

currently rendered by Corporate Support Services in an attempt to put a system in place to address Employee Performance Management. It is of vital importance that the matter receives the attention it deserves seen in the light of the requirements in terms of Compliance to the Act.

Due to the trust that exists in the Howard Cook system, currently partially in operation at the Municipality, follow up sessions were arranged with a representative to establish the cost to roll out this system to all levels within the institution. The cost implications is too high to fund the project internally and the internal IT system is inadequate to activate the software required. This matter is currently under investigating in terms of the compatibility of the system with that of the IT framework of the Koukamma Municipality.

In addition to this, discussions with Cacadu District Municipality were entered into in terms of the possible of assisting the Municipality with this sub-function as they have implemented a system already.

The following matters should however be noted:

- The DBSA's Capacity Building project was closed due to the slow progress on the project and which was beyond the control of this municipality as research by the service provider was delaying the process.
- Provision was only made for the review of the Section 57 Managers Contracts in terms of the Performance Management System, in the current budget and that this is done through the allocation of a Grant; and
- The a business plan should be developed to deal with the funding of the project.

Performance Contracts of Section 57 were reviewed and updated.

- Compile and Approve Delegation of Power

Complete.

- Compile and Approve Staff Organogram

Completed and reviewed to address IDP priorities more effectively. Due to financial constraints and the grading of the Municipality the effective populating of the organogram with adequately skilled and experienced personnel remains a challenge affecting service delivery.

- Conduct Skills Audit

Complete – Updated Annually.

The previous financial years non-addressed training needs was prioritised for this year. Training was conducted in line with SDP/WSP and was dealt with as far as the budget allowed. The set targets could in most departments not be met as finance for this purpose did not exist. Due to most programs being presented in areas to far to allow for daily trips, costly transport and accommodation also further impacted on the implementation.

It should be noted that only a limited budget could be provided for internally to deal with training needs and therefore the implementation of the training program is

mainly dependent on the payment of funds by LGWSETA.

- Develop HR Systems and Procedures

A big gap still exists in HR Systems and Procedures and the improvement thereof to an acceptable standard is difficult as the HR component consist of two officials only. Tactical and Professional levels within the HR component and the institution as a whole are lacking due to financial constraints hampering the filling of such positions with adequately skilled personnel.

Council adopted the following policies that were drafted in the previous financial year:

- Absenteeism and Sick Leave
- Incapacity policy
- Overtime policy
- Acting Allowance
- Standby Allowance Policy
- Recruitment and selection policy
- HIV/AIDS in the workplace
- Employment Equity

Two additional policies have been drafted, that of the Disclosure of staff, Code of Conduct and a Training and Development Policy.

A serious need exist for assistance with the workshopping of policies to ensure a common understanding and speed up implementation. Capacity constrains hampers this process to be finalised. A request was forwarded to the Department of Housing, Local Government and Traditional Affairs and an amount of money has been allocated for drafting of new policies and review of some of the existing policies.

3.2.5.2.2.7 **Proposed Corrective Actions**

3.2.5.2.3 **Sub Function: Legal Services**

These functions include the providing of legal opinions and advice, drafting of legal documents and comments, contracts, management of litigations, gives legal advice to committees, tribunals and directorates. These functions are outsourced as and when needed.

3.2.5.2.3.1 **Description of Activity**

The legal services are administered by the Corporate Department and include the following:

- Legislation
- Policy and Procedure development
- By-laws
- Providing of legal opinions and advice
- Drafting of legal documents and comments
- Management of litigations
- Legal advice to committees, tribunals and directorates

3.2.5.2.3.2 Analysis of Function

3.2.5.2.3.3 Key Performance Indicators, Targets And Variances

CORPORATE SUPPORT SERVICES – LEGAL ADVISE					
PROJECT TITLE	PERFORMANCE MEASURE	Actual 2005/2006	Target 2006/2007	Actual 2006/2007	Target 2007/2008
Ensure that legal advice is given with 10 working days request being made	Request for legal advice met within standards	Legal advise given as and when needed.	Target met of 80%of requests for legal advice are given within 10 working days form request being made	Target met 80% of the time.	Support and monitor the legal compliance of all departments.

3.2.5.2.3.4 Key Issues

Legislation

All relevant legislation are kept in archives and considered as and when needed.

Policy and Procedure development

A number of policies has been reviewed, developed and drafted as pointed out above, this is a continuous process. The challenge remains that the inadequate staff component does not allow this process to be efficient, effective and is also time consuming. The proper roll-out of newly adopted policies is also hampered.

By-laws

The By-laws for this Municipality have been finalised, adopted by Council and Promulgated. The Cacadu District Municipality indicated that they are in the process of appointing a service provider to deal with the training/information campaigns in all Local Municipalities with regards to the adopted By-Laws.

Legal advice and drafting of documents to committees, tribunals and directorates

The Municipality has been informed that the Department of Local Government, Housing and Traditional Affairs could assist in the rendering of Legal Advice. The absence of an appointed Legal Advisor to this Municipality who attends to compliance and speedy attendance to legal matters cost the municipality a lot as the function is currently mostly outsourced. This matter needs to be taken up further.

3.2.5.2.3.5 Strategic Objectives

- The administrative procedures and business of the Municipality are conducted according to good practice.

3.2.5.2.3.6 Progress on projects

None

3.2.5.2.4 Sub Function: Other Support Functions

These functions include additional support functions/activities relating to support to the organisation and which is not the core responsibility of the Department.

3.2.5.2.4.1 Description of Activity

The support services are administered by the Corporate Department and include the following:

- Land Use Management
- Town Planning
- Land Sales

3.2.5.2.4.2 Key Issues

Land Use Management

Various land use files were considered for the possible placement of advertisements. New applications have also been received and filed accordingly.

The function of land use management is currently rendered as a support function to the office or the Technical and Infrastructure Manager. The implementation of a land use management committee is facilitating the process. A need was however identified for an administrative support function to assist with the process in order to fast track correspondence in terms of resolutions taken by the committee.

The staffing for this unit is hampered due to financial constraints within the institution as the current capacity constraints have serious implications on the performance of this sub-function.

Town Planning

Changes in legislation and policy as well as improved economic patterns have led to an increase in town planning traffic.

A major golfing estate development, near the Tsitsikamma National Park, has been approved and it is understood that even before development has started the owners intend extending the size of the estate.

The legislation relating to shebeens and turning them into taverns, at first only temporary for a year, after which the owners should comply with all the requirements, has brought its own challenges and targets.

The amendment of the definitions on the town planning regulations to make provision for taverns and house shops on residential premises, are presently receiving attention. Wards also need to come up with a guideline in terms of the number of shebeens and house shops to be allowed in their area for controlling and approval of applications purposes.

The Spatial Development Framework, which will be utilised to guide the municipality and would-be developers, has been drafted. Several development applications are awaiting the finalised document.

Land Sales

Land sales took place after a tender process was followed. The urgency to review the Land Sales Policy also became evident during this process. Erven identified and not dealt with through the previous process will be re-advertisement and dealt with as such.

3.2.5.2.4.3 Strategic Objectives

- To process land applications as submitted by residents/community.

3.2.5.2.4.4 Progress on Projects

- Making Available of Church Sites for Sale/Lease/Development

Church sites were advertised and successful tenders awarded. Remaining erven will be re-advertised. The availability of land in this Municipal area remains a big challenge that should be addressed in future planning.

- Making Available of Business Sites for Sale/Lease/Development

Business sites were advertised and successful tenders awarded. Remaining erven will be re-advertised.

- Prepare Spatial Development Framework

A draft Spatial Development Framework is in place. The challenges related to the Land Use Function as mentioned earlier in this report also affect the proper finalisation of the Spatial Development Framework.

- Facilitate Land Use Management

This is an ongoing project and facilitation and support in term of Land Use Management is given as and when requested. As mentioned earlier the effective Management of the Land Use function is however hampered due to the inability, due to financial constraints, of this municipality to appoint a designated official with the necessary skills and experience to deal with this function.

3.2.5.2.4.5 Proposed Corrective Actions

3.2.6 FUNCTION: FINANCIAL SERVICES

3.2.6.1 Sub-Function: Budget & Treasury Services

3.2.6.1.1 Overview

This includes all activities relating to the finance function of the municipality, including revenue collection.

3.2.6.1.2 Description of Activity

The function of finance within the municipality is administered by the Budget and Treasury Office and includes::

- provision of relevant, accurate and reliable financial information to all users including councillors, managers, levy payers and stakeholders to facilitate informed decision making
- provision, maintenance and implementation of sound financial policy, controls and systems
- ongoing introduction of budgetary and accounting reforms
- production of annual budget and GAMAP / GRAP / GAAP compliant annual financial statements
- internal audit and risk management
- the maintenance of an effective system of expenditure control, including procedures for approval, authorisation, withdrawal and payments of funds. All monies owed to suppliers and service providers are paid within 30 days of receiving the relevant invoice or statement unless there are special arrangements
- provision of financial advice to the Mayor, Council and Departments
- administration of the investment and insurance portfolios of the municipality
- management of conditional grants
- asset and liability management
- revenue collection and cash flow management
- capacity building by way of training interns, councillors and officials.

3.2.6.1.3 Analysis of Function

Grants received and spent – An analysis of the grants received is contained in Appendix F of the Financial Statements.

	2006/2007 R	2005/2006 R
Remuneration of councillors		
Mayor/Speaker	352 452	224 376
Councillors	1 174 246	1 110 672
Councillors pension and medical contributions	-	-
Total Councillors' remuneration	1 526 698	1 335 048
Employee related costs		
Salaries and wages	14 420 954	12 373 130
Total employee related costs		
Total remuneration councillors and officials	17 474 350	15 043 228

Debtor billings: number and value of monthly billings

Amount billed each month across debtors by function

Period	Rates R	Water R	Refuse R	Sanitatio n R	Electricity R	Total R
July 2006	267 841.00	200 812.74	103	214	5 483.24	791 602.23
August 2006	306 485.62	426 844.66	140.13	325.12	8 533.12	1 050
September 2006	308 742.92	339 052.97	99 462.70	209	8 271.80	688.58
October 2006	300 515.28	257 747.01	100	362.48	4 989.28	977 876.44
November 2006	373 819.95	726 856.20	450.02	221	8 825.74	889 074.37
December 2006	342 435.59	312 823.66	96 477.08	358.73	4 899.28	1 561
January 2007	136 738.78	283 091.64	142	229	5 187.28	890.50
February 2007	136 929.83	270 196.15	721.46	375.72	4 380.03	1 131
March 2007	137 576.80	688 739.05	143	341	4 055.72	388.44
April 2007	137 729.64	1 497 253.93	211.45	051.51	4 326.51	1 021
May 2007	59 931.48	32 940.70	128	328	800	665.20
June 2007	639 822.24	638 105. 01	619.46	018.86	863.57	774 528.83
			128	234	19	1 195
			588.56	014.05	800.13	123.25
			129	234		2 004
			161.06	434.26		701.22
			129	235		1 120
			696.98	589.92		919.95
			85 596.37	235		2 036
			238	694.98		581.87
			279.21	141		
				587.83		
				500		
				575.28		
Total	3 148 569.13	5 674 463.72	1 396 242.60	3 125 298.74	865 895.68	14 556 040.88

Value of payments and interest received

Payments received

Period	Rates R	Water R	Refuse R	Sanitation R	Electricity R	Total R
July 2006	65 716.70	39 097.36	7 759.94	18 132.50	56 137.00	186 843.50
August 2006	200 463.87	45 438.73	16 974.01	14 809.92	43 157.00	290 843.53
September 2006	171 270.44	46 863.03	17 291.84	22 854.81	55 376.00	313 656.12
October 2006	363 207.05	46 412.83	20 993.88	27 685.35	60 413.76	518 712.87
November 2006	114 214.97	35 316.74	14 047.74	12 881.84	55 890.02	232 351.31
December 2006	92 783.71	32 893.14	12 269.57	42 556.83	48 123.00	228 626.25
January 2007	70 607.15	40 641.46	12 871.41	20 058.48	63 432.48	207 611.00
February 2007	76 765.13	46 606.04	15 202.87	10 006.54	48 068.00	196 648.58
March 2007	70 769.95	39 742.21	18 187.74	35 425.64	45 076.00	209 201.54
April 2007	57 640.36	34 559.14	11 585.57	16 942.44	47 353.00	168 080.51
May 2007	162 879.95	72 214.77	35 908.80	46 663.84	55 010.08	372 677.44
June 2007	117 033.78	112 091.22	33 358.08	42 682.37	54 127.09	359 292.54
Total	1 563 353.06	591 876.67	216 451.45	310 700.56	632 163.45	3 284 545.19

Interest Received

Period	R
July 2006	8
August 2006	142.60
September 2006	676.66
October 2006	2
November 2006	974.82
December 2006	5
January 2007	404.29
February 2007	6
March 2007	545.26
April 2007	7
May 2007	287.39
June 2007	6
	217.33
	4
	428.90
	8
	421.15
	17
	707.42
	7
	975.12
	4
	228.87
Total	79
	409.81

Total Services: Ageing

0 – 90 days	R931 781.04
+ 90 days	27 246 119.38
Total	32 867 751.21

Property Rates (Residential and Commercial)

	Number	Value R
	7 291	108 515 747
Properties rated	2 286	39 901 834
Properties not rated	3 644	4 347 650
Rate Exemptions	83	5 335 250
Rates collectible for the current year	2 286	4 642 250

Property Valuation: Year of last valuation

1994

3.2.6.1.4 Key Performance Indicators, Targets And Variances

Project	Performance Indicator	Actual 2005/6	Target 2006/7	Actual 2006/7	Target 2007/8
Infrastructure Development and Service Delivery	% increase in payment levels of municipal services	R1 776 839 was collected from municipal services	R14 578 316	R2 698 907 was collected which constitutes 34% increase in payment levels on municipal services	R10 120 593
	Asset register for all infrastructure and municipal property rehabilitated periodically and maintained.	Asset register was compiled in 2002	Asset register should be maintained to inform AFS	Asset register is currently not maintained as a result it is not in agreement with AFS 06/07	Updated asset register to agree with AFS
Financial Management and Viability	Budget aligned to development service delivery targets	Budget was prepared in line with IDP	Strategies are sufficiently funded/budgeted	Not all projects were budgeted for due to lack of funding.	R48 360 206 was approved as total budget.
	Budget and Treasury office established	BTO was established but not all posts were filled	BTO was established and posts filled	BTO was established but not all posts were filled	BTO was established and posts filled
	Budget and Revenue Management is effective	Billing and monitoring of payments was done though debt continued to increase	Accurate accounts issued and revenue collection	Accounts were sent to consumers monthly	Operational financial management system and staff training.
	Financial Reporting and Auditing	Non compliant with submission date of AFS to Auditor General in terms of MFMA	Preparation of AFS and submitted to Auditor General before or on 31 August 2007	Not complied with MFMA as a result a disclaimer was issued by the Auditor General	Preparation of AFS and submitted to Auditor General before or on 31 August 2008.
	Institutional capacity to spend	73.6% spent of the total budget	100% spending	102.9% spent of the total budget – over expenditure	100% spending
	Financial Management system was in place but not fully utilised	Operational financial management system	Operational financial management system	Financial Management system was in place but not fully utilised	Operational financial management system and staff training
	% decrease in outstanding debt recovered	Rapid increase to R28 105 226	% decrease in outstanding debt recovered	15.4% increase in outstanding	50% decrease in outstanding

Project	Performance Indicator	Actual 2005/6	Target 2006/7	Actual 2006/7	Target2007/8
				debt	debts
	Consumer debt exceeding 90 days is recovered				
	% reduction in grant dependency				
	Turn around time for creditor payment improved				
	% personnel cost over the total operational budget is in line with regulatory framework				
	Provision for bad debt made				
Good governance and public participation	Procedures for community participation processes as set out in legislation adhered to in terms of:				
	Planning				
	Implementation				
	Monitoring and reporting				
	An anti-corruption strategy in terms of the National strategy for the municipality is developed and implemented to address:				
	Prevention				
	Detection				
	Awareness/Communication				
	Financial and performance audit committee established and functional.				
	Mechanism to ensure disclosure of financial interest in place.				
	An effective communication strategy to promote transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with in terms of the relevant legislation, developed and implemented.				
	Unqualified audit report archived and maintained.				

3.2.6.1.5 Key Issues for 2006/2007

- Municipal transformation and organisational development
- Infrastructure development and service delivery
- Local economic development
- Municipal financial viability and management
- Good governance and public participation

3.2.6.1.6 Strategic Objectives

- ensure long-term financial sustainability
- ensure full compliance with all accounting statutory and legal requirements including implementation of the MFMA
- implement revenue generating strategies and lobby for additional revenue
- recover outstanding monies owed by the Provincial Government and National Government Departments and other consumers in respect of rates and services.
- provide support to other municipal service departments.

3.2.6.1.7 Progress on Projects

3.2.6.1.8 Proposed Corrective Action