1 077 187	9	Total Operating Expenditure	104 682 268	122 773 140	116 292 594	121 827 782	10	Operating Surplus / Deficit	87 960 534	106 283 119	99 337 573	103 613 932	The error has been corrected.	Senior Management's response accepted.
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2.	Auditor-General (attached hereto).	<p><i>Page 215 (Table 147) Debt Recovery - Property rates billed in the Debt Recovery table - Some of the RB accounts were removed, however, not all of them were removed, resulting in a difference of approx. R8 million remaining</i></p> <p>The RB accounts highlighted in yellow have still been included in the breakdown - Difference of R8million still exists in the Property rates amount</p> <table border="1" data-bbox="705 853 1512 1038"> <thead> <tr> <th>Account</th> <th>Category</th> <th>Property rates</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>522410255001GRB7ZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>756 975,81</td> </tr> <tr> <td>522410255001GZZZZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>-1 009 300,72</td> </tr> <tr> <td>522410255011GZZZZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>-1 249 447,68</td> </tr> <tr> <td>522410255021GZZZZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>-544 381,66</td> </tr> <tr> <td>522410255031GRB7ZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>27 212,42</td> </tr> <tr> <td>522410255031GZZZZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>-6 130 279,34</td> </tr> <tr> <td>522410255041GRB7ZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>365 024,42</td> </tr> <tr> <td>522410255041GZZZZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>-</td> </tr> <tr> <td>522410255061GRB7ZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>6 130 279,34</td> </tr> <tr> <td>522410255071GRB7ZZWM</td> <td>OTHER CATEGORIES</td> <td>Property rates</td> <td>1 252 666,09</td> </tr> </tbody> </table>	Account	Category	Property rates	Amount	522410255001GRB7ZZWM	OTHER CATEGORIES	Property rates	756 975,81	522410255001GZZZZZWM	OTHER CATEGORIES	Property rates	-1 009 300,72	522410255011GZZZZZWM	OTHER CATEGORIES	Property rates	-1 249 447,68	522410255021GZZZZZWM	OTHER CATEGORIES	Property rates	-544 381,66	522410255031GRB7ZZWM	OTHER CATEGORIES	Property rates	27 212,42	522410255031GZZZZZWM	OTHER CATEGORIES	Property rates	-6 130 279,34	522410255041GRB7ZZWM	OTHER CATEGORIES	Property rates	365 024,42	522410255041GZZZZZWM	OTHER CATEGORIES	Property rates	-	522410255061GRB7ZZWM	OTHER CATEGORIES	Property rates	6 130 279,34	522410255071GRB7ZZWM	OTHER CATEGORIES	Property rates	1 252 666,09	The error has been corrected.	Senior Management's response accepted.																																																																												
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3.	Internal Audit (attached hereto)	In respect of the following reported information in the Annual Report for the 2024/25 financial year, the actual annual report results was inaccurate when compared to the supporting evidence submitted for audit purposes:	The errors have been corrected.	Senior Management's response accepted.																																																																																																																								

Row Number	Comments Received From	Content of Comments Received						Senior Management Response	MPAC's Response to Council
No	Annual Report Page & Ref No	Department	Description	Unit of measurement	Actual results reported	Audited results as per documented evidence provided	Comment		
1.	Page 109, Table 35	Engineering Services	Service Statistic – Wastewater (Sanitation Services) - Newly / refurbished (through pipe-cracking) sewers / pipeline	Meters	1,047	1,190	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.		
2.	Page 149, Table 76	Corporate and Planning Services	Rental Housing Statistics Column Reference 2 - Renewal of Lease Agreement	Number of lease agreements renewed	375	388	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.		
3.	Page 163, Table 85	Corporate and Planning Services	Applications for Land Use Department - Planning application received - Column G - Rezoning	Number of planning applications received (rezoning)	9	12	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.		
4.	Page 165, Table 87	Corporate and Planning Services	Service Statistics – Land Use Planning and	Number of urban	13	12	The documented evidence provided for audit purposes		
			Surveying – Urban Subdivision	subdivision applications			differ from what has been reported in the Annual Report.		
5.	Page 204, Table 135	Public Safety Services	Law Enforcement and Security Service Data – Number of by law infringements attended	Number of by law infringements attended	1,642	1,297	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.		
6.	Page 208, Table 141	Public Safety Services	Fire Fighting Training – Dailly drills and instruction per shift (Number of officials attended)	Number of officials attended	152	254	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.		

Row Number	Comments Received From	Content of Comments Received	Senior Management Response	MPAC's Response to Council																		
4.	Internal Audit (attached hereto)	<p>In respect of the following reported information in the Annual Report for the 2024/25 financial year, the figures reported in the tables were inaccurate.</p> <p>The details are as follow:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Annual Report Page & Ref No</th> <th>Description</th> <th>Figures Reported</th> <th>Internal Audit Recalculation</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Page 96 - Table 30</td> <td>Serial No. 11 – Column B</td> <td>795,058,913.0 2</td> <td>799,858,014.08</td> </tr> <tr> <td rowspan="2">2.</td> <td rowspan="2">Page 241 - Table 179</td> <td>Serial No. 11 – Column E</td> <td>15</td> <td>108</td> </tr> <tr> <td>Serial No. 11 – Column G</td> <td>109</td> <td>123</td> </tr> </tbody> </table>	No	Annual Report Page & Ref No	Description	Figures Reported	Internal Audit Recalculation	1.	Page 96 - Table 30	Serial No. 11 – Column B	795,058,913.0 2	799,858,014.08	2.	Page 241 - Table 179	Serial No. 11 – Column E	15	108	Serial No. 11 – Column G	109	123	The errors have been corrected	Senior Management's response accepted.
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2.	Page 241 - Table 179	Serial No. 11 – Column E	15	108																		
		Serial No. 11 – Column G	109	123																		
5.	Internal Audit (attached hereto)	The City Manager's Overview includes the following paragraph relating to risk assessment, "Only one of the 12 strategic risks identified are currently above the risk appetite, namely: Increasing indigents and unemployment. These 12 strategic risks are all linked to tactical and operational risks and are managed on a tactical as well as operational level." No reference is made to the development and implementation of measures to mitigate the top 5 risks.	The value-add finding will be addressed during the compilation of the 2025/26 Annual Report.	Senior Management's response accepted.																		
6.	Internal Audit (attached hereto)	<p>Page 147 Table 1: Service Statistics - Municipal Court: Building Control Cases</p> <p>"The table name states Traffic cases, but the table refers to Building control. I think it is a copy and paste from the previous table."</p>	The error have been corrected.	Senior Management's response accepted.																		
7.	Engineering Services/ Audit Committee/ (Verbal and	<p>The Chairperson of the Audit Committee queried the Municipal Waste Disposal quantity of graph 6 on page 120 of the Draft Annual Report.</p> <p>The correct figure for that month should be 6008.46 tons.</p>	The error have been corrected.	Senior Management's response accepted.																		

Row Number	Comments Received From	Content of Comments Received	Senior Management Response	MPAC's Response to Council
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8.	SMT / Audit Committee (Verbal)	Updating of Table 166 on page 232, to show the seasonal vacancies separately, and thus presenting the vacancy rate of full-time positions of 14.2%	Table 166 and 167 has been updated to show the vacancy rate for full time positions only.	Senior Management's response accepted.
9.	Dr Carel Stander.	<p>"Ek merk egter 'n fout op in Item 5.2 Financial Summary op bladsy 248.</p> <p>Die paragraaf bokant Table 185: Financial Summary lui - an operating surplus of R 721.5 million en die tabel self in kolom E word dit aangedui as R 621.5 million, dus R 100 miljoen verskil, moontlik kan u dit regstel in die finale verslag."</p>	Error has been corrected	Senior Management's response accepted.

Note: Reference as above refer to those contained in the Draft Annual Report 2024/25.

From: Shannon Merkeur <ShannonM@agsa.co.za>
Sent: Thursday, January 22, 2026 9:20 AM
To: Ian Engelmoor CA(SA)
Cc: Hoosain Ahmed; Ronetia Cupido; Bradley Brown
Subject: Re: Annual Report
Attachments: Copy of Drakenstein Annual Report review 19012026.xlsx

Good morning Ian,

Hope you are well,

Thank you for the prompt response and all the efforts, as well as the clarification provided,

I have checked the updated report for the corrections made - There were just two corrections made to tables which seem to have been done incorrectly, relating to:

1. Operating revenue and expenditure: Legal and administrative services - The employee and councillor costs were added, however, the addition of the councillor costs seems to have been done in the incorrect row which resulted in the other costs being added incorrectly and operational costs and losses value (R10 972 915) being excluded from the table altogether
2. Property rates billed in the Debt Recovery table - Some of the RB accounts were removed, however, not all of them were removed, resulting in a difference of approx. R8million remaining

I have attached the excel document and hidden the rows which were resolved, for ease of reference

Thank you!

Kind regards,
Shannon Merkeur CA(SA)

Assistant Audit Manager • Western Cape • Auditor-General of South Africa
Tel: +27(0)21 528 4130 • Mobile: +27(0)74 842 2629 • Email: shannonm@agsa.co.za

Auditing to build public confidence

No.	Page	Extract of Annual report	Auditor comment	Other comments	Auditor comments
3C		Please provide the reconciliation/ recalculation of capital expenditure , revenue, operating expenditure and surplus/deficit per segment			The legal and administrative services total operating expenditure is incorrect. The total does not include the employee related costs amount of R74 133 400 councillor related costs of R34 841 767 and the total operating deficit is understated by these amounts. (Confirmed with the supporting calculations) Please correct the table and any narrations relating to this table

Corrected

Auditor comments

The total is still incorrect - The table does not align with the expenses as detailed in the financial performance per section working paper for the Legal and administrative services

LEGAL AND ADMINISTRATIVE SERVICES				
Income	Operational revenue		(18 213 849)	
Expense	Employee related costs		74 133 400	
	Interest paid		-	
	Contracted services		11 331 312	
	Councillor related costs		34 841 767	
	Depreciation and amortisation		444 115	
	Inventory consumed		1 077 187	
	Operational Costs and Losses		10 972 915	
LEGAL AND ADMINISTRATIVE SERVICES Total			114 586 848	

Operating Revenue and Expenditure: Legal and Administrative Services					
		2024/25			
Serial No.	Description	2023/24 (Restated) Actual Results	Original Approved Budget	Final Adjustments Budget	Actual Results
Column Ref.	A	B	C	D	E
1	Operational revenue	(16,721,734)	(16,490,021)	(16,955,021)	(18,213,849)
2	Total Operating Revenue	(16,721,734)	(16,490,021)	(16,955,021)	(18,213,849)
3	Employee related costs	58,992,050	75,875,335	63,540,087	74,133,400
4	Interest paid	0	230,002	0	0
5	Contracted services	9,314,286	5,765,458	11,743,808	11,331,312
6	Depreciation and amortisation	34,340,227	39,276,957	39,276,957	34,841,767
7	Inventory consumed	486,670	549,511	445,553	444,115
8	Operational Costs and Losses	1,549,024	1,075,877	1,266,189	1,077,187
9	Total Operating Expenditure	104,682,268	122,773,140	116,292,594	121,827,782
10	Operating (Surplus) / Deficit	87,960,534	106,283,119	99,337,573	103,613,932

3F		215		3.34.1 Service Statistics – Financial Services (Revenue)			
Table 147: Debt Recovery							
		2023/24 (R'000)			2024/25 (R'000)		
Serial No.	Revenue Service	Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	B	C	D	E	F	G
1	Property Rates	576,316,312	567,011,768	98.4%	631,275,536	634,543,100	100.5%
2	Electricity	1,218,166,340	1,191,696,410	97.8%	1,499,874,274	1,503,853,812	100.3%
3	Water	250,877,812	219,301,948	87.4%	282,221,101	279,088,742	98.9%
4	Sanitation	170,705,583	159,685,598	93.5%	200,022,249	192,400,125	96.2%
5	Refuse	213,552,859	186,680,845	87.5%	251,032,649	239,889,889	95.6%
6	Other	43,145,034	33,500,291	77.6%	49,529,903	39,668,096	79.9%
7	Total	2,472,763,960	2,367,876,870	95.8%	2,917,756,130	2,877,204,214	98.6%

Please provide breakdown of figures for 2024/25 as it does not align with the revenue per AFS (Billed) nor the cash flow statement receipts (Collected)

table has been redone and replaced. Working paper with figures is included in the email

Why are there accounts reversing revenue? E.g. Property rates: GRB accounts amounting to R30 502 339
Waste management: Erroneously excludes the interest received of R6 018 627,24 (total formula in calculation did not include it)
Wastewater management: Erroneously excludes the interest received of R3 808 536,81 (total formula in calculation did not include it)

Corrected - the RB accounts should be excluded

The RB accounts highlighted in yellow have still been included in the breakdown - Difference of R8million still exists in the Property rates amount

522410255001GRB7ZZWM	OTHER CATEGORIES	Property rates	756 975,81
522410255001GZZZZWM	OTHER CATEGORIES	Property rates	-1 009 300,72
522410255011GZZZZWM	OTHER CATEGORIES	Property rates	-1 249 447,68
522410255021GZZZZWM	OTHER CATEGORIES	Property rates	-544 381,66
522410255031GRB7ZZWM	OTHER CATEGORIES	Property rates	27 212,42
522410255031GZZZZWM	OTHER CATEGORIES	Property rates	-6 130 279,34
522410255041GRB7ZZWM	OTHER CATEGORIES	Property rates	365 024,42
522410255041GZZZZWM	OTHER CATEGORIES	Property rates	-
522410255061GRB7ZZWM	OTHER CATEGORIES	Property rates	6 130 279,34
522410255071GRB7ZZWM	OTHER CATEGORIES	Property rates	1 252 666,09



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Review of the 2024/25 Annual Report

2025/26

February 2026

A city of excellence

AUDIT RESULTS SNAPSHOT

Review of the 2024/25 Annual Report	
SUMMARY OF FINDINGS	
1.	Reported Performance Information Inaccurate.
2.	Reported Financial Information Inaccurate.
3.	Proposed enhancements to Annual Report information considering MFMA Circular 63 requirements.
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	Chief Financial Officer ED: Engineering Services ED: Corporate and Planning Services ED: Safety and Community Services

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

Dear Dr. Leibbrandt

INTERNAL AUDIT – REVIEW OF THE 2024/25 ANNUAL REPORT

We have pleasure in submitting our final report on the agreed internal audit work performed in respect of the Review of the 2024/25 Annual Report, as approved in the 2024/25 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 Review of the 2024/25 Annual Report. 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.

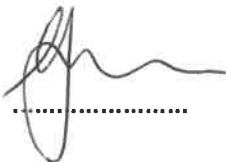
Based on the outcome of an external quality assurance assessment conducted in December 2024, the Internal Audit activity generally conforms to the International Standards for the Professional Practice of Internal Auditing.

The audit findings have been discussed with the relevant managers as well as the responsible Executive Director (EDs) 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



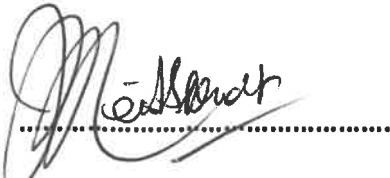
Rozan Jaftha

Chief Audit Executive

Date: 23.02.2026

Acknowledgement of receipt of report by management:

I hereby acknowledge receipt of the report.



City Manager

23/02/2025

Date

Table of Contents Page

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- 2. Audit Objectives & Scope 7
- 3. Definitions and Reporting Framework8
- 4. High Level Summary of Engagement Results9
- 5. Distribution List 11
- DETAILED AUDIT FINDINGS12

Executive Summary

1. Background

Governance, Risk and Control Assessment Summary

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 January 2026 was issued as the basis for this audit.

2. Audit Objectives & Scope

The table below outlines the specific audit objectives and scope of the audit performed. The audit scope covers the period 01 July 2024 to 30 June 2025.

No.	Risk Treatment (RT)	Business Process Covered	Engagement Objective	Extent of RT 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 Process	<ul style="list-style-type: none"> • To review the validity, accuracy, and completeness of the municipality's Annual Report; and • To follow-up on implementation of management action plans agreed in the prior audit cycle. 	<ul style="list-style-type: none"> • Compliance testing in accordance with the 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

Conformance Areas	Assessment Rating	Finding Reference	Finding Priority Rating
Governance Assessment	Needs Improvement	Finding 3	Medium
Risk Assessment	N/A	N/A	N/A
Control Assessment	Needs Improvement	Finding 1	Medium
		Finding 2	Medium

Finding No.	Risk Treatment	Executive Summary of Findings	Priority Rating	Intervention Required by City Manager	Management Action Plan	Responsible Official & Due Date	Responsible Executive Director/ Divisional Head
1.	Review of the 2024/25 Annual Report	Reported performance information inaccurate	Medium	No	Management will put measures in place to ensure that the correct statistics are reported.	S Jacobs J Meyer U Johanneson D Peceur J Barnard 30 April 2026	ED: Safety and Community Services ED: Engineering Services ED: Corporate and Planning Services
2.		Reported financial information inaccurate	Medium	No	The errors will be corrected in the final annual report. Additional review processes will be put in place. These	I Engelmoir 23 December 2026	Chief Financial Officer

Finding No.	Risk Treatment	Executive Summary of Findings	Priority Rating	Intervention Required by City Manager	Management Action Plan	Responsible Official & Due Date	Responsible Executive Director/ Divisional Head
3.		Proposed enhancements to Annual Report information considering MFMA Circular 63	Medium	No	include the appointment of the Accountant: Financial Planning to assist with the compilation and review of the Annual Report.	G Dippenaar 23 December 2026	Chief Risk Officer

5. Distribution List

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Drakenstein Municipality Staff	To Take Action	To Secure Action	For Information
Dr. J Leibbrandt City Manager			✓
Mr. B. Brown Chief Financial Officer	✓		
Ms. E. Barnard Executive Director: Safety and Community Services	✓		
Mr. S. Johaar Executive Director: Corporate and Planning Services	✓		
Ms. L. Pienaar Executive Director: Engineering Services	✓		
Mr. G. Dippenaar Chief Risk Officer			✓
Office of the Auditor General			✓
Audit Committee			✓

DETAILED AUDIT FINDINGS

1. Reported Performance Information 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 2024/25 financial year, the actual annual report results was inaccurate when compared to the supporting evidence submitted for audit purposes:

No	Annual Report Page & Ref No	Department	Description	Unit of measurement	Actual results reported	Audited results as per documented evidence provided	Comment
1.	Page 109, Table 35	Engineering Services	Service Statistic – Wastewater (Sanitation Services) - Newly / refurbished (through pipe-cracking) sewers / pipeline	Meters	1,047	1,190	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.
2.	Page 149, Table 76	Corporate and Planning Services	Rental Housing Statistics Column Reference 2 - Renewal of Lease Agreement	Number of lease agreements renewed	375	388	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.
3.	Page 163, Table 85	Corporate and Planning Services	Applications for Land Use Department - Planning application received - Column G - Rezoning	Number of planning applications received (rezoning)	9	12	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.
4.	Page 165, Table 87	Corporate and Planning Services	Service Statistics – Land Use Planning and	Number of urban	13	12	The documented evidence provided for audit purposes

No	Annual Report Page & Ref No	Department	Description	Unit of measurement	Actual results reported	Audited results as per documented evidence provided	Comment
			Surveying – Urban Subdivision	subdivision applications			differ from what has been reported in the Annual Report.
5.	Page 204, Table 135	Public Safety Services	Law Enforcement and Security Service Data – Number of by law infringements attended	Number of by law infringements attended	1,642	1,297	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.
6.	Page 208, Table 141	Public Safety Services	Fire Fighting Training – Daily drills and instruction per shift (Number of officials attended)	Number of officials attended	152	254	The documented evidence provided for audit purposes differ from what has been reported in the Annual Report.

Root Cause

Inadequate management review and supervisory checks to ensure that the statistics reported in the Annual Report are accurate and agrees with the supporting PoE.

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.

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.	<p>Supervisory checks have been updated to ensure monthly reports are verified to ensure that the annual figures are correct.</p> <p>This is an oversight error. Will ensure best practices such as regular reconciliation and open communication with supervisors and team.</p> <p>Management will put measures in place to ensure that the correct statistics are reported.</p> <p>Review of the programming of the Collaborator Land Use Planning Application Processing System to ensure accuracy of data extracted.</p>	D Peceur U Johanneson S Jacobs J Meyer	implemented 28 February 2026 31 March 2026 30 April 2026

No.	Recommendations	Management's Response & Action Plan	Action Owner	Due Date
		Management will improve supervisory checks to ensure consistency between supporting evidence and reported results.	J Barnard	31 March 2026
2.	Management should update the reported information and/or update the supporting evidence to accurately reflect the reported performance information.	Corrected figures will be submitted to Finance for inclusion in the Annual report Engagement with Ian Engelmoehr and Ronetia Cupido when annual report is concluded, to ensure accuracy.	D Peceur	Implemented
		Management will ensure that the correct information is sent to Ian Engelmoehr and Ronetia Cupido to update the Annual report with the correct statistics.	U Johanneson	31 October 2026
		Management will ensure that the correct information is sent to Ian Engelmoehr and Ronetia Cupido to update the Annual report with the correct statistics.	S Jacobs	28 February 2026
		Updated figures have been submitted to Ian Engelmoehr and Ronetia Cupido.	J Meyer	Implemented
		Management will provide revised figures to Financial Services to update the final document.	J Barnard	28 February 2026

Auditor's Response

Internal Audit accepts the management response. Implementation of the action plans will be reviewed through the follow-up audit process.

2. Reported Financial Information Inaccurate

Rating

Medium Priority

Criteria

Management review and supervisory checks are performed to ensure the accuracy of information included in the Annual Report.

Audit Finding

In respect of the following reported information in the Annual Report for the 2024/25 financial year, the figures reported in the tables were inaccurate.

The details are as follow:

No	Annual Report Page & Ref No	Description	Figures Reported	Internal Audit Recalculation
1.	Page 96 - Table 30	Serial No. 11 – Column B	795,058,913.02	799,858,014.08
2.	Page 241 - Table 179	Serial No. 11 – Column E	15	108
		Serial No. 11 – Column G	109	123

Root Cause

Inadequate management review and supervisory checks to ensure that the statistics 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.

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 figures in the tables to ensure the accuracy of the results reported in the Annual Report.	Additional review processes will be put in place. These include the appointment of the Accountant: Financial Planning to assist with the compilation and review of the Annual Report.	I Engelmoehr	23 December 2026 – submission date of the next draft annual report to IA
2.	Management should update the reported information to accurately reflect financial information.	The errors will be corrected in the final annual report.	I Engelmoehr	31 March 2026 – Approval date of the final Annual Report.

Auditor's Response

Internal Audit accepts the management response. Implementation of the action plans will be reviewed through the follow-up audit process.

3. Proposed Enhancement to Annual Report Information considering MFMA Circular 63 Requirements

Rating

Medium Priority

Criteria

MFMA Circular 63, aims to provide guidance to municipalities and municipal entities on the new Annual Report Format and its contents.

In respect of the Municipal Manager foreword, MFMA Circular 63, states that:

“The Municipal Managers foreword provides an opportunity to the Municipal Manager to give a public account, guidance, and advice on the administrative performance of a municipality / entity. Inclusive in this foreword should be information pertaining to:

- *Functions and Powers of the municipality / entity in relation to Section 155/156 of the Constitution and Chapter 3 of the MSA.*
- *Entities related to the municipality and the sharing of power with these entity/ies.*
- *Sector departments and the sharing of functions between the municipality / entity and sector departments.*
- *A statement on the previous financial year’s audit opinion.*
- *A short statement on the current financial health of the municipality / entity based on new budget formats as required by Treasury Regulations No 31804.*
- *Information related to the revenue trend by source including borrowings undertaken by the municipality.*
- *The internal management changes in relation to Section 56/57 managers.*
- ***Risk assessment, including the development and implementation of measures to mitigate the top 5 risks.”***

Audit Finding

The City Manager’s Overview includes the following paragraph relating to risk assessment, “Only one of the 12 strategic risks identified are currently above the risk appetite, namely: Increasing indigents and unemployment. These 12 strategic risks are all linked to tactical and operational risks and are managed on a tactical as well as operational level.” No reference is made to the development and implementation of measures to mitigate the top 5 risks.

Root Cause

MFMA Circular 63 is considered as a guideline for compiling the content of the Annual Report.

Effect

The municipality may not be disclosing relevant information that is useful to the user of the Annual Report. This could negatively impact the user's perception of the transparency of the municipality's disclosures in the Annual Report.

Recommendations and Management's Response

No.	Recommendations	Management's Response & Action Plan	Action Owner	Due Date
1.	Management should consider updating the Annual Report to include more information regarding the risk mitigating measures implemented to manage the top 5 risks.	Management notes the internal audit value add finding. We propose that it rather be included for the 2025/26 annual report going forward. This will require the Risk Management Division to be prominent as source in providing the specific information for inclusion in the 2025/26 annual report. For this reason, we propose that the CRO is assigned as the action owner.	Chief Risk Officer Mr G Dippenaar	23 December 2026.

Auditor's Response


Internal Audit accepts the management response. Implementation of the action plans will be reviewed through the follow-up audit process.

Draft AR

From Danston Korabie <Danston.Korabie@drakenstein.gov.za>

Date Wed 2/11/2026 9:25 AM

To Ian Engelmohr CA(SA) <Ian.Engelmohr@drakenstein.gov.za>; Ronetia Cupido <Ronetia.Cupido@drakenstein.gov.za>

 1 attachment (81 KB)

Screenshot 2026-02-11 092207.jpg;

Hi Ian en Ronetia

Just reporting a small error in the DAR, for your consideration

Table 72 Page 147

The table name states Traffic cases but the table refers to Building control. I think it is a copy and paste from the previous table.

Groete

Regards

Danston Korabie
Manager: Internal Audit

t: +27 21 807 4734

c: +27 83 299 8161

e: Danston.Korabie@drakenstein.gov.za

a: 1st Floor Market Street, Paarl, 7646



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RE: Annual Report - Pg 120

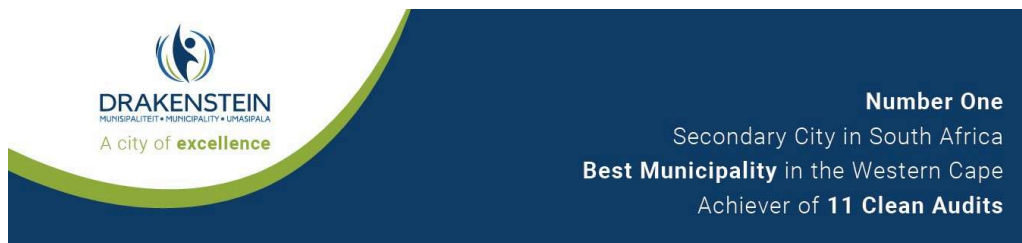
From Louis Pienaar <Louis.Pienaar@drakenstein.gov.za>
Date Thu 2/5/2026 4:45 PM
To Ian Engelmohr CA(SA) <Ian.Engelmohr@drakenstein.gov.za>; Ronetia Cupido <Ronetia.Cupido@drakenstein.gov.za>
Cc Bradley Brown <Bradley.Brown@drakenstein.gov.za>

Thank you Ian

Regards

Louis Pienaar
Executive Director: Engineering Services

t: +27 21 807 4707
e: Louis.Pienaar@drakenstein.gov.za
a: 1 Market Street, 2nd Floor, Paarl 7646



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From: Ian Engelmohr CA(SA) <Ian.Engelmohr@drakenstein.gov.za>
Sent: Thursday, February 5, 2026 4:33 PM
To: Louis Pienaar <Louis.Pienaar@drakenstein.gov.za>; Ronetia Cupido <Ronetia.Cupido@drakenstein.gov.za>
Cc: Bradley Brown <Bradley.Brown@drakenstein.gov.za>
Subject: RE: Annual Report - Pg 120

Good afternoon ED

We will include this as a comment and correct it in the final.

[@Ronetia Cupido](#) -

Regards

Ian Engelmohr CA(SA)
Financial Planning and Accounting Analyst

t: +27 21 807 6411
c: +27 82 301 6152
e: Ian.Engelmohr@drakenstein.gov.za
a: Civic Centre, Berg River Boulevard, Paarl, 7646

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From: Louis Pienaar <Louis.Pienaar@drakenstein.gov.za>
Sent: Thursday, February 5, 2026 4:27 PM
To: Ian Engelmohr CA(SA) <Ian.Engelmohr@drakenstein.gov.za>
Cc: Bradley Brown <Bradley.Brown@drakenstein.gov.za>
Subject: Annual Report - Pg 120

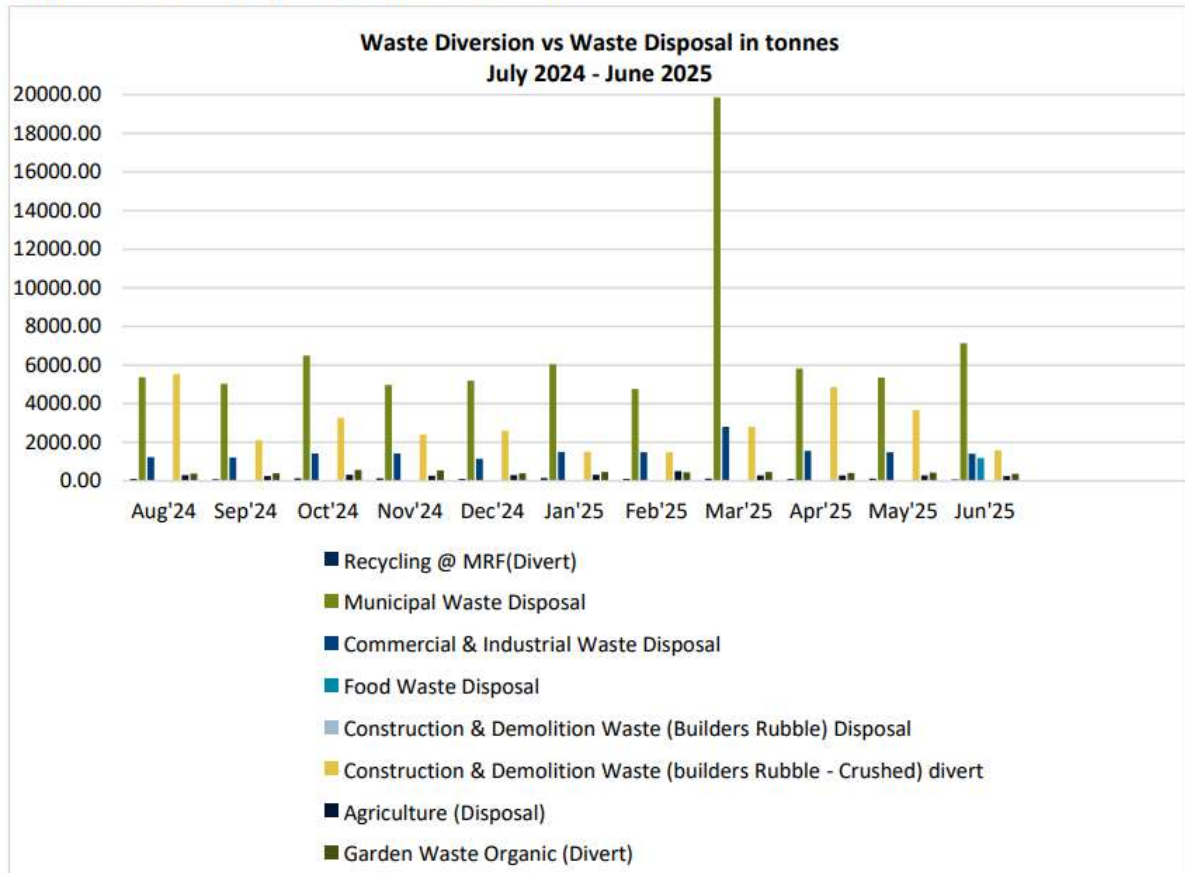
Good afternoon Ian,

During yesterday's Special Audit Committee, the chairperson queried the Municipal Waste Disposal quantity of graph 6 on page 120 of the Annual Report.

The correct figure for that month should be 6008.46 tons as per correspondence below.

Will you please amend the graph in the final version?

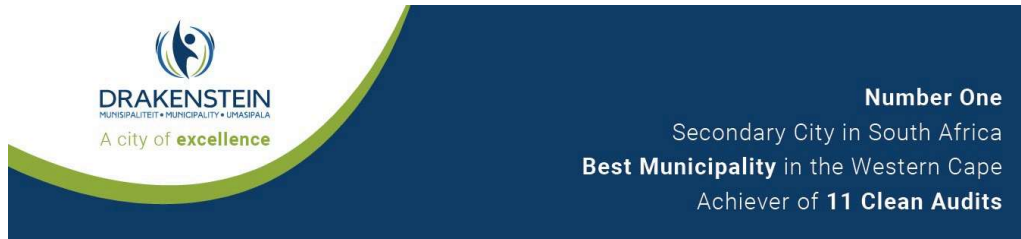
Graph 6: Solid Waste Disposal and Diversion Statistics



Regards

Louis Pienaar
Executive Director: Engineering Services

t: +27 21 807 4707
e: Louis.Pienaar@drakenstein.gov.za
a: 1 Market Street, 2nd Floor, Paarl 7646



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From: Thys Serfontein <Thys.Serfontein@drakenstein.gov.za>
Sent: Thursday, February 5, 2026 1:33 PM
To: Leonard van der Berg <Leonard.vanderberg@enviroserv.co.za>; Frikkie Botha <frikkieb@enviroserv.co.za>; Samantha Arends <Samantha.Arends@drakenstein.gov.za>; Louis Pienaar <Louis.Pienaar@drakenstein.gov.za>
Subject: Re: Thys

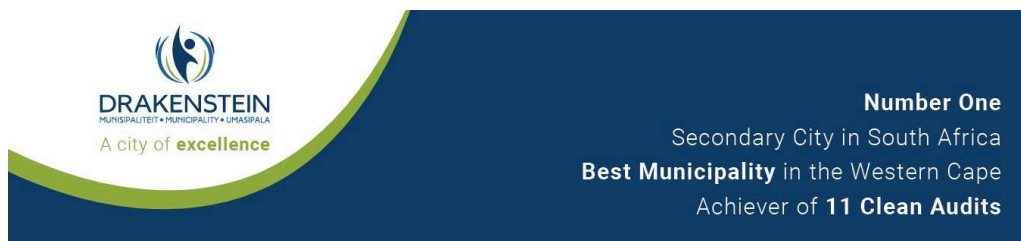
Goeie middag Frikkie en Leonard.
Baie dankie vir jul terugvoer en hulp met die navraag.
Groot waardering.

Goeie middag ED Pienaar.
U whatsapp navraag tov die jaarverslag (2024/25) en Maart 2025 se "20 000 ton municipal waste disposal numbers" verwys.
Die syfer aangedui is nie korrek en moet 6008.46 ton "municipal waste disposed" wees.
Hoop dit sal van hulp wees.
Groete

Regards

Thys Serfontein
Senior Manager: Solid Waste

t: +27 21 807 6484
c: +27 82 927 5418
e: Thys.Serfontein@drakenstein.gov.za
a: Civic Centre, Berg River Boulevard, Paarl, 7646



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Appendix 1: Page 34

Ian Engelmohr CA(SA)

From: Carel Stander <standercarel@gmail.com>
Sent: Friday, February 6, 2026 1:47 PM
To: Bradley Brown; Ian Engelmohr CA(SA); Ronetia Cupido
Cc: david@davidfrost.co.za
Subject: Re: 2024/2025 Jaarversag.

Middag Mnr. Brown,

Dankie ek het Verslag gaan afhaal en gedeeltelik gelees. Wat 'n enorme stuk werk!

Ek merk egter 'n fout op in Item 5.2 Financial Summary op bladsy 248.

Die paragraaf bokant Table 185: Financial Summary lui - an operating surplus of R 721.5 million en die tabel self in kolom E word dit aangedui as R 621.5 million, dus R 100 miljoen verskil, moontlik kan u dit regstel in die finale verslag.

Groete

Carel Stander
082 7735234

From: Ronetia Cupido <Ronetia.Cupido@drakenstein.gov.za>
Sent: Tuesday, 03 February 2026 10:52
To: Carel Stander <standercarel@gmail.com>; Bradley Brown <Bradley.Brown@drakenstein.gov.za>; Ian Engelmohr CA(SA) <Ian.engelmohr@drakenstein.gov.za>
Cc: david@davidfrost.co.za <david@davidfrost.co.za>
Subject: Re: 2024/2025 Jaarversag.

Dear Dr Stander,

Kindly note a hardcopy of the Draft Annual Report 2024/2025 is ready for collection, at the Civic Centre Paarl, 2nd Floor (reception area).

Regards

Ronetia Cupido
Administrative Support Officer – Office of the CFO

t: +27 21 807 4553
e: Ronetia.Cupido@drakenstein.gov.za
a: Civic Centre, Berg River Boulevard, Paarl, 7646



APPENDIX 2

DRAKENSTEIN

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

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Annual Report
2024/2025
MPAC Minutes of
12 March 2026

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MINUTES: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
12 MARCH 2026

6. OVERSIGHT REPORT ON THE 2024/25 ANNUAL REPORT

The Committee considered the following documents:

1. Oversight Report on the 2024/2025 Annual Report; and
2. Final 2024/2025 Annual Report.

UNANIMOUSLY RESOLVED that

It be recommended to Council that:

1. The Oversight Report (OR) on the 2024/2025 Annual Report be adopted;
2. The 2024/2025 Annual Report (AR) be approved;
3. The Oversight Report (OR) on the 2024/2025 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 2024/2025 Annual Report, the final 2024/2025 Annual Report (AR) and the minutes of the Municipal Public Accounts Committee (MPAC) meeting held on 12 March 2026 be submitted, in accordance with Section 129(2) and 132(2) of the Municipal Finance Management Act (MFMA), to the Auditor-General of South Africa (AGSA), National Treasury, Western Cape Provincial Treasury, Western Cape Department of Local Government and the Western Cape Provincial Legislature.

Meeting: MPAC - 12/03/2026	Submitted by Department: Financial Services		
Ref No: 9/1/2	Author/s: I Engelmoor		
Coll No: 2360275	Referred from:		
<u>CLAUSE:</u>	<u>ACTION:</u>	<u>RESPONSIBLE DEPT:</u>	<u>DUE DATE:</u>
1-4	Implement decision	Chief Financial Officer	



APPENDIX 3

DRAKENSTEIN

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Annual Report

2024/2025

Extract of corrections to Draft Annual Report

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scheduled to be completed in the next two years. Contractors focusing on bricklaying, demolishing, civil engineering and security services, among others, are benefiting from this project. On a smaller scale, the Division engaged three informal traders in a contract aimed at sourcing brooms made from mountain grass for usage by the Waste Management Division. Opportunities for contractor development programs offered by the Western Cape Government, SANRAL and other institutions were shared with local contractors.

The following table sets out what the actual expenditure per BBBEE level and location of that supplier (within or outside of Drakenstein Municipality) was during the 2024/25 financial year.

Table 30: Broad Based Economic Empowerment (BBBEE): Actual Expenditure per BBBEE Level and location

Broad Based Black Economic Empowerment (BBBEE): Actual Expenditure per BBBEE Level and location				
Serial No.	BBBEE Level	Outside Drakenstein	Within Drakenstein	Grand Total
Column Ref	A	B	C	D
1	Level 0	4,037,025.62	9,216,024.31	13,253,049.93
2	Level 1	651,822,205.34	150,918,744.12	802,740,949.46
3	Level 2	84,545,574.35	16,845,368.53	101,390,942.88
4	Level 3	23,589,679.83	258,330.80	23,848,010.63
5	Level 4	20,509,285.64	15,160,062.68	35,669,348.32
6	Level 5	2,211,798.38	-	2,211,798.38
7	Level 6	539,839.49	525,021.58	1,064,861.07
8	Level 7	4,025.00	283,812.96	287,837.96
9	Level 8	7,799,479.37	1,902,830.37	9,702,309.74
10	Non-compliant contributor	4,799,101.06	-	4,799,101.06
11	Grand Total	799,858,014.08	195,110,195.35	994,968,209.43

2.22.4 Socio Economic Development

The main socio-economic focus of the Economic Development and Tourism Division is to ensure that residents and businesses operating within the municipal area are exposed to and engaged in income-earning opportunities. For residents, especially unemployed youth, people with disabilities, and women, the division facilitated employment opportunities through various development projects taking place through the municipality, including road and infrastructure upgrades. The division ensured that unemployed residents looking to earn an income from trading are given all the guidance and necessary support, including trading spaces at affordable prices.

3.5.3 Major Projects Implemented - Water

During 2024/25 the following major projects were implemented:

- A total of 4,016 metres of reticulation water pipe systems were upgraded in the Drakenstein Area;
- The Municipality continued with the provision of communal water services for the informal settlements. An additional 18 communal taps were provided at informal settlements.

3.5.4 Service Statistics – Waste Water

Service statistics for the year under review are listed in the table below.

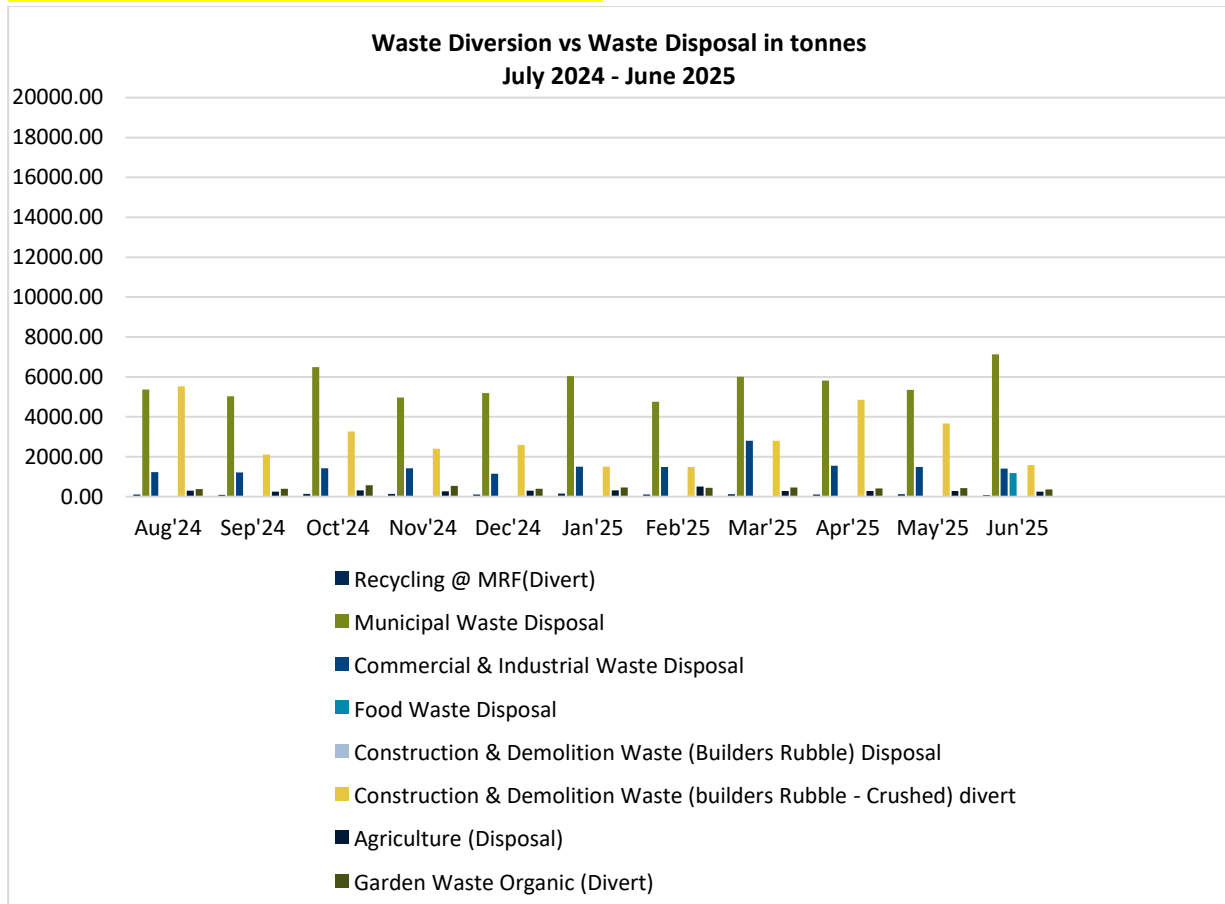
Table 35: Service Statistics - Waste Water (Sanitation Services)

Waste Water (Sanitation Services)				
Serial No	Description	2022/23	2023/24	2024/25
		Actual Number	Actual Number	Actual Number
Column Ref.	A	B	C	D
1	Total sewerage blockages serviced	6,405	4,135	6,911
2	Installation of new domestic sewer connections	10	20	108
3	Newly installed / refurbished (through pipe-cracking) sewers/pipelines (in meter)	2,838	972	1,190

The primary functions of the Waste Water Section (Sanitation) are to upgrade existing sewerage infrastructure (as to meet future requirements); to extend the wastewater/sewerage network (provide higher level of service to consumers); to maintain the existing wastewater/sewerage network (ensure adequate rehabilitation and maintenance); to monitor water resources; and, to ensure the prevention of pollution thereof.

The graph below depicts the households' type of sanitation/sewerage connections.

Graph 6: Solid Waste Disposal and Diversion Statistics



3.7.2 Service Delivery Levels - Solid Waste and Landfill Management

The table below indicates that a kerbside refuse removal service is delivered to 46,342 formal households within Drakenstein, using a 240L wheelie bin. A total of 43 registered informal settlements, consisting of 8,864 structures, receive a weekly door-to-door refuse bag waste removal service. 54 Communal skips and 100 commercial skips are placed in high-density and informal areas to provide demarcated disposal facilities to communities. These facilities are serviced at least once a week. Illegal dumping remains a challenge despite the presence of localised disposal facilities.

No services are rendered below the minimum service level by the Municipality.

Table 72: Service Statistics - Municipal Court: Building Control Cases

Municipal Court – Building Control Cases		
Serial No.	Category of Cases	Total Cases registered
		2024/25
Column Ref.	A	B
1	Total Cases	16,479
2	Warrants	14,637
3	Struck of Court Roll	278
4	Cases postponed	64
5	Cases paid	98

3.14.3 Property Administration

The main objective of the section is to administer Council's property portfolio in accordance with the Asset Transfer Regulations which include the lease or hire of immovable assets, the granting or obtaining of rights in properties as well as the alienation or acquisition thereof. These processes are implemented in close co-operation and consultation with technical line departments to ensure that these transactions play a key role in the implementation of strategic goals that align with the constitutional duties of local government.

The activities of this section further contribute towards economic growth and development as well as social and community development by making properties available through the sale or lease thereof and thereby creating economic opportunities while also providing for the development and empowerment of the poor and most vulnerable.

3.14.3.1 Service Statistics

Table 73: Properties sold

Properties for which final approval was granted from 1 July 2024 – 30 June 2025			
Serial No.	Properties sold	To	Purpose
Column Ref	A	B	C
1	Portion of remainder Erf 5058 Paarl, Distillery Street alongside Berg River Boulevard	Adjacent landowner Erf 19147 Paarl	Parking purposes
2	Erf 39379 Paarl	Dangold South Africa	Business/Industrial
3	Portions of Erf 607 Gouda and Halfgewaagd Farm No 412 Tulbagh	Eskom	Construction of powerline servitude

Table 75: Rental Stock and Support Services Projects implemented

Rental Stock and Support Services Projects implemented		
Serial No.	Projects	Cost (Rand)
Column Ref.	A	B
1	Asbestos AIA Appointment – Monitoring, Safe Work and Clearance	25,229
2	Asbestos Survey Reports x48	281,998
3	Asbestos Assessment Project	95,000
4	Blake Street 3 House Renovations and Upgrades	16,245

Challenges

The following challenges are experienced by the Rental Support and Operational Services Section:

- Illegal occupation;
- Vandalism due to social behaviour;
- Fire incidents at rental stock and backyarders;
- Illegal erection of informal structures against Council’s Rental Stock;
- Illegal erection of carports, fences and steel-cages; and
- Dealing with illegal or unpermitted formal structures (extensions and fencing).

3.14.4.1 Rental Housing Statistics

Table 76: Rental Housing Statistics

Housing Statistics			
Serial No	Description	Totals	Remarks
Column No.	A	B	C
1	Transfers of rental units	114	Transfers completed. (passing of tenant).
2	Renewal of Lease Agreements	388	Successfully completed renewals of lease agreements.
3	New allocations – Public units	10	Allocations of vacant rental units, to applicants on the official Housing Demand Database, considering the Government prescriptions regarding the size of the family stipulated in the Housing Administration Policy.
4	New allocations – Employee units	8	Allocations of employee units, in terms of his/her date of employment on the employee housing database or recommendation from the relevant department.
5	Housing Consumer Education	505	Consumer Education conducted with existing and new tenants.

3.14.7 Major Projects Completed - Legal and Administrative Services

In view of the nature of the service, being an internal legal support service, no capital projects were undertaken.

3.14.8 Operating Expenditure - Legal and Administrative Services

Legal and Administrative Services (inclusive of rental housing and administration), as a support service, generated an operating deficit of **R114.6 million** for the 2024/25 financial year. The deficit is subsidised with the surpluses made by trading services and property rates.

Table 79: Operating Revenue and Expenditure: Legal and Administrative Services

Operating Revenue and Expenditure: Legal and Administrative Services						
Serial No.	Description	2023/24 (Restated) Actual Results	2024/25			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operational revenue	(16,721,734)	(16,490,021)	(16,955,021)	(18,213,849)	7.4%
2	Total Operating Revenue	(16,721,734)	(16,490,021)	(16,955,021)	(18,213,849)	7.4%
3	Employee related costs	58,992,060	75,875,335	63,560,087	74,133,400	-16.6%
4	Councillor related costs	34,340,227	39,276,957	39,276,957	34,841,767	11.3%
5	Interest paid	0	230,002	0	0	0.0%
6	Contracted services	9,314,286	5,765,458	11,743,808	11,331,312	3.5%
7	Depreciation and amortisation	486,670	549,511	445,553	444,115	0.3%
8	Inventory consumed	1,549,024	1,075,877	1,266,189	1,077,187	14.9%
9	Operational Costs and Losses	13,709,590	13,628,517	14,766,603	10,972,915	25.7%
10	Total Operating Expenditure	118,391,858	136,401,657	131,059,197	132,800,697	-1.3%
11	Operating (Surplus) / Deficit	101,670,124	119,911,636	114,104,176	114,586,848	-0.4%

3.14.9 Employee Statistics - Legal and Administrative Services

The Legal and Administrative Services Division (inclusive of the Housing Rental section) has 99 posts on the organisational structure approved by Council on 15 October 2024 of which 12 posts are frozen and 87 posts funded at year-end. The section had 69 filled posts at year-end with a 20.7% vacancy rate.

Although 2,120 new applications were received, a total of 5,140 determinations, consisting of 1,870 approvals and 3,270 non-approvals requiring amendment and resubmission, were made. Determinations consist of approvals and non-approvals of plans submitted during the financial year and plans of the previous financial year which was not finalised during the financial year submitted.

R10,914,846 of revenue was created through building plan and associated applications administered by the Building Control Unit.

Table 85: Applications for Land Use Development

Applications for Land Use Development										
Serial No.	Detail	Formalisation of Townships			Rezoning			Building Environment		
		2022/23	2023/24	2024/25	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	Planning application received	19	14	13	9	11	12	1,906	1,764	2,120
2	Determination made in year of receipt	5	0	1	0	2	2	5,048	4,647	5,140
3	Determination made in following year	1	14	0	0	0	0	159	59	72
4	Applications withdrawn	0	0	0	0	0	0	0	0	0
5	Applications outstanding at year end	14	14	12	9	9	7	59	72	96

Below is a breakdown of new building plan applications approved during the financial year:

Table 86: Building Plan Applications Approved 2024/25

Building Plan Applications Approved 2024/25					
Serial No.	Application Type	Total	%	Floor Area	Value (R)
Column Ref.	A	B	C	D	E
1	Residential	1,648	88.1	229,803.31m ²	R2,751,029,915.00
2	Non-Residential	222	11.9	119,558.56m ²	R993,044,619.00
3	Total	1,870	100	349,361.87m²	R3,744,074,534.00

Over the past 12 months the municipal Building Inspectors were responsible for carrying out 6,439 building inspections throughout the Municipality. These include beacon inspections (2,193), commencement/foundation inspections (906), drainage inspections (550), completion inspections (1696) as well as certificate of occupation applications (1094). A total of 517 certificates of occupation were issued during the financial year.

Furthermore, a total of 14 demolition applications were processed during the financial year, and 266 Building Control related complaints were received and addressed at an average of 22.17 complaints per month.

3.16.2.1 Service Statistics – Land Use Planning and Surveying

Table 87: Service Statistics - Land Use Planning and Surveying

Service Statistics – Land Use Planning and Surveying				
Serial No.	Applications	2022/23	2023/24	2024/25
Column Ref.	A	B	C	D
1	Simultaneous rezoning and subdivision (inclusive of township establishment)	3	10	8
2	Rezoning	10	17	15
3	Consent Uses	17	15	8
4	Temporary Departures	0	1	0
5	Removal of restrictive Title conditions	1	0	0
6	Amendment of Conditions of Approval	6	7	7
7	Farm Subdivisions	0	1	0
8	Urban Subdivisions	14	14	12
9	Exempted Subdivisions	14	33	19
10	Consolidations	11	3	0
11	Homeowners Association Constitution approval / amendments	7	8	5
12	Zoning determinations	0	0	0
13	Extension-of-time	3	0	1
14	Site Development plan approvals	1	6	4
15	House Shops	0	0	0
16	Departures/Technical approval	10	14	5
17	Departures as part of Building Plan approvals	121	102	113

3.16.2.2 Major Projects Completed – Land Use Planning and Surveying

No major projects have been completed that relates to Land Use Planning and Surveying.

3.16.2.3 Capital Expenditure - Land Development Management

The Planning Services Department spent R64.60 thousand or 100% of the final adjustments budget on machinery, equipment and professional fees for infrastructure for the year under review.

Table 88: Capital Expenditure 2024/25 - Land Development Management

Capital Expenditure 2024/25: Land Development Management					
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	Other Capital Projects	91,000	64,642	64,641	0.0%
2	Total Capital Expenditure	91,000	64,642	64,641	0.0%

3.31 MUNICIPAL LAW ENFORCEMENT AND SECURITY

The main purpose of the Law Enforcement and Security Division is to enforce municipal bylaws and safety and security at municipal buildings and infrastructure. The section does not only focus on prosecuting but also educate the community before they offend. The Law Enforcement and Security Division deployed a dedicated Officer to do awareness and educational programmes during this year.

During 2024/25 the Law Enforcement Section dealt with many bylaw offences and recorded 1 297 bylaw infringements, which shows an increase of 18 % from the previous year.

3.31.1 Service Statistics – Municipal Law Enforcement and Security

Table 135: Law Enforcement Service Data

Law Enforcement Service Data				
Serial No.	Details	2022/23 Actual	2023/24 Actual	2024/25 Actual
Column Ref.	A	B	C	D
1	Number of bylaw infringements attended	1,139	1,099	1,297
2	Number of Bylaw Officers in the field on an average day	10 – Early Shift 9 – Late Shift 19 – Traffic Officers per day	10 – Early Shift 9 – Late Shift 19 - Traffic Officers per day	6 – Early Shift 7 – Late Shift 13 - Traffic Officers per day

3.31.2 Service Delivery Levels - Municipal Law Enforcement and Security

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".

3.31.3 Capital Expenditure - Municipal Law Enforcement and Security

The Law Enforcement spent R1.2 million or 100% of the final adjustments budget on 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.

The following training was conducted and attended by fire service personnel:

Table 141: Fire Fighter Training

Firefighter Training				
Serial No	Description	Number of Officials Attended		
		2022/23	2023/24	2024/25
Column Ref.	A	B	C	D
1	Practical Pump Operations and Driving	1	6	0
2	Advanced Fire Safety Course	48	0	0
3	Daily drills and instruction per shift	18	54	254
4	Breathing Apparatus refresher course	7	0	0
5	Fire Investigation Course	N/A	0	0
6	Chainsaw Operator Course	16	2	14
7	First Aid level 3 course	16	0	0
8	Firefighter 2 Course	1	0	14
9	Hazmat Awareness	48	16	10
10	Customer care and telephone etiquette	0	5	0
11	OHS Representatives	0	5	2
12	HIRA (Health and Safety reps)	0	7	0
13	Peace Officer Course	0	7	2
14	Incident Investigation	0	11	0
15	Coaching and Mentoring	0	16	0
16	Confined space rescue	0	2	0

3.32.1.2 Service Delivery Levels - Fire, Rescue and Emergency Services

- Responding to emergency calls within predetermined times, constantly striving to achieve this standard of 75% or more at a time.
- Conducting Public and Life Safety-Awareness Session within our municipal area with the aim to create and have safer communities with specific focus in informal settlement areas.
- Scrutinising building plans and provide fire service comments within 5 days for plans smaller than 500 square metres.
- Scrutinising building plans and provide fire service comments within 10 days for plans bigger than 500 square metres.
- Conducting of 48 fire risk building inspections per annum in our municipal area focusing on compliance to fire safety requirements as legislatively required.
- Conducting of 152 continuous professional firefighter-training sessions as prescribed by SANS 10090.
- Annual review and update of the Corporate Disaster Management Plan.
- Ensuring Stakeholder Engagements with intergovernmental parastatals.

infrastructure to enable increased development and therefore an increased revenue base necessitated that we accelerate our capital programme in prior years. This investment is now starting to bear fruit, as can be seen in the rapid decrease in the gearing ratio in the next five years. It is envisaged that the gearing ratio will decrease to about 34.1% in the 2025/26 financial year (lower than the National Treasury norm of 45%) and to about 21.0% in accordance with the Long Term Financial Plan by the 2029/30 financial year.

3.34.1 Service Statistics – Financial Services (Revenue)

Table 147: Debt Recovery

Debt Recovery							
Serial No.	Revenue Service	2023/24 (R'000)			2024/25 (R'000)		
		Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	B	C	D	E	F	G
1	Property Rates	576,316,312	567,011,768	98.4%	674,682,824	675,270,909	100.1%
2	Electricity	1,218,166,340	1,191,696,419	97.8%	1,402,804,074	1,403,033,626	100.0%
3	Water	250,877,832	219,301,948	87.4%	275,115,981	251,619,970	91.5%
4	Sanitation	170,705,583	159,685,598	93.5%	204,246,069	194,694,411	95.3%
5	Refuse	213,552,859	196,680,845	92.1%	254,988,923	239,572,548	94.0%
6	Other	43,145,034	33,500,291	77.6%	41,556,257	38,272,399	92.1%
7	Totals	2,472,763,960	2,367,876,870	95.8%	2,853,394,129	2,802,463,862	98.2%

The statistics of the free basic services delivered per service to consumers for the 2024/25 are depicted in the table below. Drakenstein provided indigent subsidies (free basics services) to the amount of R192.2 million during the 2024/25 financial year. The remainder of the equitable share of R41.1 million was used for the maintenance and provision of basic services in informal settlements.

Table 148: Free basic services delivered per service

Free basic services delivered per service							
Serial No.	Service	2022/23		2023/24		2024/25	
		Number of Consumers	Rand Value Provided	Number of Consumers	Rand Value Provided	Number of Consumers	Rand Value Provided
Column Ref.	A	B	C	D	E	F	G
1	Property Rates and Rentals	11,198	22,803,271	8,823	20,849,955	9,307	22,105,232
2	Refuse Removal and Sanitation	15,210	73,805,361	16,155	83,425,653	16,805	92,450,486
3	Water	15,210	14,478,370	18,625	17,166,936	16,805	18,622,065
4	Electricity	19,050	47,316,267	18,625	52,360,073	18,428	58,973,494
5	Total		158,403,269		173,802,617		192,151,277

4.2.1 Employee Totals per GFS Classification

The total number of employees 1,655 at the end of the 2024/25 financial year is depicted per GFS classification or functional area in the table below. The organisational structure approved by Council on 30 June 2024 provides for 2,784 posts taking Drakenstein's future growth into consideration. The number of budgeted vacant positions - excluding the funded seasonal positions is 274, which equates to a vacancy rate of 14.2% as at the end of the 2024/25 financial year, based on only budgeted positions.

Table 166: Total Employees per GFS Classification

Total Employees per GFS Classification									
Serial No.	Description of Departments/Divisions	2023/24				2024/25			
		Number of Employees	Number of Approved Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Funded Vacancies (Excl. Seasonal)	Vacancy Rate (Excl. Seasonal)	Seasonal Vacancies (Funded)
Column Ref.	A	B	C	D	E	F	G	I	H
1	Water and Waste Water (Sanitation) Services	183	336	112	224	179	45	20.1%	0
2	Electricity Services	127	200	50	150	127	23	15.3%	0
4	Waste Management (Refuse Collections, Waste Disposals and Recycling)	104	213	80	133	99	34	25.6%	0
5	Technical Support, Projects and Programmes	83	124	29	95	77	18	18.9%	0
6	Roads and Stormwater	143	241	80	161	144	17	10.6%	0
7	Human Resources	34	51	10	41	35	6	14.6%	0
8	Information and Communication Technology (ICT) Services	10	14	3	11	10	1	9.1%	0
9	Legal and Administrative Services	71	99	12	87	69	18	20.7%	0
10	Spatial Planning Services and Environmental Management (Excl IDP)	16	21	5	16	15	1	6.3%	0
11	IDP, Research and Development	4	4	0	4	4	0	0.0%	0
12	Land Development Management	34	39	1	38	37	1	2.6%	0
13	Economic Development and Tourism	8	10	0	10	8	2	20.0%	0
14	Human Settlements	28	43	10	33	28	5	15.2%	0
15	Sport and Recreation	61	181	62	119	61	5	7.6%	53
16	Parks and Open Spaces	119	187	54	133	119	14	10.5%	0
17	Cemeteries and Resorts	54	125	45	80	55	4	6.8%	21
18	Library Services	72	107	30	77	73	4	5.2%	0
19	Community Halls, Facilities & Thusong Centres	61	75	12	63	58	5	7.9%	0
20	Social Development	6	7	0	7	5	2	28.6%	0
21	Traffic and Licensing	63	93	18	75	70	5	6.7%	0
22	Municipal Law Enforcement and Security	39	99	44	55	37	18	32.7%	0
23	Fire, Rescue and Disaster Management	74	144	50	94	89	5	5.3%	0
24	Financial Services	176	273	64	209	185	24	11.5%	0
25	Other	74	98	10	88	71	17	19.3%	0
26	Total	1,644	2,784	781	2,003	1,655	274	14.2%	74

4.2.2 Employee Vacancy Rate per Occupational Level

The Municipality filled a significant number of priority vacancies across all departments in the 2024/25 financial year. The vacancy rate for funded positions (excluding funded seasonal positions) is 14.2% for the financial year reflected below.

Table 167: Employee Vacancy Rate per Occupational Level

Vacancy Rate per Occupational Level 2024/25										
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) (Excl. Seasonal)	Vacancy rate (budgeted posts) (Excl. Seasonal)	Number Budgeted Seasonal Vacancies
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	City Manager	1	0	0%	0	1	1	0	0%	0
2	CFO	1	0	0%	0	1	1	0	0%	0
3	Section 57 Managers	4	0	0%	0	4	3	1	25%	0
4	Senior Management: Levels 16 - 18	62	12	19%	7	55	50	5	9%	0
5	Middle Management: Levels 13 - 15	107	27	25%	15	92	80	12	13%	0
6	Highly skilled supervision: Levels 9 - 12	492	209	42%	130	362	283	79	22%	0
7	Semi skilled: Levels 4 - 8	1547	663	43%	465	1082	884	127	12%	71
8	Unskilled: Levels 1 - 3	570	217	38%	164	406	353	50	12%	3
9	Total	2784	1128	41%	781	2003	1655	274	14%	74

4.2.3 Employee Turnover Rate

Based on the number of employees of 1,655 at year-end and the terminations of 17% for the year under review, the turnover rate is 5.2%.

Table 168: Turnover Rate

Turnover Rate				
Serial No.	Year	Number of Employees at year-end	Number of Terminations during the year	Turnover Rate*
Column Ref.	A	B	C	D
1	2022/23	1,653	101	6.1%
2	2023/24	1,651	104	6.2%
3	2024/25	1,655	86	5.2%

4.3 EMPLOYMENT EQUITY

The Employment Equity status of the Municipality is submitted on monthly basis to the Local Labour Forum, where both unions SAMWU and IMATU are present. The employer component is also represented at that forum. An Employment Equity Report is submitted to the Department of Labour on an annual basis. The Municipality also has an Employment Equity Forum that is merged with the Training and Development Committee. This committee/forum meets on a quarterly basis and provides reports to the Local Labour Forum.

4.3.1 Employment Equity Targets/Actuals by Race Classification

Based on the current staff demographics and established targets for all racial groups, the Municipality has not met its employment equity goals for African, Coloured, and White

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 INTRODUCTION

Drakenstein is implementing multiple flagship programmes to advance skills capacity and employee work-performance. This is in line with the National Skills Strategy, accelerated service delivery and contributes to economic expansion and an inclusive growth path.

During the 2024/25 financial year, the bursaries, workplace skills programme plan, occupational work-placements, professional membership /candidacy programmes, artisan development were amongst various programmes rolled out and funded for employee capacity building.

4.5.1 Skills Matrix

Eight hundred and three (803) officials have been trained in various capacity building interventions from 1 February 2024 until 30 April 2025. The total excludes bursary recipients and professional bodies affiliation, and memberships funded officials.

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

Table 179: Professional and Management Training

Skills Matrix								
Serial No.	Management Level	Gender	Number of skilled employees required and actual as at 30 June 2025					
			Learnerships		Skills Programmes		Total	
			Actual 2025	Target	Actual 2025	Target	Actual 2025	Target
Column Ref	A	B	C	D	E	F	G	H
1	CM an S57	Female	0	0	0	0	0	0
2		Male	1	1	0	0	1	1
3	Councillors, Senior Officials	Female	3	3	5	5	8	8
4		Male	1	1	7	7	8	8
5	Technicians and Associate	Female	4	4	29	29	33	33
6		Male	1	1	35	35	36	36
7	Professionals	Female	1	1	15	15	16	16
8		Male	4	4	17	17	21	21
9	Sub-Totals	Female	8	8	49	49	57	57
10		Male	7	7	59	59	66	66
11	Total		15	15	108	108	123	123

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 R721.5 million compared with budgeted operating surplus of R484.4 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 185: Financial Summary

Financial Summary							
Serial No.	Description	2023/24	2024/25		Positive / (Negative) % Variance		
		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	466,404,865	488,620,566	502,093,609	503,779,666	103.1%	100.3%
3	Service charges	2,096,677,278	2,213,672,628	2,297,453,508	2,360,118,361	106.6%	102.7%
4	Investment revenue	73,656,906	58,000,000	83,000,000	91,787,807	158.3%	110.6%
5	Transfers recognised – operational	234,426,759	247,115,347	254,691,650	251,502,850	101.8%	98.7%
6	Other own revenue	243,584,527	323,792,260	306,158,483	323,548,150	99.9%	105.7%
7	Total Revenue (excluding capital transfers and contributions)	3,114,750,336	3,331,200,801	3,443,397,250	3,530,736,834	106.0%	102.5%
8	Employee costs	801,749,439	895,618,879	885,046,454	837,838,650	93.5%	94.7%
9	Remuneration of Councillors	34,340,227	39,276,957	39,276,957	34,841,767	88.7%	88.7%
10	Depreciation	249,860,019	273,690,486	349,841,641	279,122,849	102.0%	79.8%
11	Finance charges	167,821,823	158,991,404	158,648,332	158,197,326	99.5%	99.7%
12	Materials and bulk purchases	1,228,068,745	1,351,003,014	1,458,951,643	1,449,436,744	107.3%	99.3%
13	Transfers and grants	14,850,554	36,689,772	38,991,198	38,008,550	103.6%	97.5%
14	Other expenditure	498,132,438	573,508,403	501,509,023	487,654,681	85.0%	97.2%
15	Total expenditure	2,994,823,246	3,328,778,915	3,432,265,248	3,285,100,567	98.7%	95.7%
16	Surplus (Deficit)	119,927,090	2,421,886	11,132,002	245,636,267	10142.4%	2206.6%
17	Transfers recognised – capital	458,472,645	664,439,131	473,229,630	461,487,777	69.5%	97.5%
18	Contributions recognised – capital and contributed assets	0	0	0	14,412,059	0.0%	0.0%
19	Surplus (Deficit) after capital transfers and contributions	578,399,735	666,861,017	484,361,632	721,536,103	108.2%	149.0%
20	Share of surplus/(deficit) of associate	0	0	0	0	0.0%	0.0%
21	Surplus (Deficit) for the year	578,399,735	666,861,017	484,361,632	721,536,103	108.2%	149.0%
22	Capital Expenditure and Fund Sources						
23	Transfers recognised – capital	401,278,924	664,439,130	473,229,630	462,498,804	69.6%	97.7%
24	Public contributions and donations	0	0	0	0	0.0%	0.0%
25	Borrowing	0	0	0	0	0.0%	0.0%
26	Internally generated funds	86,436,928	101,786,344	110,356,385	112,476,381	110.5%	101.9%
27	Total sources of capital funds	487,715,852	766,225,474	583,586,015	574,975,185	75.0%	98.5%
28	Financial Position						
29	Total current assets	1,275,602,068	1,334,782,791	1,308,111,036	1,620,802,195	121.4%	123.9%
30	Total non-current assets	6,889,019,898	7,399,267,224	6,956,457,868	7,245,179,374	97.9%	104.2%
31	Total current liabilities	(691,989,555)	(607,919,435)	(548,346,916)	(699,030,124)	115.0%	127.5%
32	Total non-current liabilities	(1,801,619,010)	(1,828,641,520)	(1,875,410,166)	(1,798,100,900)	98.3%	95.9%
33	Community wealth/ Equity	(5,671,013,401)	(6,297,489,060)	(5,840,811,822)	(6,368,850,547)	101.1%	109.0%