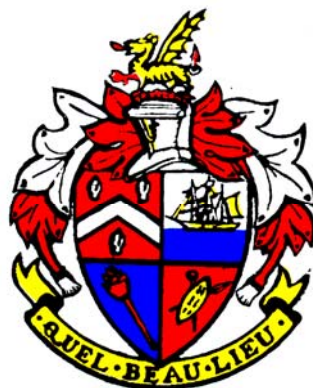


# **RICHMOND MUNICIPALITY**



## **ANNUAL REPORT**

**2005/2006**

PREPARED BY:  
The Richmond Municipality



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### 1. Introduction and Overview

#### 1.1 Mayor's Foreword

Although the past financial year has been a difficult and challenging year, I am glad to report that the Municipality and its personnel were able to obtain acceptable results and to achieve most of the goals set. A satisfactory accumulated surplus was achieved and expenditure was contained within the approved budget.

The challenges facing the Richmond Municipality and the problems of funding its services are enormous. It is essential that we prioritise our limited resources to ensure that they are applied to the best advantage in line with the Richmond Municipality's Integrated Development Plan.

The Municipal Elections brought about some changes to our Executive Committee and Council.

In conclusion, I would like to express my appreciation to all present and previous Councillors, the Municipal Manager, Departmental Heads, all other personnel as well as all citizens of Richmond for their support, cooperation, contribution and hard work during the past year.



## 1.2 Overview of the Municipality

The Richmond Municipality is located along the Southern boundary of the uMgungundlovu District Municipality and approximately 38 kilometres from Pietermaritzburg, the capital of KwaZulu-Natal. The municipality covers approximately 1,232 square kilometres in extent.

The predominant land use within Richmond is Agriculture. The town of Richmond which located centrally within the Municipality serves as the primary centre for the municipality containing higher order activities and facilities. A series of individual local settlements and villages exist within the municipality in a scattered spatial form. Key assets include the proximity of the N3, strong presence and natural potential of agriculture within the municipal area, scenic landscape and cultural heritage.

(a) The Municipal Council consists of seven wards and of the following members:

### Councillor

DB Mchunu (till March 2006)

SJ Mkhize (till March 2006)

R Naidoo (till March 2006)

MN Nsindane (till March 2006)

QL Nxele (till March 2006)

ZC Phoswa (till March 2006)

SJ Mchunu – Ward 4 Councillor 01/03/06 elections

TC Madonda – PR Councillor 01/03/06 elections

BM Mngadi – PR Councillor 01/03/06 elections

ZS Msomi – Ward 7 Councillor 01/03/06 elections

JB Mtolo – PR Councillor 01/03/06 elections

DR Phoswa – Ward 3 Councillor 01/03/06 elections

PL Shange – Ward 2 Councillor 01/03/06 elections

MJ Shelembe – Ward 6 Councillor 01/03/06 elections

WT Tshelembe – PR Councillor 01/03/06 elections



MP Vezi – PR Councillor 01/03/06 elections

MAYOR: Councillor B Ngcongco – Ward 5 Councillor 01/03/06 elections

SPEAKER: Councillor DR A Ragavaloo – Ward 1 Councillor 01/03/06 elections

DEPUTY MAYOR: BE Dlamini – PR Councillor 01/03/06 elections

(b) The Senior Management Structure comprised the following as at 30 June 2006:

Municipal Manager – Advocate TJ Nene

Strategic Manager Corporate Services – Mr GC Janse Van Vuuren

Strategic Manager Financial Services – Mrs H Osman (Acting)

Strategic Manager Community Development and Social Services – Mr MB Mhlongo

Strategic Manager Technical Services – Mr BV Rajoo (Acting)



## 2. Performance Highlights

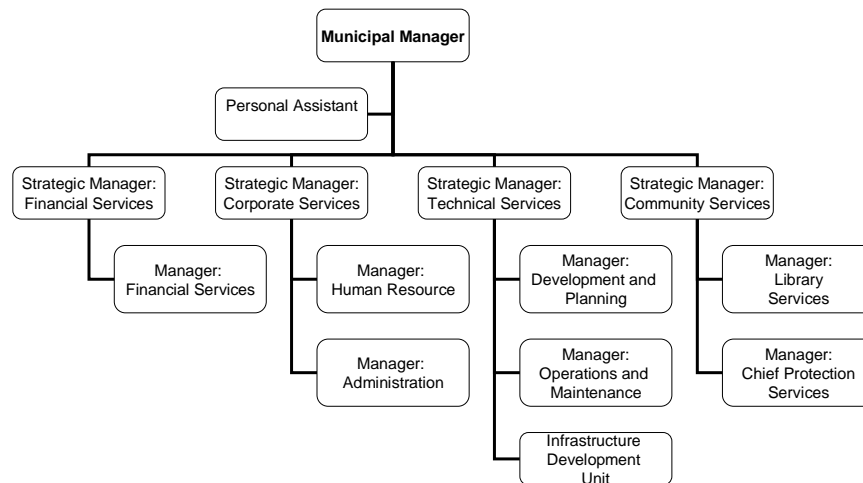
- 2.1.1 Timely submission of the Integrated Development Plan.
- 2.1.2 Timely submission of the 2005/2006 budget to the relevant authorities.
- 2.1.3 Timely submission of the 2005/2006 Annual Financial Statements to the Office of the Auditor-General.
- 2.1.4 Receipt of an Unqualified Audit Report for 2005/2006.
- 2.1.5 Appointment of interns in accordance with the conditions of the Financial Management Grant.
- 2.1.6 There are about 1 600 units handed over to beneficiaries. (Argosy Farm & Siyathuthuka Phase 1 )
- 2.1.7 Advanced training of Library staff by the Provincial Library Services
- 2.1.8 Initiation of the establishment of the Learner's License Centre
- 2.1.9 Successful HIV and AIDS event -organised by various sector Departments together with the Richmond Municipality.
- 2.1.10 Organisation of a successful Masidlale Event together with Sport and Recreation Department ( January 2006)
- 2.1.11 Appointment of Manager- Library Services
- 2.1.12 Implementation of projects financed by the Vuna Awards grant received. These consisted mainly of grading of gravel roads and the upgrading of existing infrastructure.
- 2.1.13 The municipality acquired a new grader and utility vehicle financed from Project Consolidate to the value of R 1 510 154.
- 2.1.14 The construction and upgrade of the Indaleni Sportsfield. The project was financed by the LOTTO organisation and is +/- 90% complete.
- 2.1.15 Review of Performance Management System and signature of Performance agreements by Strategic Managers.
- 2.1.16 Successful hosting of Presidential Imbizo
- 2.1.17 Successful hosting of Mayor's challenge soccer tournament with Lamontville Golden Arrows.
- 2.1.18 Successful hosting of the Siyanqoba campaign



### 3. Human Resources and other Organisational Management

#### 3.1 Management Component

## Management Component - Organogram



#### 3.2 Staffing

The approved organogram provides for 167 positions. However due to financial constraints, 119 positions were filled in the various departments. With the strife to align the structure (organogram) with the IDP it is possible the organogram will be reviewed in order to ensure that the objectives and performance area's of the IDP are successfully met.





### 3.4 Medical Aid and Pension Funds to which staff and councillors belong

#### 3.4.1 Medical Aids

- Global Health
- SAMWU Med
- Bonitas Medical Aid

#### 3.4.2 Pension Funds

- KwaZulu Natal Joint Municipal Pension/Provident Fund
- Municipal Councillors Pension Fund

### 3.5 Arrears owed by staff and councillors

Positions	Arrears
1. Staff	nil
2. Councillors	nil





#### 4. Audited Statements and Related Financial Matters

Audited Financial Financials in terms of section 126 (1) of the Municipal Finance Management Act

See Annexure A

Report of the Auditor-General in terms of section 126 (3) of the Municipal Finance Management Act

See Annexure B

Annual Performance Report in terms of section 46 of the Municipal Systems Act

No Annual Performance Report has been prepared as the municipality does not have a functional performance management system in place. Plans to address same have been initiated.

Report of the Auditor-General in terms of section 45 (b) of the Municipal Systems Act

See Annexure C



Assessment of arrears on municipal rates and taxes

**CONSUMER DEBTORS**  
As at 30 June 2006

	<b>Gross Balances</b>	<b>Provision for Bad Debts</b>	<b>Net Balance</b>
Service debtors	1,921,695	624,818	1,296,877
Rates	1,323,963	624,818	699,145
Refuse	89,955	0	89,955
Service Levy	507,777	0	507,777
Total	1,921,695	624,818	1,296,877

	<b><u>2006</u></b>	<b><u>2005</u></b>
<b><u>Rates: Ageing</u></b>		
Current (0 - 30 days)	-59,687	-75,676
31 – 60 Days	292	0
61 – 90 Days	1,271	13,672
91 - 120 Days	35	0
121 - 365 Days	999	3,864
+ 365 Days	1,381,053	1,227,312
<b>Total</b>	<b>1,323,963</b>	<b>1,169,172</b>

<b><u>Refuse and Service Fee Levy: Ageing</u></b>		
Current (0 - 30 days)	30,480	25,481
31 – 60 Days	11,823	11,339
61 – 90 Days	5,003	5,215
91 - 120 Days	25,430	23,733
121 - 365 Days	3,093	2,772
+ 365 Days	521,903	256,724
<b>Total</b>	<b>597,732</b>	<b>325,264</b>



Assessment of the performance against measurable performance objectives for revenue collection

<b>Budget</b>		<b>Actual</b>
<b>2006</b>		<b>2006</b>
<b>R</b>		
	<b>REVENUE</b>	
2,900,290	Property rates	2,879,961
300,000	Property rates-penalties and collection charges	209,024
538,490	Service charges	554,851
473,470	Rental of facilities and equipment	506,583
404,400	Interest earned - external investments	732,244
23,600	Interest earned - outstanding debtors	57,160
436,800	Fines	263,622
36,500	Licenses and permits	8,477
535,000	Income for agency services	627,781
11,610,385	Government grants and subsidies	11,709,164
265,990	Other income	228,600
	Public contributions, donated and contributed property, plant and equipment	
	Gains on disposal of property, plant and equipment	
17,524,925	<b>Total Revenue</b>	17,777,469



Corrective action taken in response to issues raised in the report of the Auditor-General

**MANAGEMENTS RESPONSES TO THE REPORT OF THE AUDITOR-GENERAL TO THE MEMBERS OF THE COUNCIL ON THE FINANCIAL STATEMENTS OF RICHMOND MUNICIPLAITY FOR THE YEAR ENDED 30 JUNE 2006.**

1. AUDIT ASSIGNMENT

Noted.

2. SCOPE

Noted.

3. BASIS OF ACCOUNTING

Noted.

4. AUDIT OPINION

Noted.



## 5. EMPHASIS OF MATTER

### Written delegations of authority

A preferred bidder has been identified to review, extend and formulate policies and procedures for the municipality. This exercise will include a full written delegations of authority as required by section 79 of the Municipal Finance Management Act, 2003 (act No. 56 of 2003).

### Agreements with uMgungundlovu District Municipality

#### 5.2.1 Transfer of Assets and Liabilities for Water Services

This matter has been resolved and the necessary documentation has been forwarded to the Auditor General.

#### 5.2.2 A meeting has been requested with the officials of the uMgungundlovu District Municipality to discuss outstanding issues surrounding the query raised by the Auditor General.

### Traffic fines system

The necessary steps have been taken to ensure that the traffic fines system will be implemented and in operation by 12 February 2007.

### Lack of internal audit component and audit committee

Thabani Zulu & Co has been identified as Councils preferred bidder to be appointed as the Councils internal auditors for a period of three years and the Council is busy negotiating with both the uMgungundlovu District Municipality as well as the uMngeni Municipality to share their audit committee. This will ensure compliance with the Local Government Transitional Act No. 209 of 1993 section 10G (2) ( c ) as well as section 165 and section 166 of the Municipal Finance Management Act (MFMA).



## 6. APPRECIATION

Noted.

### **MANAGEMENT RESPONSES ON THE REPORT OF THE AUDITOR-GENERAL TO THE MEMBERS OF THE COUNCIL ON PERFORMANCE MEASUREMENT OF RICHMOND MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006**

#### 1. ASSIGNMENT

Noted.

#### 2. NATURE AND SCOPE

Noted.

#### 3. FACTUAL FINDINGS

A detailed report is being prepared by management with a plan of action on how these issues are to be addressed.

#### 4. STATEMENT

Noted.

#### 5. APPRECIATION

Noted.



## 5. Functional Area Service Delivery Reporting

### 5.1 Municipal Manager's Office

5.1 Reporting Segment	Description
Overview	<p>The Municipal Manager is required to lead and direct the administration aspects of the Municipality and account to the Municipal Council so that economic growth and development is facilitated, poverty is alleviated, an effective service is delivered to stakeholders and the long term sustainability of the Municipality is ensured within the requirements of the relevant legislation.</p>
Description of the activity	<p>To manage the municipality's administration in accordance with the Local Government: Municipal Systems Act and other legislation.</p> <ul style="list-style-type: none"> <li>• To implement the municipality IDP, and to monitor the progress with the implementation of the plan.</li> <li>• To manage the provisions of services to community, residents and rate payers in a sustainable manner.</li> <li>• To control and manage the effective utilisation and training of staff.</li> <li>• To maintain discipline of staff.</li> <li>• To promote sound labour relations.</li> <li>• To advise the structures and functionaries of the municipality.</li> <li>• To manage the communication between the municipality's administration and its structures and functions.</li> <li>• To carry out the decisions of the structures and functions of the municipality.</li> <li>• To administer and implement the municipality's By- Laws and other legislation.</li> <li>• To implement national and provincial legislation applicable to the municipality.</li> <li>• Development and Planning</li> </ul>



## 5.2 Finance Department

5.2 Reporting Segment	Description
Overview	<p>The Finance Department provides financial support and guidance to all other directorates within Richmond on financial matters.</p> <p>The Finance department is broken down into the following components in order to fulfill it's obligations to its internal structures and communities.</p> <ul style="list-style-type: none"><li>• Budget and Treasury Office</li><li>• Expenditure Section</li><li>• Billing Section</li><li>• Credit Control and Revenue Management Section</li><li>• Supply Chain Management Unit</li></ul>





### 5.3 Corporate Services

5.3 Reporting Segment	Description
Overview	The Strategic Manager of Corporate Services oversees and ensures the smooth running of Human Resource Management and Administration. He also ensures proper quality of services to the communities and employees. Provide legal opinions, control of municipal assets, service and advisory function.
Description of the activity	<p><b>Administration</b></p> <ul style="list-style-type: none"> <li>• To manage an overall Municipal Legal Service</li> <li>• To manage Committee, Capital and Operations budget</li> <li>• To manage Property services</li> <li>• Administration</li> </ul> <p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>• To manage Labour Relations matters</li> <li>• Human Resources</li> <li>• Organisational Structure</li> <li>• Vacancies</li> <li>• Performance Agreements</li> <li>• Recruitment and selection</li> <li>• Implementation of the performance management system</li> <li>• Addressing employment equity</li> <li>• Implementation of a placement policy</li> <li>• Training and development</li> <li>• Study assistance programmes</li> <li>• In service/practical training</li> <li>• Oversee implementation of occupational health and safety</li> <li>• Employee assistance programme</li> <li>• Grant in-aid</li> <li>• Information Technology</li> </ul>



## 5.4 Community Development and Social Services

Function: General (Library/Sports/Traffic/Housing)	
5.4 Reporting Segment	Description
Overview	The Strategic Manager of Community Development and Social Services oversees and ensures the smooth running of Library Services, Protection Services and deals with Housing Development
Description of the activity	<p><b><u>Library</u></b>  Richmond Library is affiliated with Provincial Library Services. There are about 2000 users. It provides the following functions ;</p> <p><b>Community</b>  It provides comprehensive information to the community. This is done by issuing and returning books to users. The books are issued to users who are members of the library. Membership is free.</p> <p><b>Schools</b>  The Library Services also help schools with materials that they do not have. Learners are given guidance in terms of how to use the Library. Moreover, the Library Services assist Schools with readership programs and also coordinate and conduct user education when Schools visit the Library. The Library Services also provide services that has to do with photocopying and printing.</p> <p>The constant circulation of materials in the Richmond area enables the libraries to provide the public with new reading material on a regular basis.</p> <p><b>Special Requests</b></p> <ul style="list-style-type: none"> <li>- An opportunity for readers to select materials, that are not available at our libraries, from the Regional Library.</li> </ul>



Description of activity	<p><b><u>Housing</u></b></p> <ul style="list-style-type: none"> <li>- All activities associated with provision of housing</li> <li>- Continuous management, coordination and facilitation of all Municipality's Housing development projects within Richmond Municipality.</li> <li>- Construction of houses for the approved beneficiaries</li> <li>- The municipality has a mandate to lead and direct the housing function so that the strategic objectives of the municipality in relation to housing are achieved.</li> <li>- The establishment of an inclusive, representative and accountable development structures within communities.</li> <li>- Identification of other primary actors with whom the community should relate for the purposes of successful development.</li> <li>- Certification of potential housing beneficiaries.</li> <li>- Facilitation of the sales administration process.</li> <li>- Signing of building agreements by beneficiaries.</li> <li>- Appointment of Project Manager(s) by the Developer.</li> <li>- Appointment of Contractor(s) to undertake the actual construction of houses.</li> <li>- Capacitating and empowerment of locally based contractors to participate in the construction of houses as sub-contractors.</li> <li>- Employment of unskilled local people to assist skilled labourers during the construction phase.</li> </ul> <p>The Strategic Objectives of this function are to:</p> <ul style="list-style-type: none"> <li>- Reduce the population living in informal structures</li> <li>- To ensure access to formal housing opportunities.</li> </ul>
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Description of activity	<p><u>Protection Services</u></p> <ul style="list-style-type: none"> <li>- Driving Licence Testing Centre (Learners Licence, Driver Licence Renewals, PrDP's etc)</li> <li>- Motor Licensing</li> <li>- Fines Processing</li> <li>- Road Safety</li> <li>- Law Enforcement</li> <li>- Enforcement of Bylaws</li> <li>- Crime Prevention</li> <li>- Municipal Security</li> <li>- Disaster Management</li> </ul>
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## 5.5 Technical Services

5.5 Reporting Segment	Description
Overview	The Technical Services Department of the Municipality is responsible for the day to day maintenance and development of the municipality in the areas of cemetery, estates, buildings and building inspectorate, refuse collection, roads, storm water maintenance, parks and gardens, mechanical workshops and fleet management.
Description of the activity	<ul style="list-style-type: none"> <li>• Day to day maintenance</li> <li>• Refuse Removal</li> <li>• Roads and Stormwater maintenance and construction</li> <li>• Traffic Engineering</li> <li>• Parks and Gardens</li> <li>• Mechanical Works</li> <li>• Fleet Management</li> <li>• Building Inspection</li> <li>• Provide technical and engineering support to the municipality and external organizations</li> <li>• Rehabilitation of roads</li> </ul>

