Senqu Municipality Annual Report

2012/2013

CONTENTS

CHAPTER 1

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

CHAPTER 1

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

It is with great pleasure and pride that I present to you the Annual Report for Senqu Municipality for the 2012/2013 period.

a.   Vision

We cannot escape the fact that management within local government has a significant role to play in strengthening the link between the citizen and the government's overall priorities and spending plans. At the outset it is acknowledged that all efforts are being made to enhance service delivery at all levels. In so doing it is the intention to enhance the quality of life for all persons within the Senqu Municipal area.

In attempting to meet the needs of the community efforts were made to work with them through formalized structures in order to establish the Integrated Development Plan. Year upon year the annual strategic objectives are identified within the IDP and drive the focus of the municipalities direction for that period – defined and limited only by the available resources (human, infrastructure and financial especially). In this regard, budgeting to meet these needs results in the choices that must by necessity be made between competing priorities and fiscal realities.

The intention of the best laid plans (as depicted within the Service Delivery and Budget Implementation Plans) is to focus on the effective delivery of the core municipal services, through the application of effective and efficient service delivery.

In all instance sound financial management principles are of paramount importance and critical to ensuring the financial viability of the organisation and ensuring that sustainable services are provided effectively and equitably to all.

Overall it has been our intention to maintain our financial viability while servicing the needs of the community. Quality services and affordability of services to the community become of paramount importance and remain the focus of our vision. Senqu Municipality aims to achieve heightened service delivery in order to meet the ongoing needs of its community and to improve quality of life in a sustainable manner. The Integrated Development Plan (IDP) reflects the strategic objectives of the organization and creates what effectively may be referred to as a planning environment that allows for the integration and alignment of governments delivery priorities and objectives.

b.   Key Policy Developments

In an effort to improve all aspects of service delivery, this municipality has focused its efforts on the following areas in particular:

➢ Elimination of Service Delivery backlogs;
➢ Environmental management (to facilitate enforcement of by-laws, town planning and the prevention of illegal land invasions);
➢ To improve the electrification and telecommunication network; improved fleet management;
➢ Improved waste-management;
➢ Improved access roads and bridges;
➢ Job creation;
➢ Increased recreational facilities;
➢ Disaster management; and
➢ Public participation

In so doing, the overarching commitment is to ensure financial sustainability, infrastructure development, capacitation of staff, management and Councillors heightened performance management at every level.

In all instances heightened service delivery will remain aligned to the key national performance indicators.

From a governance perspective and with specific reference to alignment provincially, nationally and locally with the Growth and Development Strategies; the IDP has been developed in order to reflect this alignment within the areas already stated.   These national priorities are summarised as:

➢ Creating jobs;
➢ Enhancing education and skills development;
➢ Improving health services;
➢ Rural development and agriculture; and
➢ Fighting crime and corruption.

In this regard every effort has been made to ensure strong links between these policy priorities and related expenditure.

In an effort to support required governance and infrastructure needs, required policies across the organisation have been developed/updated in order to ensure that compliance issues are met and to facilitate performance optimisation at every level.

c.   Key Service Delivery Improvements

Notwithstanding the very real challenges relating to funding, ageing/insufficient infrastructure, limited capacity and scarce skills, the organisation has experienced successes in many areas. Notwithstanding we cannot minimize the extreme effects of the unrest and political turmoil experienced within Sterkspruit during this period which has had a detrimental effect on many of the services. This must be taken into consideration (with offices having been damaged, threats to equipment and plant and to human resources - staff). During the worst of times, planned projects for Sterkspruit had to be accommodated within other areas.   By doing so, other areas benefited from having unplanned services due to the relocation of resources from Sterkspruit to other areas of need.

Major successes are reflected as follows:

➢ The approval and implementation of the Disaster Recovery Plan for ITC;
➢ Parks and open spaces being successfully maintained;
➢ Waste being collected weekly as per the Waste Removal Schedule and reporting provided;
➢ The Roads Maintenance Plan (access to FBS) was over-achieved as per implementation;
➢ Free Basic Energy supply has been increased;
➢ Streetlight maintenance is progressing well;
➢ Effective Fleet Management;
➢ Maintenance on administrative buildings;
➢ More effective telephone management system;
➢ Expenditure reporting improved (SEBATA);
➢ Asset Management much improved;
➢ Appointment of staff to vacant funded posts; and
➢ Successful EPWP projects.

As indicated, challenges have related primarily to Budget constraints, infrastructure issues and limited capacity and these challenges are observed throughout the service delivery focus areas.

These challenges in particular relate to:

➢ The development and implementation of the Small Town Regeneration Plan;
➢ Skills development;
➢ The supply of services in Sterkspruit;
➢ Commonage management (Committee functioning /repairs);
➢ Revitalization of pounds (Lady Grey and Barkly East);
➢ Development, update and implementation of municipal by-laws;
➢ Cemetery management, maintenance and procurement;

➢ Upgrading of Halls and Sportsfields; and
➢ Identifying and procuring solid waste sites,

In this regard efforts will continue to ensure that targets are able to be achieved.

d.   Public Participation

It has been our intention to emphasize cooperative governance in every respect and at every opportunity. Accordingly, the municipality has been successful in efforts undertaken, to establish what is happening at the grass roots level. Specifically we recognize the many challenges facing our communities not the least of which relate to extremely high levels of unemployment and poverty.

Notwithstanding these challenges and the difficulties that arise as a result of this, all efforts are being made to ensure that public participation initiatives occur at all levels and throughout the community – thereby ensuring community participation and the creation of a "people's municipality".

Notwithstanding the successes achieved in this area (community outreach activities and meetings that are arranged as per the IDP Process Plan, the SDBIP and Budget Planning and progress meetings), it must be acknowledged that efforts to improve public participation must be undertaken ongoing. As a case in point, efforts to engage with the community radio station must be undertaken – a lack of funds has prevented the municipality from purchasing the required airtime.

Challenges have always existed in the manner that Ward Committees function – this needs to be addressed ongoing in order to ensure that we remain accountable to the communities.

e.   Future Actions

As will be detailed throughout this report, notwithstanding the many successes in service delivery, many challenges abound. In moving forward, we need to recognize and quantify these challenges in order that appropriate steps can be undertaken to resolve these.

Overall, the following areas have been identified as requiring prioritized action:

➢ Decreasing service delivery backlogs (to the point of eradication);
➢ Improving investment within the community;
➢ Ensuring that the organisational structure meets all functional needs;
➢ Ensuring accountable Councillors, management and staff;
➢ Improving job creation initiatives;
➢ Effective performance management;
➢ Elimination of unauthorised, irregular and wasteful expenditure;
➢ Removal of electricity losses;

- ➢ Improved community participation and customer care;
- ➢ Improved roads infrastructure and maintenance;
- ➢ Heightened performance in special programmes;
- ➢ LED projects to be prioritised; and
- ➢ Improved community facilities (cemeteries, solid waste sites, driver's licence training centres, community halls and the like).

Efforts will continue throughout all service delivery areas in order to ensure that plans are put in place in order to boost the inadequacies already stated (as with those relating to infrastructure, capacity, funding and service delivery/management of performance). In this regard, all effort will be made to ensure strict monitoring and control and effective management of performance both at the employee and institutional level.

f.   Agreements /Partnerships

While Service Level Agreements are signed with appointed service providers, agreements have also been made between other stakeholders and agencies, such as Jogeda (as the Development Agency and instrumental in boosting tourism for the area). Agreements are also entered into with the Department of Transport – ensuring administrative and financial compliance.

As a municipality every effort is made to improve existing aspects of functioning and through "networking" via formal and semi-formal structures, Senqu Municipality has been able to learn and provide much needed insights within administrative and political governance and extended structures. These meetings /structures include MUNIMEC, DIMAFU and IGR related meetings.

Conclusion

In concluding, I hereby wish to place on record my sincere appreciation to our Speaker, the Chief Whip, the Executive Council and not forgetting the Municipal Manager, management and staff. Without all of our efforts we would never have been able to achieve in so many areas. We are truly an organization of which to be proud.

_____   **DATE** _____

N Y MTYALI
MAYOR

COMPONENT B: EXECUTIVE SUMMARY

The 2012/2013 financial year has brought with it many challenges and has seen the municipality moving forward in a very positive and successful manner. Notwithstanding, challenges have been plentiful and our municipality has had to adapt in order to be able to meet these and to ensure that action taken to minimize or resolve these issues, will be beneficial moving forward. The manner in which this has been successfully achieved will be highlighted within the following areas:

I.   Alignment of service delivery priorities

The IDP was developed for the period 2011-2016 and approved by the newly elected Council. Following on from this it is noted that on an annual basis, the IDP is reviewed and aligned in order that the strategic objectives highlighted for a particular year are then used to inform the strategic direction and focus of the organisation for that particular year.

In this instance, through the implementation of the IDP Process Plan, meetings were scheduled and held with the community where possible. As with service delivery overall, political unrest experienced within Sterkspruit during this time prevented certain of these meetings from taking place. Notwithstanding, all inputs were used where appropriate and incorporated into the IDP review. The IDP objectives for the year in question became the Strategic Objectives for the organization overall. These objectives in turn informed the Service Delivery and Budget Implementation Plans, which in turn informed the directorate scorecards and the level of focus for the current year. These objectives dictated the organizational priorities for the year and specific targets were curtailed only by budget. Alignment between all these areas was recognized and the IDP was acknowledged for its content.

In terms of governance and public participation generally, it must be noted that:
- By-laws that were identified were reviewed (as per budget constraints)
- Council and Standing Committees are functioning effectively;
- Council resolutions and the implementation thereof are monitored and reported on, and
- Public participation is applied although continuous efforts are being made to improve performance within this area.

II.   Service Delivery Performance

Great strides have been made in respect of service delivery. Service delivery has long been challenged by ageing infrastructure, lack of capacity and the limited availability of resources.

Ongoing efforts are in place in an attempt to address the many backlogs still present in respect of essential services. (Especially in respect of roads)

Infrastructure development continues to be assisted by the award of grant funding (such as MIG) which is utilized effectively and contributes extensively to the upliftment of infrastructure.

Notwithstanding the fact that service delivery is challenged in many instances, particular success was achieved with the electricity service where improvements and accessibility improved dramatically. Within this service continuous efforts to control and decrease electricity losses are underway.

Roads and stormwater functions experienced challenges in so far as projects were concerned and delays were experienced at times due to service provider issues and/or lack of funding.

Community and Social Services experienced a number of challenges and certain of these related specifically to funding and capacity.

III. Financial Health

The municipality continues to show a strong measure of financial viability and strength and for the past 3 financial years, Senqu Municipality has received an unqualified audit (only one of seven municipalities within the country to have achieved this). As always the emphasis is placed on facilitating continuous improvement and it must be noted that all issues raised within the audit reports are managed and addressed in as far as it is required.

IV. Efforts to conserve power

Efforts to conserve power have been undertaken and a pilot programme was undertaken with residents from Rossouw with 85 H/H's receiving 20l of paraffin and 12 x candles/month in an effort to conserve energy. Additionally investigations are always underway in an effort to promote the use of solar power and Eskom have offered rebates nationally in order to encourage the community to utilize a greater amount of solar energy.

V. Administrative Policies

Administrative policies have been reviewed and updated in respect of all identified policies and budget constraints permitting. On a governance and administrative level it must be noted that great strides have been made in order to ensure that the organisation is staffed optimally. As such the organogram has been updated, all posts have Job Descriptions (TASK) have been bench marked and evaluated according to TASK, efforts have been made to place staff and most critical posts have now been filled. Through performance management, audit oversight and updated systems and controls, efforts are being made to

ensure that staff function as efficiently as possible and strictly within the parameters of the Supply Chain Management policies – thereby ensuring efficiency of operation.

Through various IGR interactions, efforts are made to interact with and learn from other municipalities and organisations. This is clearly observed through the attendance of IGR meetings (arranged by the District), Political Munimec, Technical Munimec, DIMAFU, meetings with municipal managers, the District Mayors Forum, District clusters, and the like. No shared services/functions are applicable.

As has been illustrated, the 2012/2013 period has been indicative of many positive outcomes and growth within all the Key Performance Areas. While there is always room to improve we are encouraged by a fulfilling year and hope that 2013/2014 will provide us with many more opportunities to develop and grow.

I take this opportunity to express my deepest gratitude to the support received from the Executive Mayor and his Council, to my s56 managers and to my staff – without your support and hard work, this year would not have been possible. I look forward to our new challenges and even greater opportunities to satisfy the needs of our community.

_____   **DATE**   _____

M M YAWA
MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Introduction to Background Data

This section will provide detail regarding the geographical area in which Senqu Municipality is situated, together with a breakdown on the most pertinent demographics relating to the population.
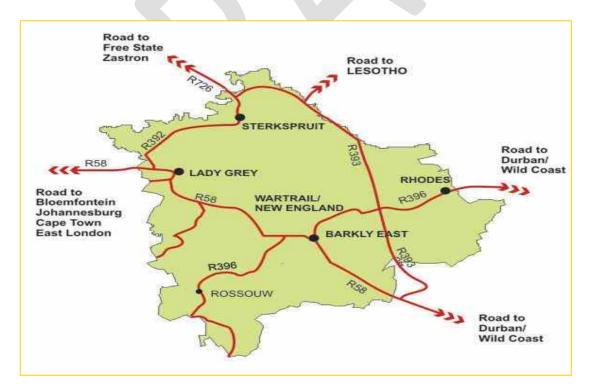
By so doing clearer insight into the challenges facing Senqu Municipality will be obtained.

Geographical Context and Overview of the Municipality

During December 2000, Senqu Municipality was established after the amalgamation of the following Local Authorities and towns:

➢ Lady Grey (including Transwilger and Kwezi Naledi);
➢ Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
➢ Sterkspruit;
➢ Rhodes (including Zakhile), Rossouw; and
➢ Portion of Wodehouse (Dordrecht) and Indwe

Senqu area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe.

Senqu Municipality is the largest Municipality in the Joe Gqabi District Municipality, and spans an area of 6 772km squared. A unique feature of this Municipality is the fact that it borders the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing. Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province. The R58 and R392 are the key transport routes through this Municipality and these then link to the N6 at Aliwal North.

The municipality has three urban nodes viz Barkly East, Sterkspruit and Lady Grey with Sterkspruit displaying the highest population growth rate. The rest of the municipality is characterised by small villages and communal and commercial farming land.

In examining the background detail, due cognizance must be taken of the efforts made by Senqu Municipality to satisfy basic service delivery requirements, while facing the many challenges as detailed further.

The following issues and challenges with regard to service delivery are highlighted:

Water & Sanitation

Senqu Municipality has the highest unserved population in respect of water within Joe Gqabi District Municipality. Based on the 2007 Community Survey (accessed from 2011-2016 IDP) it is noted that

Water

13.2% receive water and 18% of this is below the RDP standard. 68.8% are receiving water above RDP standards.

Sanitation

45% remain unserved (Joe Gqabi District Municipality WSDP 2010) and 55% receive sanitation services

Note: Both water and sanitation systems have ageing infrastructure that is not equipped to cope with current demands

Electrification & telecommunication network

62% of the town receive access to electricity provision and work continues to connect households to the grid and to concentrate on off-grid connections to renewable energy sources such as solar.

This network is insufficient and poor quality is being experienced in many areas. In town one of the greatest challenges relates to the high degree of leakage.

<u>Waste Management</u>

This remains a challenge with old and poorly maintained vehicles and insufficient staff. Waste sites are poorly maintained and recycling initiatives are small (due to a limited budget).

<u>Environmental Management</u>

This is poorly provided due to limited staff and budget and this impedes the enforcement of by-laws. Many town planning by-laws are broken and illegal land invasion occurs on a regular basis.

<u>Access Roads and Bridges</u>

These are generally of a poor nature/standard due to the lack of maintenance and staff. Rural people battle to access services and this challenge is exacerbated during the rainy periods when roads become impassable and flooded. Access to schools and clinics also remains a challenge and people stall have to walk long distances and the quality of the service is limited. Overall roads provision is by far the greatest challenge. District and access gravel roads are in a poor state despite ongoing maintenance
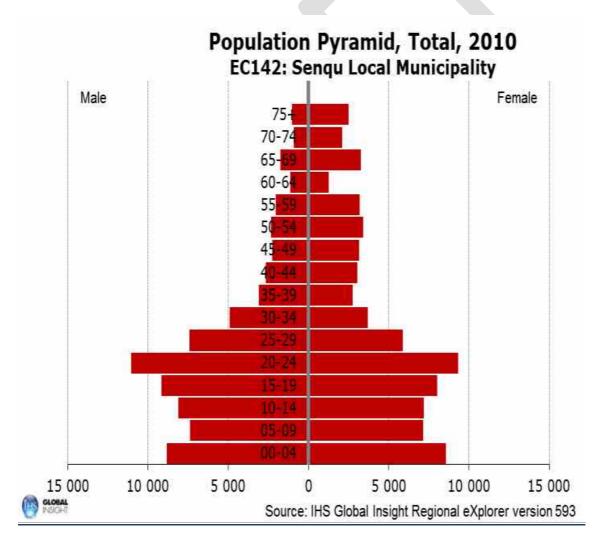
Demographic Overview: Senqu Municipality

1. Senqu Municipality consist of 3 main towns i.e. Lady Grey, Barkly East and Sterkspruit.

2. 86% population live in rural areas (Census 2001)

3. Population density 16.2 persons per km²

4. Average Unemployment Rate (2007): 16% (actively looking)

5. Unemployed: 65% (not actively looking)

6. % of population earning no income: 50.25%

7. % of population earning between R1 and R1600: 21.39% i.e. Indigents (SDF 2011)

8. Senqu Dependency Ratio: is 161: 100 (this means that for every 100 economically active people, 161 persons depend on them.

9. Senqu is characterised by low levels of education and 58.85% of the population has only a primary school education

10. Senqu is a poor area with:

    ➢ High levels of service backlogs;
    ➢ Poverty;
    ➢ Unemployment;
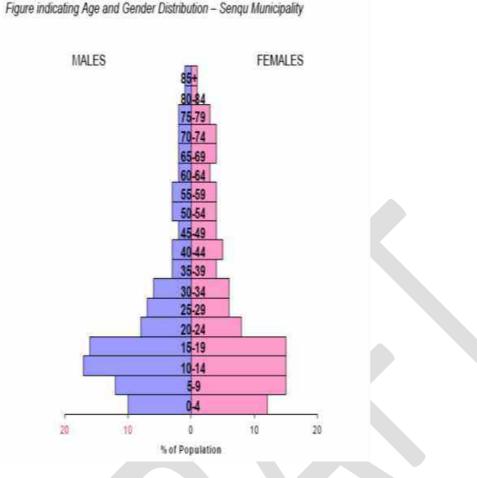
- A very small tax base to pay for services;
- Limited skills base; and
- Reliance on public sector unemployment

Notes:

1. The population of Senqu Municipality has decreased (the 2001 Census estimate was 135,141 and 118174 (Stats SA, 2007). This is attributed to out migration as people move away to seek jobs and schooling and increase urbanisation – linked to decreased family sizes and women giving birth at older ages.

2. Household numbers have increased from 33 728 (2001) to 35 107 (2007). This is due to the effects of urbanisation and participation in the world economy – where the cost of large families and households is too prohibitive.

Tables below taken from 2011 – 2016 IDP

Population Pyramid, Total, 2010
EC142: Senqu Local Municipality
Source: IHS Global Insight Regional eXplorer version 593

Figure indicating Age and Gender Distribution – Senqu Municipality

Population Statistics

As detailed within these diagrams the overall male to female ratio is 45% male to 55% female. This situation has resulted due to the migrant and commuter labour which has resulted in many women acting as the head of the household while the chief breadwinner lives away from home.

Concluding Statements: Demographics

➢ The implications of the population studies of Senqu indicate that we have a youthful populations with low skills and high unemployment.
➢ The majority of the population live in rural villages and rely on social grants.
➢ 98.30% of the population are black Africans.
➢ There is high migration to the more urban centres inside and outside the municipality for employment and educational opportunities.
➢ The high out migration to areas outside the municipality has an annual season with persons returning for the Easter and Christmas holidays.
➢ We have an exceptionally low rate base.

Natural Resources

Natural Resource	
Major Natural Resource	**Benefit / Potential**
Mountains	Beautiful scenery (adventure and agricultural tourism
Wind	Off grid and cleaner sources of electricity from wind
Rivers	Game fishing and tourism

1.3   SERVICE DELIVERY OVERVIEW

Service Delivery Introduction

Free Basic Water							
No. of Indigent (poor) beneficiaries	**No. of other beneficiaries (non-indigent)**	**Total beneficiaries**	**Level of Service (e.g. 9 kilolitres per household)**		**Progression**		
			Infrastructure	**Quantity**	**Backlog**	**Annual Target**	
3247	436	3683	**Above RDP (200m>)**				
			At RDP (=200m)				
			Below RDP (<200)				
			No infrastructure				
194 625.18	26 133.84						

Free Basic Sanitation					
No. of Indigent (poor) beneficiaries	**No. of other beneficiaries (non-indigent)**	**Total beneficiaries**	**Level of Service (e.g. VIP toilets)**	**Level of ongoing service (e.g. pit emptying, additional free water)**	**No. of beneficiaries**
3776	0	3776	**Urine Diversion**		
			VIP toilet		
			Full Latrine system(either sewer connected or sceptic tanks		
			Ablution Toilets		

Free Basic Refuse Removal					
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non-indigent)	Total beneficiaries	Level of Service	Type of subsidy e.g. Equitable Share	Frequency of waste collection e.g. once a week or twice a week
3492	0	3492	On site appropriate & regularly supervised disposal		
			Community transfer to central collection point		
			Kerbside Collection		
			Other(Please specify)		

FREE BASIC ENERGY	
No. of Indigent (poor) beneficiaries	12 523
No. of other beneficiaries (non-indigent)	0
Total beneficiaries	12 523
No.of Indigents configured in Eskom database	11 829
No. of Indigent who collected tokens and the % thereof	
Beneficiaries provided by Eskom	11 829
Beneficiaries provided by Municipality	694
Non-grid energy Beneficiaries	
level of Service (e.g. 50 Kwh per household) or the Rand value in the case of non-grid	50 kwhp/h @1.2762p/u

1.4   FINANCIAL HEALTH OVERVIEW

As within previous years (during which Senqu Municipality achieved an unqualified audit) report, Senqu Municipality has displayed a very high level of financial control and management.

➢ Overall it is evident that Senqu Municipality has a very favourable cash flow and is able to cover its debt repayment adequately (without the need to utilize its operational grant income);

➢ It has a debt coverage ratio of 12. 34: 1;

➢ Similarly, its service debtor's coverage is 92.71%. Although good, this has been negatively impacted by the continued impact of the Sterkspruit uprisings and as a result the collection ratio has decreased. Additionally, water and sanitation now fall under Joe Gqabi District Municipality;

➢ While illustrating its enhanced financial viability status it is noticed that this municipality is able to cover its fixed operating costs adequately without its cash and cash equivalents;

➢ The Chief Financial Officer is effectively managing the assets register and asset management throughout and all updates are recorded monthly;

➢ The municipality has a very good external debt to revenue ratio 13.74%;

➢ Reporting on cash collections, reports to National Treasury Performance reporting has all been achieved within the prescribed periods;

➢ The Valuation Roll was updated (and objections are underway)

➢ All loans/leases are effectively serviced; and

➢ Risk management is being well achieved.

Overall and to summarise it appears that most aspects of financial management are being well controlled and applied. The Supply Chain Management policy is also well applied and it is imperative that strong controls continue to be effectively applied in order to minimise any incidents of wasteful or fruitless expenditure and fraud (always an ongoing focus).

1.5   ORGANISATION DEVELOPMENT OVERVIEW

Organisational Development Performance

Reference is made to the information contained within Chapter 4.

Introduction to Employee Personnel

It must be noted that great strides have been made in respect of human resources management.

Policies and procedures in respect of staff recruitment, selection and retention have been exceptionally well applied and progress may be summarized as follows:

➢ The organogram has been reviewed and reflects a functional structure which ties in effectively with the current IDP;

➢ Job descriptions have been completed for all posts and have been benchmarked according to the TASK Grading System;

➢ Appointments have been successfully made to most vacant funded posts, with strict adherence to staff procurement policies and taking into account the difficulties experienced in respect of Scarce Skills and Skills Shortages; and

➢ Examination of the turnover rate is a little misleading. While it appears that this has reduced dramatically between the previous and current year, this is very likely due to the sudden increase in staff appointments to the current financial year, thereby skewing the statistics somewhat. Investigations need to be conducted into the real reason for staff turnover, prior to these statistics having any real meaning.

Managing the Municipal Workforce

➢ Every effort has been made in order to ensure that appropriate policies and procedures are put in place in order to guide and structure the manner in which the municipal workforce functions. It is the intention that all prescribed policies are available and reviewed annually. This was for the most part achieved and as detailed – limited only by financial resources. Unfortunately due to a lack of funding no by-laws were able to be developed or reviewed;

➢ Policies ranged from Human Resources specific, labour relations, to safety related policies;

➢ No real issues are of concern existed in respect of injuries, sickness and suspensions and in all instances, the matter has been dealt with effectively; and

➢ Performance Rewards are managed through the process of implementing the Performance Management System and detail regarding the manner in which this has occurred has been provided.

Institutional reporting and related deadlines are strictly enforced. At the employee level PMS is currently only applicable at the level of the s56 managers and although most aspects of the system are followed, the informal 1st and 3rd quarter coaching and review sessions which are being conducted/ assessed remain a challenge. Based on the final evaluation/assessment (only possible to be conducted after all information has been audited) a performance reward will be awarded (if the s56 manager qualifies). This system will be rolled out to subsequent levels within the new financial year.

Capacitating the Municipal Workforce

As required it is noted that:

➢ A Skill Audit was conducted;
➢ The SDF appointed;
➢ A WSP developed (from Departmental inputs); and
➢ Reporting, although conducted and submitted to the LGSETA as per prescribed reporting, is required to be reviewed/amended and improved in terms of quality and accuracy of statistics.

Managing Workforce Expenditure

Protocols are in place for examining workforce expenditure and all changes that affect employees/payroll must be checked and audited carefully prior to any change being made.

While checks, balances and controls have been initiated in order to heighten accuracy of data, there are at times discrepancies between systems and this leads to queries and the potential to mistakenly remunerate staff incorrectly.

1.6   AUDITOR GENERAL'S REPORT

Auditor General Report: Year 2012/2013

Note: Information is not yet available for 2012/2013 and this report is only due to be provided in November 2013 after auditing of the first draft of the Annual Report.

1.7   STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
	Annual Report Process Table	
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2.	Implementation and monitoring of approved Budget and IDP commences (in-year financial reporting).	
3.	Finalise the 4th quarter report for previous financial year.	
4.	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5.	Municipal entities submit draft annual reports to Municipal Manager	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (Where relevant)	August
7.	Mayor tables the unaudited Annual Report	
8.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
9.	Annual Performance Report is submitted to Auditor General to be provided as input to the IDP analysis Phase	
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	September – October
11.	Municipalities received and start to address the Auditor- Generals comments	November
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
13.	Audited Annual Report is made public and representation is invited	
14.	Oversight Committee assesses Annual Report	
15.	Council adopts Oversight report	December
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	
18.	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

Comment on the Annual Report Process

The deadlines as specified within the table above, have been necessitated by all the required reporting and consolidation that is required to occur, prior to the Annual Report becoming finalized.

Due to the fact that the Annual Report reflects the annual review of performance for the entire year it is recognized that this document will also form the basis for forward planning. In this regard there is a critical need to ensure accuracy of data and to ensure that there is alignment between the IDP, the SDBIP, the Budget (AFS) and the Annual Report.

The process of alignment and validation (through auditing internally and externally) will result in a document that accurately reflects progress and will be used to inform the IDP review, organogram, SDBIPs, budget and SDBIP performance planning and the like, for the year that follows. Additionally this report reflects comparisons between the current, past and planned future performance and every effort must therefore be made to ensure that the integrity of all data is maintained.

As a public document, opportunity to obtain public/stakeholder comment must be provided and scheduled.
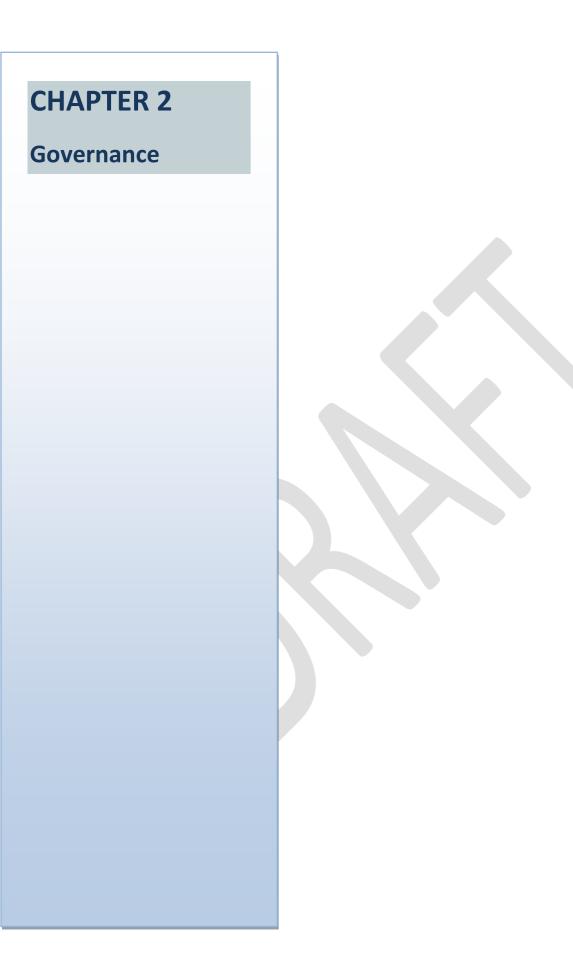
Additionally various draft processes are undertaken and various opportunities required for approval.

All of this takes time and in the absence of a schedule it is more than likely that reporting will be left to the latest opportunity and as a result, the reporting will not achieve levels required (that require analysis, focus and opportunity to verify).

DISCLAIMER:

The information provided within this report has been reliant on the information provided by the various departments. Information has not been audited and difficulties in validating data are still experienced. We therefore formally lodge a disclaimer as to the accuracy of all information provided. In some instances information is and remains lacking. For the most part, the information provided in terms of the new reporting template has been provided although gaps in data do exist. Although great effort has been made to meet the new reporting requirements, it must be noted that full compliance is only required from 2013/2014.

NOTE: As the first draft of this report we are well aware that this information has not been fully verified and is still required to be formally audited. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. These will be amended in the subsequent draft after the auditing of the financial statements and the Annual Report. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents.

CHAPTER 2

Governance

CHAPTER 2: GOVERNANCE

INTRODUCTION TO GOVERNANCE

In this chapter we will examine the following aspects of governance:

- Political and Administrative Governance
- Intergovernmental Relations
- Public Accountability and Participation
- Corporate Governance

Each and every one of these components of governance is critical in ensuring that the organisation is able to function effectively and is able to meet the needs of its community. As will be highlighted there is a great degree of interaction and interdependence between each of these components and failure to meet the desired objectives in any one of these will result in the inability to meet all required objectives in an efficient and effective manner. More specifically it must be noted that the political and administrative frameworks (both internally and externally) enable the organization to function in an ordered and operationally sound manner ensuring that there is efficiency and accountability at all levels. The political and administrative arms have clear working relations and are required in order to ensure that the needs of the community are met in so far as this is feasible. The administrative arm is required to ensure that there is an administrative infrastructure to achieve required functioning. All intergovernmental relations are encouraged so that municipalities can share and learn from one another and learn to deal with situations more practically and efficiently. Efforts are made ongoing to ensure adequate public participation. The IDP Process and Budget Plan are just a few of the many structures that have been put in place to give rise to many structured interactions and opportunities for the public to input into objectives and to receive and interact with required feedback. In all respects a flow of communication between and from the community and the organization is fostered so that a people-centred organisation is created, to meet the needs as identified within the IDP. Corporate Governance ensures that all legislative prescriptions are adhered to and protects and nurtures the rights of all those stakeholders involved.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Introduction to Political and Administrative Governance

The strategic direction of the organisation is determined by the IDP objectives, which are then translated into performance targets throughout the organisation (incorporated into the SDBIP and scorecards that are developed from this). Challenges in terms of the achievement of these objectives are limited for the most part by the available resources (operational, human and financial).
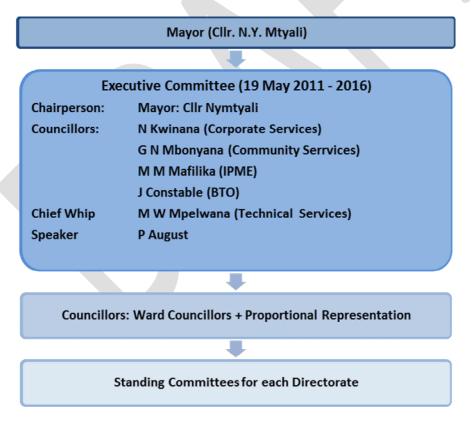
The **political arm** is required to protect and advocate for the needs of the community and to ensure a better quality of life for all. Communication and involvement of the community in decisions gives new meaning to the concept of a "people-centred government". In a supportive and facilitative role, the **administrative arm** is required to ensure that there is sufficient infrastructure (human capital, resources, policies and procedures) in order to ensure that the strategic objectives can be met through effective management and control of operations, service delivery and matters of compliance.

2.1   POLITICAL GOVERNANCE

Introduction to Political Governance

In terms of the Municipal Structures Act, Act No. 117 of 1988, Senqu Municipality functions according to a **Council Executive System**. More specifically, it functions as a democratically elected Category B municipality. This structure is comprised of elected Ward Councillors and Proportional Representative Councillors.

The political structure is depicted as follows:

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┌─────────────────────────────────────────────────┐
│            Mayor (Cllr. N.Y. Mtyali)            │
└─────────────────────────────────────────────────┘
                        │
                        ▼
┌─────────────────────────────────────────────────┐
│      Executive Committee (19 May 2011 - 2016)   │
│   Chairperson:    Mayor: Cllr Nymtyali          │
│   Councillors:    N Kwinana (Corporate Services)│
│                   G N Mbonyana (Community Serrvices)│
│                   M M Mafilika (IPME)           │
│                   J Constable (BTO)             │
│   Chief Whip      M W Mpelwana (Technical Services)│
│   Speaker         P August                      │
└─────────────────────────────────────────────────┘
                        │
                        ▼
┌─────────────────────────────────────────────────┐
│  Councillors: Ward Councillors + Proportional Representation │
└─────────────────────────────────────────────────┘
                        │
                        ▼
┌─────────────────────────────────────────────────┐
│    Standing Committees for each Directorate     │
└─────────────────────────────────────────────────┘
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Councillors are allocated to Standing Committees that meet monthly in order to discuss and investigate issues raised so that formal decisions can be made regarding the presenting issue/s and so that appropriate recommendations can be made to Council for final approval where necessary.

Councillors

Reference is made to **Appendix A** which details the full list of Councillors (including the Committee Allocations and attendance of Council meetings.

Council is comprised of a total of 37 Councillors (Ward Councillors and Party Representatives) and this is reflected as follows:

Party Representatives: 13 x ANC Party Representatives

                                     2 x DA Party Representatives

                                     2 x PAC Party Representatives

                                     1 x UDM Party Representative

Ward Councillors: 19 Ward Councillors

Administrative responsibilities of Council

➤ Councillors are responsible for taking political decisions relating to service delivery and playing an oversight role in Council;

➤ Meetings of Council occur quarterly and Special Council meetings are convened when an urgent issue is required to be attended to/or an urgent decision needs to be taken;

➤ In terms of Chapter 3 of the Municipal Systems Act, (Act No. 32 of 2000), the executive and legislative authority of a municipality lies with the Council and the Council takes all the decisions of the municipality subject to s59;

➤ Executive Committee meetings convene monthly and are constituted as follows: the Mayor, Political Heads of Standing Committees, and the top management of the municipality; and

➤ Standing Committees meet in order to discuss or recommend that certain actions are taken by the Executive Committee or Council. These committees are chaired by the Portfolio Councillors who form part of the Executive Committee members. The other members are Councillors, who are elected by political parties, traditional leaders and the administration.

Committees of Council (Standing Committees, MPAC, Traditional, Ward Committees et al)

Appendix B sets out the committees applicable to Councillors and their purpose.

Standing Committees

- There are currently 5 Standing Committees and these have been formed in order to correspond with the 5 Directorates;
- Committee meetings are held monthly as scheduled and information and recommendations from these are submitted to the full Council, for consideration;
- All Councillors are required to serve in the Standing Committees with the exception of both the Mayor and the Speaker.

The role and function of the Standing Committee is to ensure that the process of informed decision making is facilitated. Councillors who serve on these Committees become more focused and knowledgeable regarding the manner in which the directorates operate and the day to day challenges that affect them. In this manner and with heightened knowledge they are able to make more informed decisions regarding the challenges and operational issues facing the directorate in whose committee they serve. When issues are referred to full Council, they are able to contribute at a higher level and guide discussion in a helpful, positive and insightful manner. By doing so they are able to facilitate that better decision making occurs – ultimately for the benefit of the community through achievement of IDP goals and objectives.

The following Standing Committee Structures have been approved and are functional:

Budget & Treasury	
Chairperson :	Cllr J Constable
Councillors :	Cllr S Mfisa
	Cllr I S van der Walt
	Cllr B.S Majodina
	Cllr M Gojo

Focus Areas
Management of financial resources
Policies, Procedures and By-lays (MFMA & National Treasury)
Financial support to all Departments

Corporate & Support Services	
Chairperson :	Cllr N Kwinana
Councillors :	Cllr S S Tindleni
	Cllr S Mziki
	Cllr N R Nthako
	Cllr R M Joubert

Focus Areas
Council Administration
Departmental Corporate Support
Legal Compliance
By-Laws

Strategic Planning and Development	
Chairperson:	Cllr Mafilika
Councillors :	Cllr N Nombula
	Cllr L Tokwe
	Cllr A P April
	Cllr M Moeletsi
	Cllr M Senoamali
	Cllr N C Mraji

Focus Areas
Council facilitation (Powers & Functions)
Support to community participation structures
Communications Management and Customer Care
LED
PMS
Risk and Compliance

Community and Social Services	
Chairperson :	Cllr G Mbonyana
Councillors	Cllr I Mosisidi
	Cllr M Ngendane
	Cllr J Lamani
	Cllr M G Moeletsi
	Cllr A H Sobhuza

Focus Areas
Community based service provision
Community based by-laws
Waste Management

Technical Services	
Chairperson :	Cllr M Mpelwane
Councillors	Cllr M J Mjali
	Cllr G Mvunyiswa
	Cllr P G Key
	Cllr B Ngogodo
	Cllr N C Motemekwane

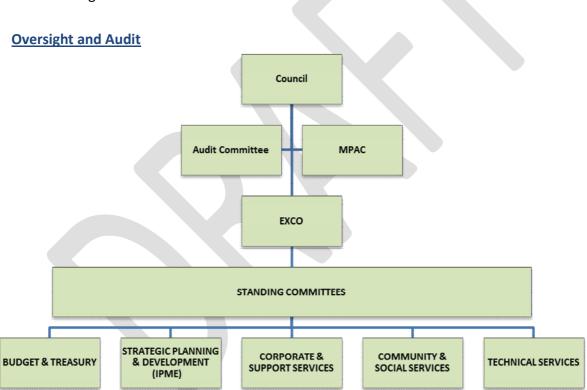| Focus Areas |
|---|
| Infrastructure Development (Maintenance & Construction) |
| Technical Service Delivery |
| PMU Administration |
| Town Planning |

Note: Improvements in the functioning of Standing Committees is noted. While 2011/2012 was characterised by difficulties in obtaining quorum and many postponements, 2012/2013 saw all standing committees held as scheduled (as per approved calendar).

Municipal Public Accounts Committee (MPAC)

The MPAC is a committee of council and are established in terms of Section 79 of Local Government Structures Act. The MPAC serves as oversight committee and exercises oversight over the executive.

Composition of the MPAC Committee is as follows:

➢ Cllr A. Kwinana: Chairperson
➢ Cllr M. Moshasha
➢ Cllr S. Ndzongana
➢ Cllr I. Elia
➢ Cllr Sereba
➢ Cllr Mangali

Oversight and Audit

As per the diagram above it is quite clear that oversight and audit verification occurs through the appointed Audit Committee and MPAC. Decisions are taken from the "bottom up" under normal circumstances i.e. from Standing Committees to Exco unless it relates to a decision that can only be taken by Council. Oversight is provided throughout and ultimately by the Auditor General as the external auditor.

- The MPAC committee invite members of the public (as required) who are experts in the specific fields in a voluntary capacity to assist and advice in its deliberations when the need arises;
- These representatives and other members of the public will have no voting rights as they are not elected councillors;
- MPAC is appointed for the same duration as the Council.
- Standing rules for the council apply to the committee;
- Council appoints the chairperson of the MPAC;
- MPAC develops its work programme annually which is linked to overall planning of Council, from the IDP processes and to the annual reporting cycle - objectives of Operation Clean Audit are incorporated in the work programme;
- Quarterly meetings are planned and held in accordance with the approved Workplan and are to be included in the annual calendar of council; and
- Notice of the meeting is required to be similar to those of other committees of council.

The institutional context and primary functions of MPAC are:

- To review the municipal and any municipal entity's quarterly, mid-year and annual reports and develop the oversight report on the annual report for consideration by Council;
- To assist council to maintain oversight over the implementation of Supply Chain Management Policy;
- To examine the financial statements and audit reports of the municipality and municipal entities (considering improvements from previous statements and reports);
- To evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- To promote good governance, transparency and accountability on the use of Municipal resources;
- To examine the Mid-Year Review documents in line with the IDP;
- To recommend or undertake any investigation in its area of competence on matters currently serving or having been served before the committee;
- To seek any information and have access to it from any councillor/employee;
- To report to council on the activities of the committee;
- To perform any other function assigned to the committee through a resolution of Council;
- MPAC will have the right to call upon the accounting officer of the municipality or the chairperson of the municipal entity to provide information or clarity;
- MPAC may request the support of the internal and external auditors when necessary;
- MPAC may engage directly with the public and consider public comments when received;
- The committee shall have permanent referral with regard to the following reports:
  - Mid year /In-year s72 reports
  - Annual Financial Statements
  - Reports of Auditor General and audit committee
  - Any other financial audit report from the municipality
  - Information on compliance in terms of sections 128 and or sections 133

- Information in respect of any disciplinary action taken in terms of MFMA on matters serving or has been served before the committee; and
- Performance information of the municipality.

The Audit Committee

In terms of the provision of oversight and in order to ensure that the municipality functions strictly in accordance with legislated prescriptions (financial and administrative) the municipality has appointed an Audit Committee, an Internal Auditor and Oversight (MPAC) Committee.

Effectively the Audit Committee meets regularly (quarterly) in order to provide opinions and comments/ recommendations   regarding the financial processes and performance. Comments are then provided to the Oversight Committee (MPAC) regarding the Annual Report. The Oversight Committee (MPAC) remains responsible for administrative oversight as well as providing the Municipality with comments and recommendations regarding the Annual Report. This report is published strictly in accordance with the MFMA guide.

Audit Committee Functionality (Internal Audit)

It is required by the MFMA that the accurateness and correctness of the performance management function and the performance reporting be audited and verified. The Audit Committee was duly established to:

➤ Review the quarterly reports submitted to the internal audit
➤ Review the PMS System of the Municipality and make recommendations to Council;   and
➤ To submit the Audit Report to the Municipal Council at least twice during the financial year.

The Audit Committee was established in terms of the MFMA and the Municipal Planning and Performance Management Regulations and is comprised of a minimum of 4 members, the majority of which are not employees of Council and must exclude Councillors. The Chairperson may not be an employee of Senqu Municipality.

During 2012/2013 it must be noted that all 4 scheduled meetings were held. 6 internal audit programmes were implemented, risk management action plans are being monitored monthly and reports submitted to Council and quarterly risk reports are submitted to the Oversight Committee i.e. the Audit Committee.

The Audit Committee is constituted as follows:

Member	Position
Mr G J Du Plessis	Chairperson
Mr G De Jager	Member
Mr J Hattingh	Member
Mr L Spofana	Member

A Senior Audit Executive and an Internal Auditor facilitate the audit function in-house.

<u>Audit Committee Responsibility</u>

The Audit Committee is required to audit and report in terms of the terms of reference that was established and agreed to in the Audit Committee Charter (approved and adopted by the Municipal Manager).

<u>Evaluation of Annual Financial Statements</u>

Primarily and in evaluating the Annual Financial Statements of the municipality the committee is required to:

➢ Verify that they are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy and in a manner required by the MFMA;
➢ Review the Auditor-General's report and management's response thereto;
➢ Review the selection of accounting policies and practices;
➢ Review the effectiveness of the internal control systems;
➢ Review the effectiveness of internal audit;
➢ Review the risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
➢ Review the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
➢ Review the accounting and auditing concerns identified as a result of internal and external audits; and
➢ Review and facilitate the Municipality's compliance with legal and regulatory provisions.

In so doing the Audit Committee gives weight to the development of the Audit Action Plan and facilitates the controls required to ensure that issues raised are addressed as required. Every effort is made to ensure that Senqu Municipality moves forward, in a positive manner.

Ward Committees Establishment and Functionality

Ward Committees are established in terms of section 73 of the Municipal Structures Act 117 of 1998. The purpose of establishing such structures is contained in the same Act in section 74 and is over and above all, to assist Municipal Councils in ensuring that ward issues are properly communicated by their respective municipalities and are catered for should there be a need for a budget to address such issues. Council in 2012/2013 filled all vacancies of ward committees within the municipality. Notwithstanding all efforts to improve functioning, not all ward committees have met monthly. These meetings are required to provide opportunities to report to the Speaker on issues of interest to the municipality which are taking place in their wards. This has assisted the municipality in ensuring that public participation is enhanced and accountability of the municipality is not compromised. In the brewing protests in Sterkspruit information is communicated through ward committees to members of the public especially on issues such as Municipal Public meetings and other information sharing sessions.

Although the Sterkspruit protests continued for the better part of 2012/2013 this structure of council greatly assisted the municipality in disseminating information to members of the public in that area.

Senqu Ward Committees have been effective in the sense that issues raised by ward committees are reported quarterly to the Executive Committee. This ensures that council is kept current on all issues raised within Ward Committee meetings. Ward Committees were established as required and in terms of Gazette No. 1405, Notice no. 209 of 9/12/2005. Additionally the Municipality published its By-Laws relating to Ward Committees in terms of s13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) read with s162 of the Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996).

In terms of these prescriptions the following issues are required to apply:

➢ Representation on Ward Committees shall not be according to political party affiliation and will include religious, youth, civic, education, sport, culture, business, welfare, and women's associations;
➢ Committees are required to meet at least once per quarter and report formally to the Municipal Manager at least quarterly through their Ward Councillor;
➢ The term of office of a member is a period of two years;
➢ The Mayor is responsible overall for the functioning of the Ward Committees and will meet at least quarterly with all Ward Committees to discuss issues of mutual concern and issues to be addressed;
➢ The Mayor shall submit a 6 month report to Council on the activities and considerations of the Ward Committees;
➢ Each Committee will be chaired by its respective Ward Councillor. During Ward Committee meetings, the community members are briefed about developments in their ward and within the municipality itself. In this manner, a consultative community structure is created and maintained; and

➤ In order to facilitate the smooth running of these communities a code of conduct has been developed which will in turn be work shopped.

In keeping with all required legislation it must be noted that:

➤ All records of meetings scheduled and attended are maintained (minuted);
➤ Minutes of all meetings are made available;
➤ Written proof is available regarding resolutions tabled to Council;
➤ Minutes are available for all feedback meetings with communities; and
➤ Ward Committee activity reports are made available to all.

As indicated, not all Ward Committee meetings have taken place due to a lack of quorum and resultant postponements. Notwithstanding, efforts are being made (through training) to improve the efficiency and functioning. Additionally the members are required to travel huge distances and members are now paid an "out of pocket" expense stipend of R1 500 per month to facilitate attendance.

Community Development Workers (CDW's)

19 CDW's were appointed. The objectives and functioning of CDW's is motivated by the need not only to identify households in need, but also to ensure that community relationships between the communities and the municipality are fostered, in order to ensure adequate marketing and utilization of services offered.

CDW's report monthly to their co-ordinator in Sterkspruit in order to provide operational monthly reports. Reports regarding activities performed and observations noted are forwarded monthly to the municipality via the Speakers Office. All Ward Committee meetings are attended by the CDW's who also then provide assistance to the Ward Councillors in respect of the dissemination of information.

In an effort to ensure effective service delivery from the CDW's, it is noted that all CDW's have undergone the appropriate training. Difficulties in communication between the CDW programme and the municipality have not yet been resolved. It would seem that this was in part due to misunderstandings by the Ward Councillors as to the role of the CDW's and this in turn resulted in miscommunications and "turf wars". Through additional training in this regard, it is hoped that this challenge will be addressed over time and especially with the appointment of the new Council.

Through their reporting mechanisms the CDW's report to the relevant government department in an effort to enlist the required assistance for that household.

While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

COMMITTEES AND COMMITTEES PURPOSE

Committees (other than Mayoral /Executive Committee) and Purpose of Committees	
Municipal Committees	**Purpose of Committee**
Audit Committee	Administrative Oversight
Municipal public accounts committee	Oversight
Remuneration Committee	Remuneration Issues
Local Labour Forum	Labour Issues
Training Committee	Training and Employment Equity Issues
Bid Committees	Bid/Specification/Tender Adjudication
Performance Management Evaluation	Assessment of Performance

The following Traditional leaders are recognized and consulted as and when appropriate.

B Pitso	Traditional Leader
K A Nombula	Traditional Leader
T Kakudi	Traditional Leader
N J Tikiso	Traditional Leader
I Jafta	Traditional Leader
N H Binza	Traditional Leader
Z Mphambo	Traditional Leader

Political Decision Making

As already illustrated, political decisions are made through Standing Committee resolutions (after examining reports submitted) and at times these are forwarded to Council for a decision from Council i.e. Council Resolution. Actions taken must be taken strictly in accordance with a resolution number in order to be valid. A Resolution Register provides detail regarding action to be taken and follow ups are conducted in order to ensure that resolutions are acted upon.