

30 JANUARY 2009

SAKHISIZWE MUNICIPALITY



ANNUAL REPORT 2007/2008

VISION

“Together with communities and partners striving for sustainable livelihoods and economic growth for all”

MISSION STATEMENT

“Together with all communities, we will provide sustainable service delivery, skills development and alleviate poverty through the integrated development plan”

BROAD DEVELOPMENT STRATEGIES AND GOALS

Sustainable basic service delivery and access to free basic services

Institutional Development and Transformation

Economic Development Transformation and growth with special emphasis on agriculture

Housing provision

Special Programmes with the emphasis on addressing HIV/Aids

Health

**Municipal Financial Viability and Management
Sound Governance**

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CHAPTER

1.

INTRODUCTION

AND

OVERVIEW

1.1. **MAYOR'S FOREWORD**

The political commitment to “promoting sustainable, economic and social development”, supported by the provision of quality and affordable services, together with the enhancement of the capacity of the Municipality is the context in which, as the political head of Sakhisizwe Municipality, I have the honour and responsibility to evaluate the performance of the Municipality for the 2007/2008 period.

As per the ANC's Election Manifestos, emphasis has been placed on making “Local Government work better” and this has effectively meant growing and developing Sakhisizwe Municipality to reach a stage where it has achieved and obtained all the required and necessary resources to meet the stated objectives and need for growth.

It remains our intention to grow and develop Sakhisizwe Municipality so that it becomes strong enough to withstand the local and regional economic impacts and to enable it to adjust to the infrastructure and operational needs, in order that the community needs as identified within the IDP are addressed. As indicated within this report and, despite the indisputable fact that the Municipality has made great strides in improving our financial position it is none the less necessary to acknowledge that our efforts will have to intensify in order to ensure that the Auditor-General is satisfied with our performance over the new financial year.

Resources and the availability thereof is a huge challenge for Sakhisizwe Municipality. Ageing infrastructure with the burden of costly maintenance and the necessary funding to do this and technical skills shortages are a challenge that we will need to face and find ways of overcoming to ensure the sustainability of Sakhisizwe Municipality.

The high unemployment rate in our region has a direct impact on the ability of people to pay for services, which retards economic growth even further.

The needs of the community we serve continue to guide our decision-making so as to ensure that the will of the people is addressed through ongoing review of the IDP. One can never assume that communication is a once-off event and therefore we continue with participation strategies and consult the community extensively through the forums in place to ensure that we grow and improve our communication with all our stakeholders.

HIV/AIDS continues to erode an already ailing economy and unfortunately, no short-term relief from this scourge is expected in our area or others.

Our administration has been strengthened over the period under review but we need to acknowledge that we are still faced with capacity problems, which need to be addressed systematically so that we make the Municipality work better for those we serve.

It is only through capacity that we will ensure good value for money and affordable services that can be sustained.

It is against this background and mindful of both, our achievements over the period under review and the challenges that we are faced with, that I present to you Sakhisizwe Municipality's Annual Report for the 2007/2008 period.

I would be amiss in so doing if I did not thank my fellow Councillors, the Municipal Manager and all municipal employees for their continued efforts and for the contribution each of them have made to helping make this Municipality work.

We have been faced with some trying times over the last year but diligence and determination to succeed by Councillors and municipal staff has helped and allowed us to move forward, despite the circumstances we have been faced with.

Ms W Tikana
MAYOR

Date :.....

1.2. **MUNICIPAL MANAGER'S REPORT**

It is with mixed feelings that I present my report for the 2007/2008 year. There has been considerable improvement in the financial health of this Municipality and I am pleased to report that the Municipality has been able to settle outstanding payments to creditors at the end of June 2008, which is in contrast to the previous year. This Municipality has investments totalling R16.6Million at June 2008 in contrast to R1.7Million at year-end June 2007. Notwithstanding these gains, there is still much work to be done in the administration in order to reach the desired standards and reach the expectations of the Auditor-General.

Our challenges are extensive and I touch briefly on them below :

- Institutional capacity is still our most significant challenge. This needs to be addressed with a multi-pronged approach, which I have set out below. Significant progress has been made through the establishment of a new management team, by appointing three Section 57 employees to head "IPED", Technical Services, Corporate Services and Chief Financial Officer during 2007/2008. This management team will greatly enhance the municipalities' ability to delivery services. This does not negate the requirement for ongoing capacitation.
- A Human Resources Turnaround Strategy will have to be developed and be implemented.
- Departmental structure requires urgent review to ensure career pathing and further development of staff.
- Ongoing Councillor development.
- An urgent review of the municipalities' organogram needs to take place to align the structure with the IDP. This will ensure that the skills required to satisfy legislative and service delivery requirements and to address the Auditor-General's comments on matters of governance are addressed in the structure of the Municipality despite the critical technical skills shortage which will be addressed by other means.
- In order to attract the calibre of staff required to address the service delivery essentials and to ensure retention of such staff, finalisation of the related projects of: TASK Job Evaluation Results and Implementation of Wage/Salary Curves needs to take place. Benchmarking and alignment of all posts also needs to be completed.
- The skills shortage needs to be addressed in critical and technical areas by means of finalising conditions of service, performance management contracts and retention strategies.

- The Performance Management Systems (PMS) need to be extended to lower levels of staff as a phased-in approach with commensurate rewards and incentives. Together with this, the introduction of an electronic PMS linked to SDBIP's, together with more effective monitoring and evaluation systems to ensure the implementation and reporting on financial systems and projects.
- Service delivery Budget & Implementation Plans as required to be developed by legislation, which would also facilitate the process of meeting the IDP objectives and measuring organisational performance towards this. It is planned that SDBIP will be complied with during 2008/2009 financial year.
- The Municipality needs to comply with the Skills Development and Employment Equity plans.
- Good governance requires compliance in all areas and continued monitoring and evaluation. To ensure compliance, a systematic and holistic approach to the development of systems that will lead to documented policies, procedures and controls needs to be developed. The optimal utilisation of existing skills, assisted by the necessary expert interventions of Deloitte, DBSA – Mr P McEwen and Charmaine van Schalkwyk Consulting and other external parties, will assist in reducing the concerns of the Auditor-General.
- During the year under review, a forensic audit was commissioned into the conduct of the affairs of the former Chief Financial Officer in the running of the municipal finances and a second special investigation concerning the remuneration of Councillors. The results of these reports are pending.
- On the communications front, there seems to be a much-improved relationship between Councillors and officials at the Municipality and with our new head of Corporate Services and Communications Officer, we look forward to a formal communications policy.
- On the financial front, the appointment of Mr Mc Ewen – Financial/Municipal Mentor, whose continued expert guidance and support has directly resulted in the capacitation and mentorship of the Municipal Manager in financial and local government issues. The appointment of the Chief Financial Officer has resulted positively on the financial state of this organisation during the 2007/2008 financial year. Whilst it is important to highlight that it will take quite some time to resolve the issues and troubles facing this organisation, it must be acknowledged that great strides have already been made. Whilst improvement has occurred in the areas of finance, the backlogs and inherited problems will still take some time.

I would like to express my heartfelt thanks and appreciation to all stakeholders that have assisted me in this past year. Once again, our challenges have been large and I believe we have made a significant progress in addressing them. Ongoing commitment is required and offered to address the remainder. I would be remiss not to mention specifically the DBSA team that has been involved in turning around our finances. My sincere appreciation to the Council, Committee and our Mayor, Ms W Tikana, for their continued support and guidance.

To my staff who have faced many changes and challenges, thank you for your dedication and commitment to facing these challenges head on. The hill is high, but we are strong. May you continue to grow from a personal and professional perspective.

Sakhisizwe Municipality is being transformed and soon will be recognised as one of the leading Municipalities.

.....
T Samuel
MUNICIPAL MANAGER

.....
DATE

1.2. EXECUTIVE SUMMARY

Since the inception of Sakhisizwe Municipality in December 2000, a tremendous challenge was to deliver on its constitutional mandate. Meeting the needs and expectations of the community whilst taking into account the institutional capacity, budgetary constraints, staff shortages, amongst other requirements, will always remain a challenge not to mention a focused goal.

An efficient and effective administration is critical to ensuring a successful political leadership and is ultimately responsible for assisting in the elimination of poverty and inequalities.

Over the period under review Sakhisizwe Municipality has had particular success in stabilising its administration and of particular note have been:

- The appointment of key personnel – s57 Managers;
 - Corporate Services Manager – May 2008
 - Technical Services Manager - May 2008
 - IPED Manager – May 2008
 - Chief Financial Officer - June 2008
- The financial “turn around” has resulted in the development of certain financial policies and Councillors have received training on these. The financial “turn around” attributed to Mr P McEwen, whose expertise, guidance and support has been instrumental in “turning around” Sakhisizwe Municipality into a more viable state, this Municipality has investments totalling R16.6Million as at June 2008 in contrast to R1.7Million at year-end June 2007
- Implementation of Benchmarking and in order to address parity to a degree with regard to remuneration structures and,
- The implementation of Performance Management at a system, which is applied to s57 appointments. A Remuneration Committee has been appointed to deal with implementation and Performance Management System Auditing. Financial constraints have prevented this system from being cascaded further.
- Seven By-Laws have been developed and 5 of these have been gazetted. Training on implementation thereof has been received, but it is the capacity to enforce these laws that requires particular attention this will be perused during the 2007/2008 financial year,
- VAT claims from SARS still yield results in claim benefits.
- The Housing Projects that were previously blocked by DPHLG have been revived and both the Mayor and Municipal Manager have attended training through Wits University in order to capacitate them in these areas.

- During 2006/2007 financial year five (5) new vehicles were purchased and during 2007/2008 financial year a further 9 vehicles have been secured through the tender process in order to assist on an operational level.
- A Strategic Plan has been drafted in order to address backlogs and problems identified but this will require resources such as Time, Human and Financial, in order to resolve and correct these overall.
- Two (2) Interns (Finance young professionals) have been appointed/deployed through DBSA and are utilized to assist the Municipality in the financial field.
- A Communications Officer was appointed during the 2007/2008 financial year, in order to improve Communications (internally and externally). Whilst this has improved Public Participation, relationships with external customers and the like, this is required to be addressed more thoroughly. In order to facilitate this process, a Communications Strategy will be drafted and implemented during the 2008/2009 Financial Year.
- Projects such as: Organogram/Restructuring, Placement of Staff and updated Job Descriptions will be undertaken with DBSA funding during 2008/2009 in order to facilitate administrative and financial improvements.
- Other issues requiring attention and have commenced are as follows:
 - Data cleansing (such as the property and land valuations exercise) – this will be completed in the 2008/2009 financial year;
 - Credit Control Systems;
 - Improved administrative functioning;
 - Development and implementation of Human Resources and Financial procedures and policies;
 - Training of staff and Councillors;
 - Completion and finalization of Job Evaluation which has affected morale

In an effort to optimise performance and resource management internally, development and capacity-building programmes initiated have focused on improving people management; developing systems and processes; and on introducing better monitoring and evaluation processes.

As with any form of growth and development, leadership and learning become paramount for success. In order to positively foster all elements of change, every effort has been made to formally engage in change management practices and processes; and to use innovation and creativity to further facilitate the positive effects of change and a new leadership style, by ensuring that conditions for increased motivation and capacity building are created.

In so doing, partnerships and alliance building between divisions and sections are encouraged, both to improve operational functioning and to create a climate of service excellence.

As with all aspects of growth and ensuring heightened service delivery within the municipal context, an even greater challenge is the ability to ensure sustainable development and growth within this context.

Through improved communication networks and processes (both internally and externally), efforts and plans have been made and undertaken in order to ensure that all involved and affected parties have a thorough understanding of the developmental challenges facing Sakhisizwe Municipality in respect of its service delivery mandate. In this manner strategic plans have been put in place to ensure sustainable development and growth. Interventions by DBSA – beginning with the appointment of a Financial/Municipal Mentor will ensure that all programmes identified continue to be phased-in over time and will contribute towards a turnaround strategy for the Municipality.

As always our focus will be to ensure that strategies are developed, together with revitalization plans, sectoral plans and key policies, in order to ensure that Sakhisizwe Municipality is in a position to maintain and uplift existing infrastructure and resources, whilst ensuring effective service delivery provision to the rural areas.

Over the 2008/2009 period, officials and politicians will be required work at great lengths in order to ensure that short- and long-term objectives are met in the most efficient and cost-effective manner,

Notwithstanding, challenges remain and it is imperative that the organisation remains focused and committed towards addressing these challenges and fulfilling ongoing legislative commitments.

It is the intention of the Executive Summary to provide you with a statement and account of the overall goals, priorities and direction of this Municipality. In this manner, a clear understanding will be obtained regarding the organizations direction and focus and the manner in which it is intended that this will impact positively on the community. An account of the financial health of this Municipality will also be provided together with a narrative on administrative issues and considerations, which have impact on the overall operations within this Municipality.

STRATEGIC DIRECTION FOR SAKHISIZWE

The following priority issues were identified during the community outreach programmes and consultation both with the Council and senior management during the 2007/2008 financial year. It takes into account issues also raised during the needs analysis of the original IDP and issued raised in the original strategic plan:

They also take into account the needs analysis of the original IDP :

- Institutional restructuring
- Education -- facilities

- Social infrastructure – (clinics, sportsfields etc)
- Water and sanitation
- Special Programmes addressing HIV/Aids, youth, elderly, women and people with disability
- Health
- Safety and Security
- Disaster Management
- Local Economic Development
- Land and environmental management
- Stimulating the economy with special emphasis on agriculture
- Roads and stormwater drainage
- Electricity provision
- Housing provision and the acquisition of land

In an effort to achieve these areas of prioritisation, it is imperative to ensure that all parties understand, own and act appropriately to the following core values:

- **Diligence and performance excellence** (self-driven public representative and management team, commitment to serving the people, assertive in representing the interests of Sakhisizwe inhabitants)
- **Promptness** (responding to matters of public and citizens interests within reasonable time including acknowledging and keeping people informed of processes)
- **Integrity, honesty and respect** (transparency, honesty, good democracy ethics, impartial of matters of public good and interest and building a public service that transcends political and social boundaries)
- **Accountability and Transparency** (responsible, taking ownership, discipline efficient and implanting a culture of a demand driven development paradigm)
- **Participation and empowerment** (building a reciprocal relationship between management and all internal stakeholders, between council and administration, between labour and organizational leadership, and between the municipality and its citizens)
- **Responsive and Quality of service** (building a customer friendly municipal environment, ensuring a proactive, flexible, creative and quality conscious service delivery environment)
- **Considerate – People first – Batho Pele** (implanting a culture of compassionate, caring and emotional intelligent municipal environment that prioritises its inhabitants, employees and councillors)

By providing good quality and affordable services and by focusing on the enhancement of capacity of Sakhisizwe Municipality at all levels, the overriding objective remains to promote sustainable economic and social development.

FINANCIAL HEALTH

Deloitte were appointed to assist with the GRAP conversion and to compile the financial statements. All old balances were in the ledger were cleared and all accounts reconciled. The auditing of the financial statements for the period ending 30 June 2008 has been completed and were submitted before the 31 August 2008, as per the MFMA. The Report of the Auditor General for Sakhisizwe Municipality for the 2007/2008 financial year has been included in Chapter 4 of the Annual Report (Finance / Budget and Treasury Report).

Notwithstanding the submission of the required financial statements and reporting, certain qualifications were received from the Auditor-General's Report and as per the Audit Response, every effort is being made to ensure that these issues are correctly addressed.

Notwithstanding, Sakhisizwe Municipality is in a more viable state, this Municipality has investments totalling R16.6 Million as at June 2008 in contrast to R1.7 Million at year-end June 2007.

Whilst it must be acknowledged that the contribution from DBSA and the appointment of the Mentor (Mr P McEwen) has resulted in tremendously positive steps being made within the financial area of Sakhisizwe Municipality, it must also be acknowledged that it will be a very likely possibility that a qualified audit report will be obtained during the 2008/2009 financial year. Whilst every effort will be made to address the inherited problems and to correct all identified problems, these are so vast, that in all likelihood it could take longer than one year to achieve in totality.

It will remain our undertaking to extend every effort to ensure that we do obtain an unqualified audit report for the 2008/2009 financial year. Notwithstanding these efforts, we remain confident that the contribution by DBSA and the appointed Mentor (P Mc Ewen) will ensure that in time this Municipality will reach the top of its game.

ADMINISTRATIVE CONSIDERATIONS

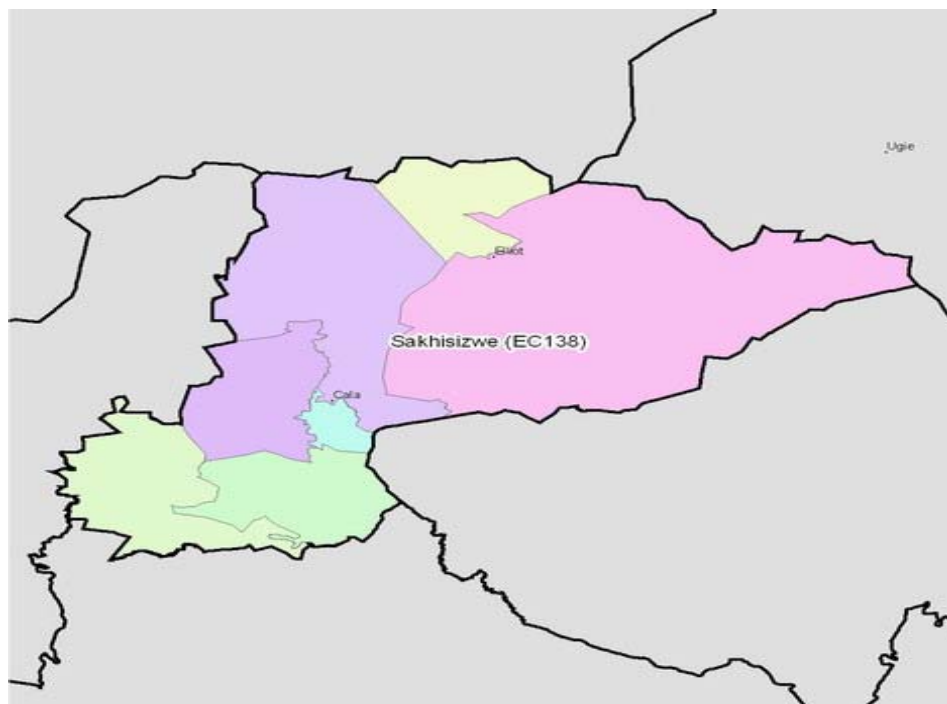
Aside from the administrative and governance deficiencies highlighted within the Audit Report, this Municipality will attempt to address operational and administrative performance, through the implementation of an Integrated Performance Management System at all levels within the organisation (as per a phased-in approach).

This, together with the planned development of Service Delivery and Budget Implementation Plans for all departments, will ensure that performance is managed both at institution and employee levels. Overall, legislative compliance, operational efficiency and the achievement of IDP objectives will be facilitated by these administrative considerations.

1.4 GEOGRAPHICAL CONTEXT

Sakhisizwe Municipality was established during December 2000, as a result of the amalgamation of the following Local Authorities and towns :

- φ Cala;
- φ Elliot;



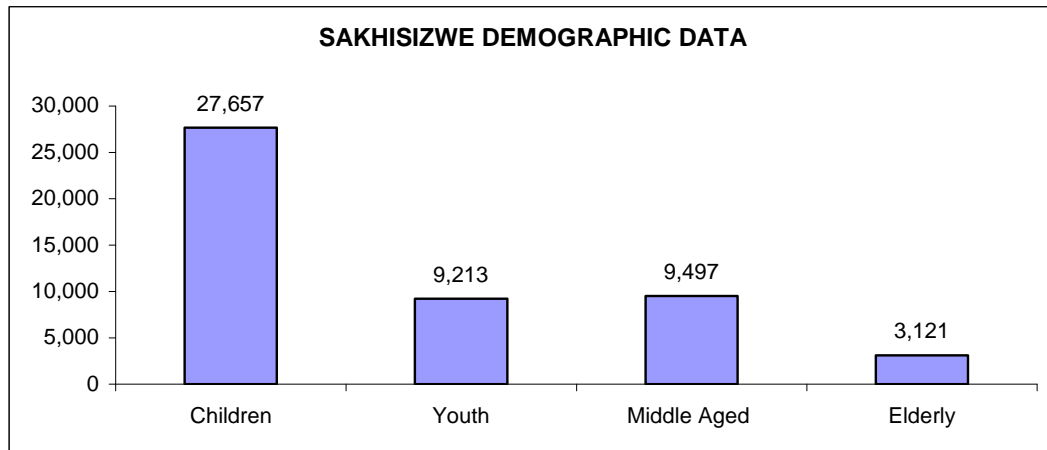
The Municipality covers an area of 2556 km². A unique feature of this Municipality has beautiful mountains and beautiful rivers and dams to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing.

DEMOGRAPHICS

Population

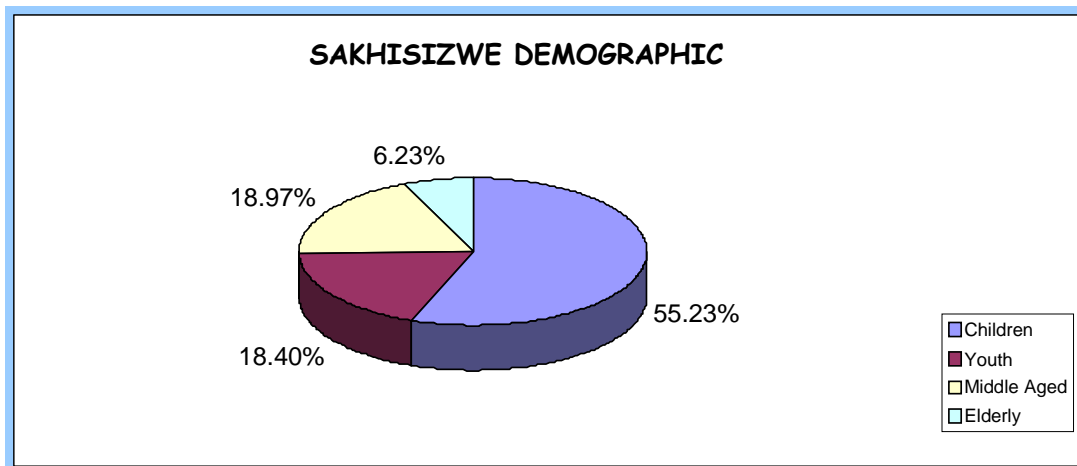
The demographic data of Sakhisizwe Municipality indicates that the population is predominantly African, of which more than half (55.23%) of the population are children. This information is shown in Graph 1 and Graph 2.

Graph 1



Graph 2

The economic active population are small in comparison to the elderly and young children.

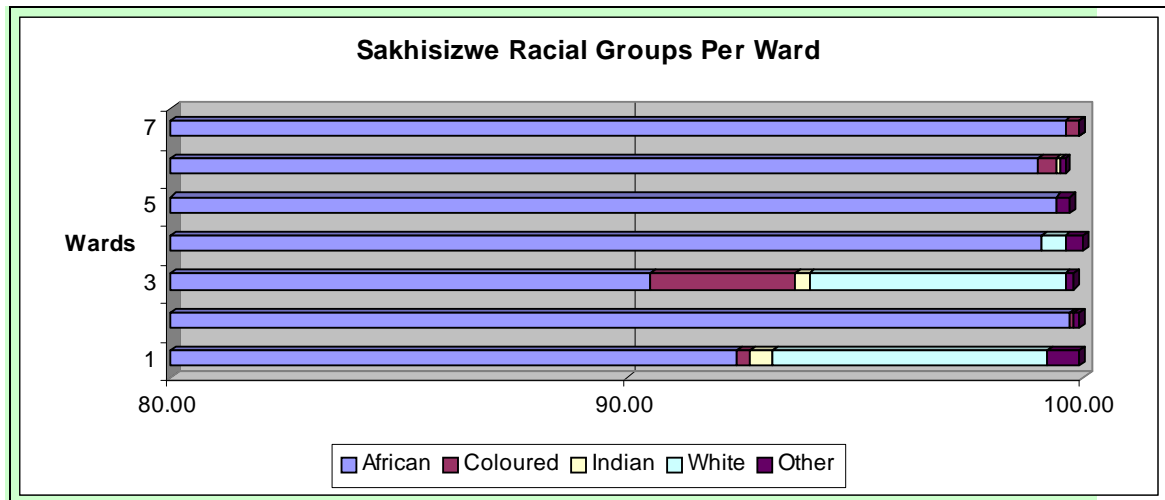


Graph 2: Sakhisizwe Demographic data represented in a pie chart

Racial groups, age distribution per ward

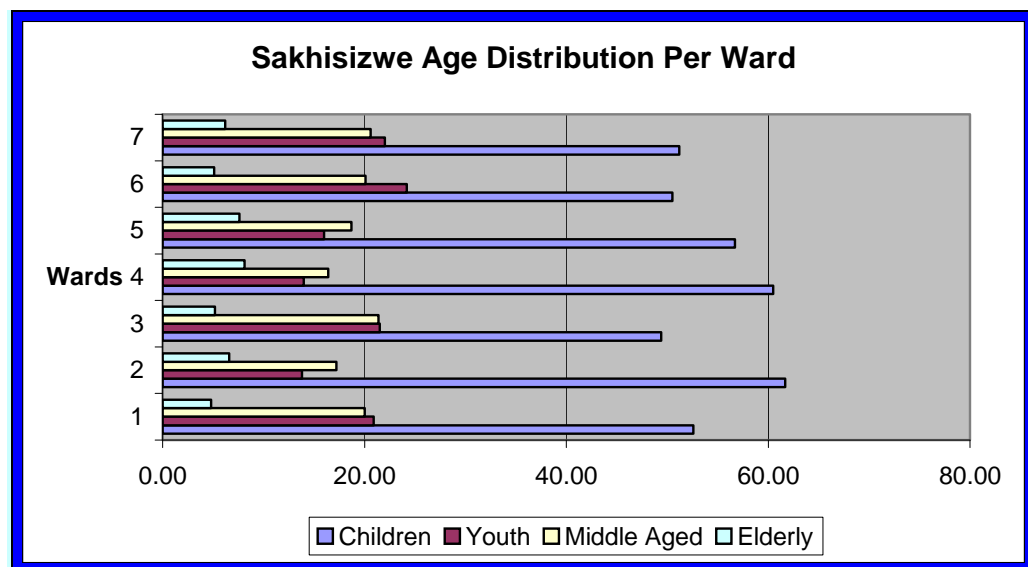
The municipal demographic data are reflected below in tabular form.

Table 1: Race Group Distribution per Ward



** Source: Demarcation Board: Municipal Profile for Sakhisizwe Municipality. August 2001

Table 2: Age Group Distribution Per Ward

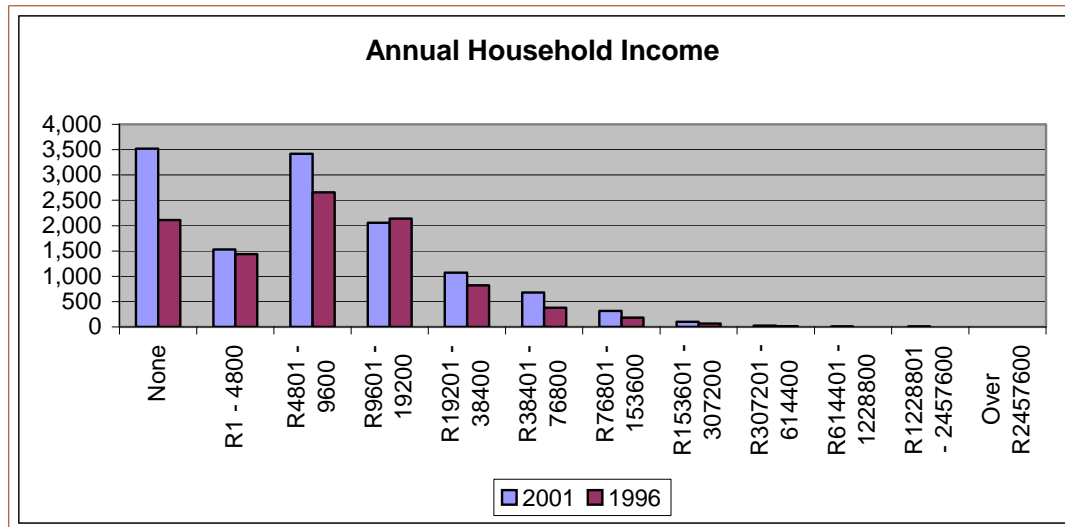


Employment and Unemployment

It is estimated that :

- 35.5% of population formally employed.
- 64.5% are unemployed.
- 73.8% households have no steady income
- 22.4% of households earn less than R1 000 per month.

Note: This figure is below the Household Subsistence Level for the Province.



The impact of HIV/AIDS

HIV/AIDS is prevalent in the Municipal area; and the organization is itself affected. HIV/AIDS has an affect on local economic development, health and all other infrastructure and service delivery.

This epidemic has a devastating economic impact on the community, which has resulted in increased poverty and more dependency on social grant income resulting on effectively increasing the number of indigents and reducing the municipal tax base.

Economic productivity suffers as ill health prevents workers from attending to their jobs leading to food shortage within households, non payments of school fees (increasing illiteracy) and increased non-attendance of schools as children care for siblings and parents. The increase in mortality results in valuable skills loss and redundant infrastructure.

Mainstreaming the management of HIV/AIDS is as a institutional responsibility and must be integrated into the IDP's strategic development priorities so as to avoid serious impact on its performance.

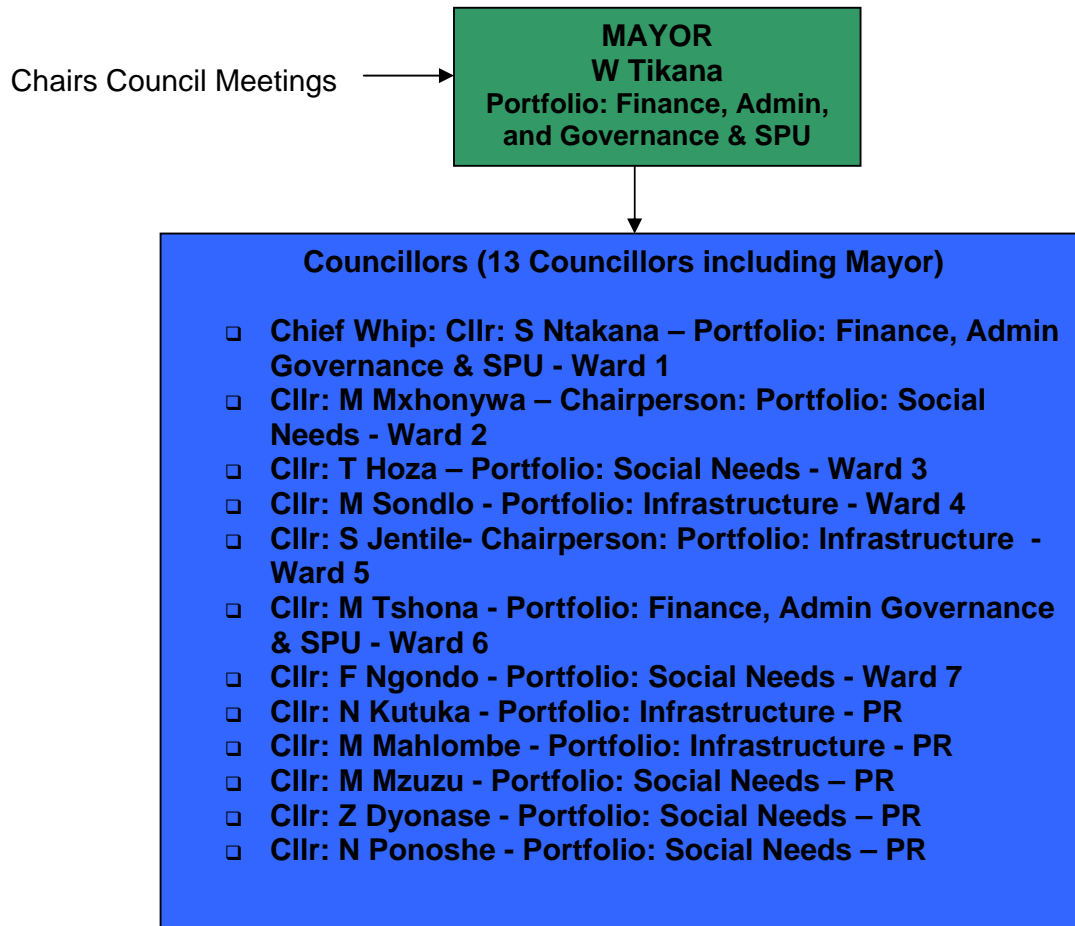
If HIV and AIDS is not dealt with, its effects on the population will further result in poverty which may lead again in an increase of infected and affected people.

1.5. GOVERNANCE AND ADMINISTRATION STRUCTURE

1.5(a) Political Structure

As per Municipal Structures Act 1988, Sakhisizwe Municipality has a Plenary Executive System.

As a democratically elected Category B Municipality, Sakhisizwe Municipality's Council is comprised of elected Ward Councillors and Proportional Representation Councillors. Sakhisizwe Municipality was established as a Plenary Executive Type.



*PLENARY
EXECUTIVE
SYSTEM*

▶ *MUNICIPAL COUNCIL*

*EXECUTIVE POWER
IS EXERCISED BY
THE MUNICIPAL
COUNCIL*

▶ *ELECTS THE MAYOR*

*THE MAYOR IS THE CHAIRPERSON
OF THE COUNCIL*

Standing Committees

Standing Committees have been created in accordance with s79 and s80 of the Municipal Structures Act (Act 32 of 2000) and s160 of the Constitution.

Standing Committees have been created in order to assist the Mayor and Council in order to be better informed about issues requiring Council input and decision-making. Through the establishment of Ward Committees, Standing Committee Councillors become more involved and knowledgeable about specific issues affecting the departments that they represent within these Ward Committees. This process enables these Councillors to gain additional insight into the challenges, functions, and processes faced by these sections, and ensures that Council is able to make informed decisions within these areas.

The following Standing Committees have been established during 2006/2007 Financial year:

- φ Finance / Admin Governance & SPU
- φ Infrastructure
- φ Social Needs

Standing Committees are chaired by Standing Committee members and include members from political parties.

There are 13 Councillors in total. These are made up of 7 Ward Councillors and 6 Party Representatives.

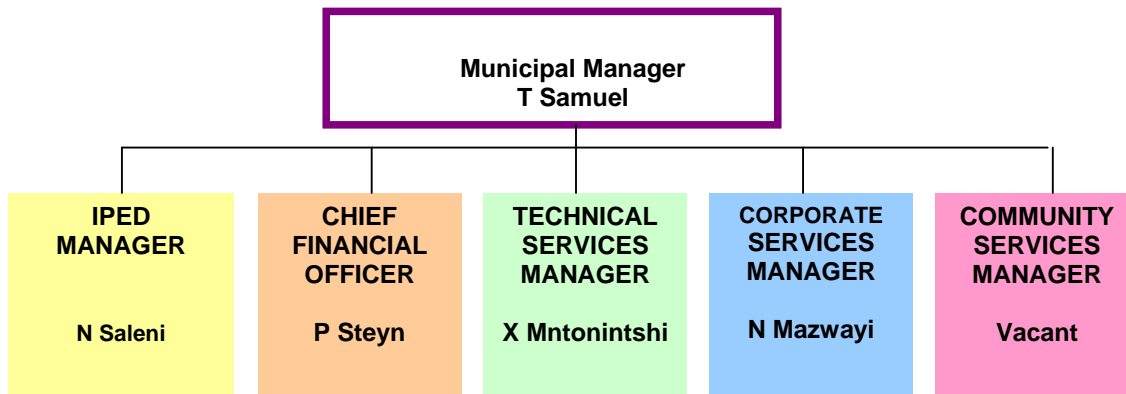
Ward Committees

Sakhisizwe Local Municipality is a plenary executive system that has ward participatory system. In a plenary system, executive powers are exercised by a full meeting of the municipal council – the council takes all executive decisions regarding the business of council. In this system, the chairperson is the Mayor.

Sakhisizwe is subdivided into seven (7) Ward Committees, which have been established, as a result of s72 – 78 of the Municipal Structures Act. Each Committee is chaired by its respective Ward Councillor.

Ward Committees are recognised as “consultative” community forums. Its purpose being to broaden participation in a democratic process of Council. Ward Committees do not have any formal powers. Submissions are made to Council via the respective Ward Councillor. In this manner, a consultative community structure is created and maintained.

1.5(b) ADMINISTRATIVE STRUCTURE -- CURRENT STRUCTURE



The Municipal administration has been organized into five departments, the five: s57 Managers report directly to the Municipal Manager.

Each department is required to develop annual strategic service delivery and budget implementation plans (SDBIP), which are based on annual objectives to ensure that IDP objectives are met as required. Departments have not completed the SDBIP's and this affects performance measurement and achievement of IDP objectives.

It is the task of this administrative team and its support staff to ensure that they provide the necessary administrative support and structure in order to ensure that the organisational strategic objectives are met. The development of SDBIP's and the implementation thereof would assist greatly in this process.

Although the organisation reflects five departments as in the Organogram above, this does not reflect the practical reality. Problems are experienced where :

- Functions are not homogenous to the department where they have been allocated.
- Health Services (remunerated by Council) does not appear on the organizational structure
- Posts remain vacant and unfilled
- Capacitation problems and administrative challenges result in little or no record keeping

Certain Managers were not capacitated in the areas in which they were required to manage and did not apply themselves correctly to the financial management of their departments

During the 2007/2008 financial year the positions of Corporate Services Manager, IPED Manager and Technical Manager was filled only during May 2008 and Chief Financial Officer was filled in June 2008. Effectively, this left the Municipality with no strategic direction for the best part of eleven (11) months during same financial year.

The posts of Technical Services Manager and Community Services Manager had remained vacant for over two years.

The post of Community Services Manager still remains vacant.

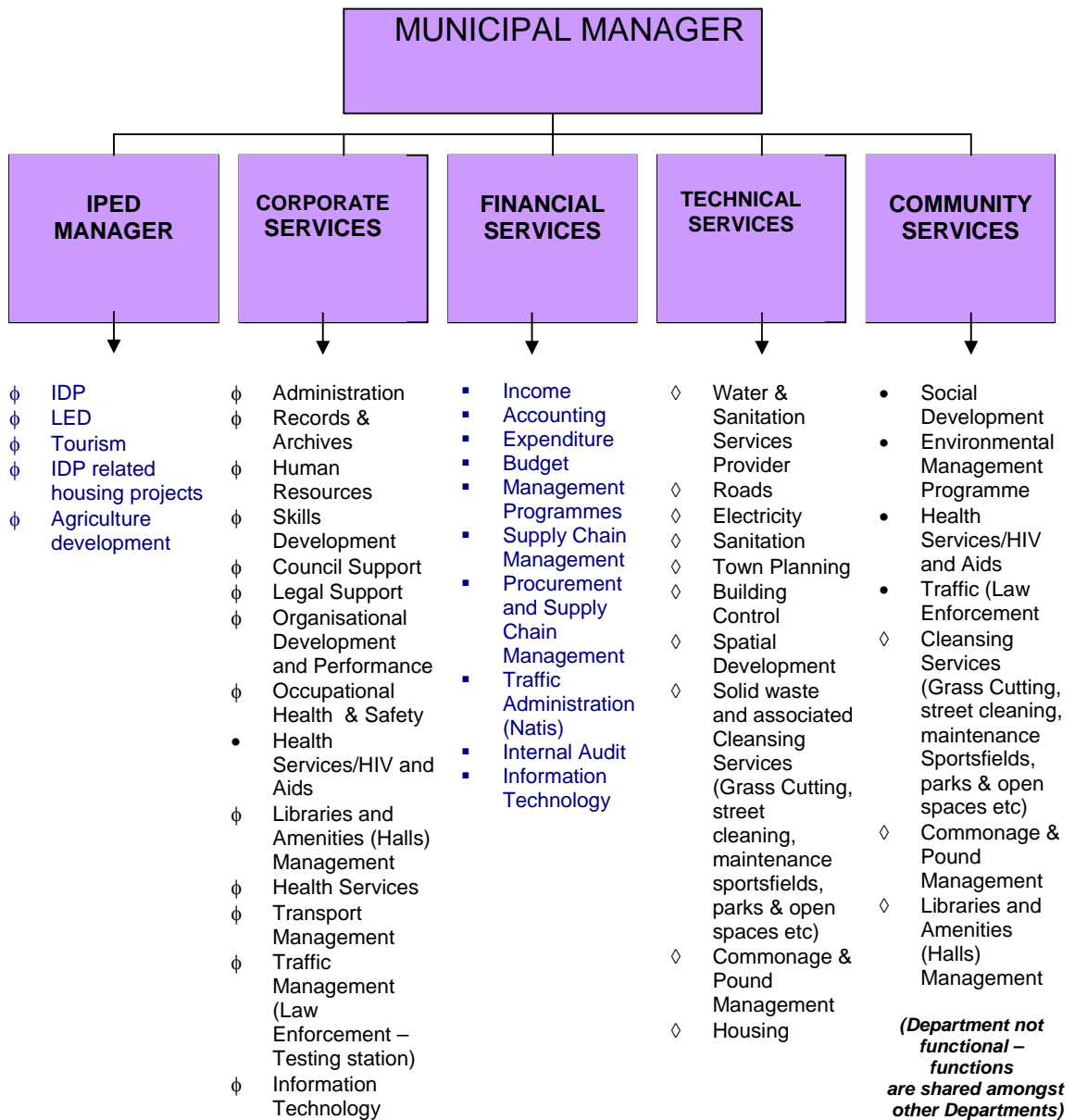
The reality of this situation is that these departments have not and are still not functional and due to the fact that functions have been placed in departments where there is not the competency to manage, these functions have not occurred as required and as a result service delivery was and still is affected dramatically.

It must also be noted that functions have been placed in incorrect departments as highlighted within the functional Organogram below. For example: Health Services, Libraries and Amenities have been placed under Corporate Services, whereas these should be logically grouped under Community Services. Many other examples exist and are indicated further as follows:

- The Corporate department manages many functions relating to Community Services
- Traffic Services (Law Enforcement) appears almost as a stand-alone department on existing organizational structure and is placed separately in Community Services department but managed by the Corporate Services Department.
- The administrative section of Traffic (NATIS) is found within the Finance Section

Note: There appears to be many overlaps indicating dual reporting relationships and this must be suitably addressed

FUNCTIONAL STRUCTURE



1.5(c) THE INTEGRATED DEVELOPMENT PLAN IDP

In compliance with Section 34 of the Municipal Systems Act (Act No 32 of 2000), together with Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations, No R796/2001, Sakhisizwe Municipality completed its first IDP in 2002.

Integrated Development Planning (IDP) is a crucial mechanism to achieve developmental local government and to overcome and eradicate the apartheid legacy and to make development local government an operational reality, and to foster co-operative governance practices between the three (3) spheres of government. A primary objective remains to ensure that all members of the community receive a basic level of service.

It takes a range of sectors, development activities and actors into consideration. It also adopts a holistic approach to the tools available to undertake such a process of planning and, on this basis, attempts to construct linkages between financial planning, infrastructure investment planning, service delivery and inter-governmental relations.

IDP is a way of maximising the impacts of all developmental interventions that government makes.

The IDP is an essential strategic management tool that drives and focuses the strategic and operational functioning of Sakhisizwe Municipality. It provides an integrated, long-term vision for the Municipality, which also enables the Municipality to meet its developmental goals as outlined within the Constitution. The IDP document contains the departmental goals and objectives and incorporates cross-cutting issues.

Identified projects in the IDP are assigned to a specific department of the Municipality. The Manager of that specific department takes primary responsibility for the implementation of the project assigned to his /her department. Input is required from other departments, but it still remains the responsibility of the department that has been assigned with the primary responsibility to ensure the project is implemented.

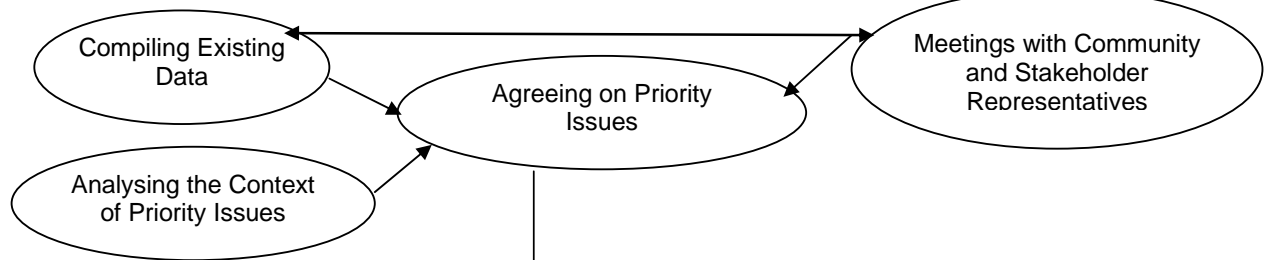
Purpose of Integrated Development Planning

- * To speed up the delivery of basic services and to ensure that such service delivery is appropriate in terms of scale and standard of service; and
- * To provide a financial, institutional and spatial framework for economic and social development within a Municipality.

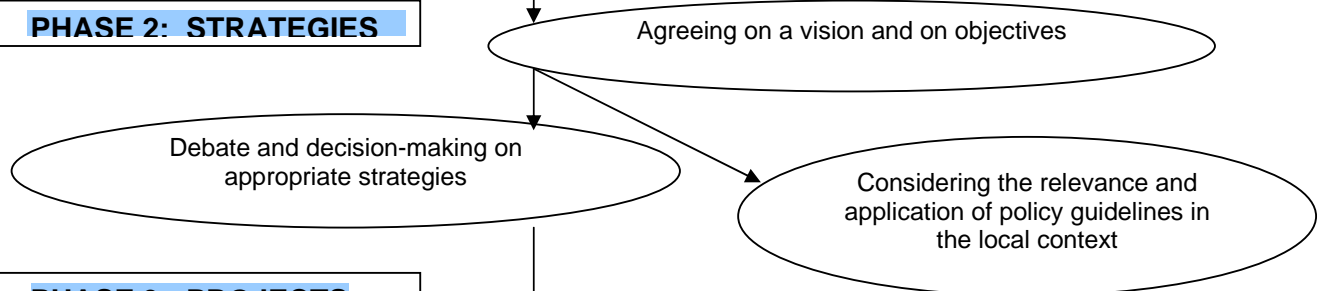
The IDP is regarded as a strategic document that is required to change, in order to accommodate changes in circumstances. It is therefore legislated that the IDP is reviewed annually and that with the appointment of each new Council, that a completely new IDP is approved.

As per the provisions of the Municipal Systems Act 32 of 2000 (s34) the Municipality initiated the review of the IDP during December 2006. This was run in conjunction with the 2007/2008 budget process, as is required by the new Municipal Finance Management Act.

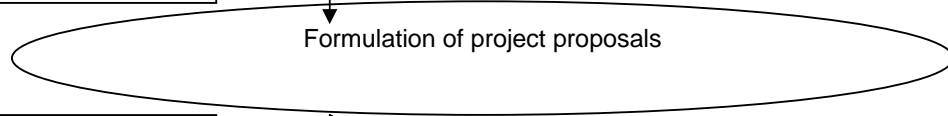
PHASE 1: ANALYSIS



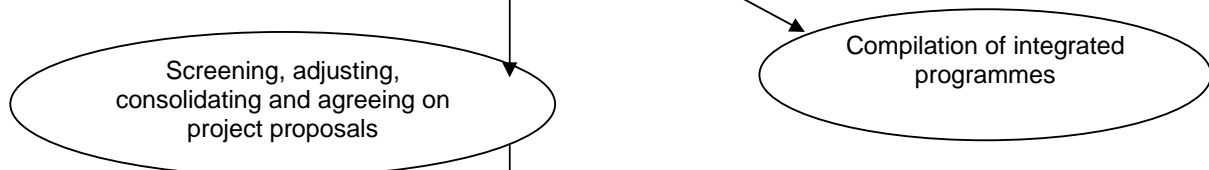
PHASE 2: STRATEGIES



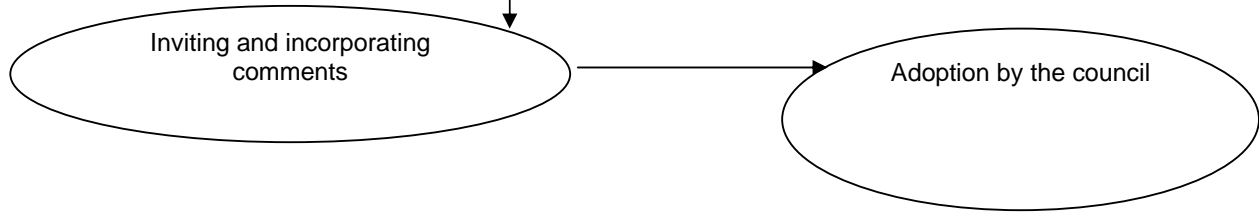
PHASE 3: PROJECTS



PHASE 4: INTEGRATION



PHASE 5: APPROVAL



The IDP Steering Committee is comprised of:

Internal stakeholders

- ❑ The Municipal Manager
- ❑ The IPED Manager
- ❑ Members of the IDP steering Committee

External Stakeholders

- ❑ IDP Stakeholders
- ❑ IDP Representative Forum
- ❑ Sectors Departments
- ❑ PIMSS
- ❑ Intergovernmental Representative Forum (monthly)

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Public Participation

When reviewing the IDP, the representative forum and outreach programme served as the primary vehicle for consultation and public participation. Public participation the period under review has not been conducted at this required level and has been conducted mainly through Ward Committee Meetings in conjunction with Community Development Workers. There were no other mechanisms of involving the community in the affairs of the municipality except through interaction between councillors and their constituencies. This does pose a challenge to the municipality on how best to meet its legislative mandate especially given lack of information on the effectiveness and these committees.

The needs to improve the effectiveness of ward committees and implement ward based planning will be perused in the 2008/2009 financial year.

It must be noted that no planned or new IDP projects were implemented during 2007/2008 due to the financial crisis faced by the Municipality.

Notwithstanding, Sakhisizwe Municipality continues to show commitment towards its IDP objectives and in so doing, to ensure that it accurately meets the needs of its community. However, due to the difficulties currently experienced in respect of finances, administration and governance, which in turn impact on the operational functioning, the meeting of these objectives remains a enormous challenge. Notwithstanding this, and recognizing these challenges, Sakhisizwe, are confident that they can overcome them. With the recent appointments of key strategic personnel (s57 Managers) and through the Performance Management System, Sakhisizwe are able to measure progress, identify gaps and develop interventions so that our performance will meet the expectations of the political leadership and community, as reflected in the IDP and other key municipal strategic documents.

Some of the challenges which confronted us during the period under review include the need for better integration between different departments and Administrative Units especially Technical Services, IPED and Community Services who deal with service delivery and administrative challenges with regard to Housing and Land and Human Resources.

We will continue to improve our IDP to ensure that it is reflective of community needs. Furthermore, we also plan to review our organisational structure to ensure that it is in line with the new political mandate and our service delivery targets. Interventions have been initiated to ensure that our Service delivery Departments and the functionality of the whole administration improve. Appropriate administrative systems, structures and procedures are being improved so that we can make an even bigger dent in poverty and unemployment, in line with national service delivery targets.

We will continue to work together with all other spheres of government in finding solutions to the challenges confronting us. This will be done collectively with our community.

CHAPTER

2.

PERFORMANCE

HIGHLIGHTS AND

SERVICE DELIVERY

APPROACH

2.1. PERFORMANCE HIGHLIGHTS

Sakhisizwe Municipality is involved in the provision of many and varied services to its community. At times these services are provided independently and in other instances, service provision is completed together with other organisations; spheres of government; businesses; and/or non-governmental organisations.

This chapter will highlight the services provided by the various departments of Sakhisizwe Municipality and will discuss these within the following table provided :

2.1.a) MUNICIPAL MANAGER'S OFFICE

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
COMMUNICATIONS & CUSTOMER RELATIONS/ CUSTOMER CARE	<ul style="list-style-type: none"> • Improve customer relations and communication • Engage with local communities as to their satisfaction with services rendered by the Municipality (Mayoral Outreach Programme) 	<ul style="list-style-type: none"> • Planned to undertake Customer Satisfaction Survey in conjunction with Budget & Treasury department • Place suggestion boxes at strategic areas in the two units - near the pay points • Mayoral Outreach Programmes • Currently public participation conducted through Ward Committees with assistance of Community Development Workers 	<ul style="list-style-type: none"> • Funding constraints & support systems (staff, computer software IT Network) unreliable hence affects customer relations re information. • Planned to send surveys with Billing accounts • Communication through Mayoral Outreach Programmes Currently facilitated through ward committees such not at the desired level. • Lack of information on how effective these committees are.

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • Development and implementation of communications strategy • Appointment of a Communications Officer • Dedicate staff to deal with customer care issues • Utilise the Municipality's website as an information, education and marketing portal 	<ul style="list-style-type: none"> • Planned communications strategy developed need review • Complaints not dealt with formally – verbal instruction • Plan to develop formal register where suggestions and complaints can be dealt with. • Other mechanism to be investigated and Monitoring mechanism put in place – follow up procedure • Website utilised effectively to communicate, educate and market the Municipality site 	<ul style="list-style-type: none"> • Customer relations needs to be filtered throughout the organisation • Communications Officer Appointed during the 2006/2007 financial year • Funding constraints • No dedicated staff to manage function • Not being able to reach all communities in the medium and language of choice • The high costs of printing and advertising which limits the production of publications and adverts • Strategic notice boards in the units are utilized for this purpose • Website not functional to be developed during 2008/2009 financial year. • Digital line to be upgraded to 512 K • Communication through Mayoral Outreach Programmes

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>ACCESS TO INFORMATION</p> <p>IDP</p>	<ul style="list-style-type: none"> • Access to Information Policy • Management & implementation of integrated IDP 	<ul style="list-style-type: none"> • Planned Development of Policy • Undertake IDP review /budget process • IDP developed and reviewed annually • Budget Policy Approved • Plans aligned to budget and SDBIP'S. • Timeous Project (IDP) Planning to enhance implementation of and financial expenditure • Strategic Plan – developed and implemented - phased in approach 2008/2009 	<ul style="list-style-type: none"> • Status Quo - not achieved Remains legislative prescription re access to information are not met • IDP Review completed • Service delivery and budget implementation plans and Budget Policy <u>not done</u> – planned to be complete during the 2008/2009 financial year • IDP not aligned to the Budget • Put in place mechanism on Reporting, evaluation and monitoring • Lack of capacity and funding constraints • Phase in approach will commence 2008/2009 financial year

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>PERFORMANCE MANAGEMENT</p>	<ul style="list-style-type: none"> • Implementation of institutional scorecard • PMS Scorecards populated and agreements developed • PMS system developed <p>PMS Audit Committee</p>	<ul style="list-style-type: none"> • Plans to implement • Developed for s57, plans in place to phase-in system to broader spectrum of employee • PMS reporting (monitoring quarterly) • Developed/ requires review and further customization • Planned phased in approach to middle management levels • Not appointed – currently 	<ul style="list-style-type: none"> • Not done • Funding constraints • Capacity • PMS at s57 level Agreements developed • PMS System to be phased in at middle management level • Quarterly Monitoring not done • Balanced scorecard type system in place • Internal Audit Committee nominated Cllr/s & external consultant on PMS Audit Committee • Formal PMS audit committee to be established

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
IDP PLANNING AND PROJECT MANAGEMENT AND IMPLEMENTATION	<ul style="list-style-type: none"> • Strategically management & Planning of all projects - timeous implementation of projects and expenditure control 	<ul style="list-style-type: none"> • Improve service delivery and Financial viability and growth for Municipality 	<ul style="list-style-type: none"> • SDBIP'S are not in place- No or little • Intervention and mentoring strategies to be put in place
LED	<ul style="list-style-type: none"> • Economic growth and development 	<ul style="list-style-type: none"> • Create an enabling environment for economic growth and development • Implement LED Strategy • Implement skills audit municipal wide and put in place development plans plan to enhance job opportunities, investment and economic growth 	<ul style="list-style-type: none"> • LED Strategy to be put in place and implementation monitored • Requires implementation • Skills audit in the community needs to be undertaken
HOUSING	<ul style="list-style-type: none"> • Strategically manage Delivery of Housing opportunities 	<ul style="list-style-type: none"> • Promotion of Housing Policy and provision of low costs Housing through costs subsidy 	<ul style="list-style-type: none"> • Challenges are huge within housing delivery • Monitoring Implementation housing delivery strategy • Implement interventions / strategies to Overcome Challenges facing housing delivery

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE GOVERNANCE & PUBLIC PARTICIPATION</p>	<ul style="list-style-type: none"> • Ensuring that Governance issues are processed correctly • Implement Plan for good governance • Internal Controls • Codes of Conduct • Implementation of Delegation Register – roles and responsibilities • Risk Management Plans 	<ul style="list-style-type: none"> • Establish Internal Audit Committee to enhance internal Controls and receive improved Audit report • Develop Remuneration Policy and appoint remuneration committee • Establish Register of Interest • Presented to staff and Councillor • Improved organizational efficiency • Fraud Prevention Policy • Anti –Fraud and Corruption Measures to be introduced 	<ul style="list-style-type: none"> • Planned to be established • Policy in Place and Committee Established and appointed • Established • To be formally presented • Not in place • Funding constraints Planned for 2008/2009
<p>PUBLIC PARTICIPATION</p>	<ul style="list-style-type: none"> • Compliance with statutory requirements for participatory democracy and ethical standards • Implement meeting control document (chapter 4 of the systems Act) • Functional ward committees 	<ul style="list-style-type: none"> • Implement control document on meeting requirements in terms of chapter 4 of the systems Act Plan for 	<ul style="list-style-type: none"> • Requires proper implementation and measures to be introduced In Progress • Control document in place • Enhancing Community participation s by Engaging communities through Mayoral Outreach Programmes whilst Undertaking IDP review /budget process • Functional ward committees in place & trained • Compliance in regards to statutory requirements for democracy & ethical standards

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>GENERAL ADMINISTRATION</p>	<ul style="list-style-type: none"> Annual report/ Oversight and Mid-Year Performance reports submitted as a legal requirements 	<ul style="list-style-type: none"> Legal compliance and accurate reference material Compliance with relevant legislation 	<ul style="list-style-type: none"> Approved Annual and Oversight report by legislated timeframe Compliance met in regard to submission of Annual and Oversight report Mid year Performance reporting – not complied to – to meet in 2009
<p>ORGANIZATIONAL RESTRUCTURING/ RATIONALIZATION & OTHER ORGANIZATIONAL MANAGEMENT</p>	<ul style="list-style-type: none"> Reviewed and approved Organogram Efficient organizational structure Stabilization of Administration Strategic management of Contracts and agreements, plans and Policies 	<ul style="list-style-type: none"> Appointment of Key personnel to contribute to improved service delivery Retention strategy / Policy to be developed Finalization of TASK Job Evaluation to Process Interventions to ensure functional Administration and HR Legal compliance Review and update contracts agreements, Plans and Policies 	<ul style="list-style-type: none"> Not Achieved Outdated and requires urgent reviewal Plans in place to address skills shortages and to deal staff retention / scarce skill policy to be put in place Implementation by SALGBC to be finalized Turnaround strategies to be put in place Capacity Building Programmes introduced All contracts Plans and key HR Policies are reviewed and Place - Planned for 2009

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>SOUND FISCAL MANAGEMENT/ MUNICIPAL FINANCIAL VIABILITY</p>	<ul style="list-style-type: none"> • Employment Equity Plan & Policy and reporting • SWP Plan & reporting and development & Training • Institutional compliance with MFMA (Act No 56 of 2003) and other accounting practices • Monitor and manage targets set for income and expenditure control • GAMAP/GRAP • Financial Policy 	<ul style="list-style-type: none"> • Employment Equity Plan and Policy in place and reviewed annually • Reporting to EE registry by 1 October • Procurement of Staff in terms of Recruitment & Selection Policy and EE plan & Policy • Legal Compliance • Legal Compliance • Reduce risk • Financial Viability • Legal Compliance • GAMAP / GRAP preparation FOR 2009 • Legal Compliance 	<ul style="list-style-type: none"> • Compliance not met Equity report not submitted to Equity Registry within required timeframe • Review of provisioning policy • SWP Plan not in place & implementation Reporting not Complied with - Development programmes not in place • Planned implementation of Risk profile /implementation risk Plan and annual overview on risk management • Establish baseline to determine financial viability and monitor viability in respect of debt coverage and expenditure control – put in place strategy to resolve • Planned to put in place - Revenue enhancement strategy to be put on place • Exception granted until 2009

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
BASIC SERVICE DELIVERY	<ul style="list-style-type: none"> • Strategic Management of basic service delivery/provision • Access to free basic services • Ensuring sustainable service delivery • Monitor and manage targets set for income and expenditure control • 75 % of households have access to basic levels of water • 60% households have access to basic levels of sanitation • 80% households have access to basic levels of Electricity • 40% households have access to basic levels of solid waste • Strategic Management of Project implementation 	<ul style="list-style-type: none"> • 75% of households have earning less than R 1600 pm have access to free basic services • Update database • Compliance with national directives • Improved Health safety, quality of Life 	<ul style="list-style-type: none"> • Monitoring Mechanisms and systems to correct deficiencies in place • Database to be updated • Plans to address basic service delivery – to meet compliance with national directives – to be achieved in 2009

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSSES	CHALLENGES AND OPPORTUNITIES
<p>OFFICE OF THE MAYOR</p> <p>SPECIAL PROGRAMMES</p>	<ul style="list-style-type: none"> • Establish and promote effective functioning SPU Unit – in the Office of the Mayor/ Municipal Manager • Monitor issues related to youth, elderly, women, disabled & HIV/AIDS 	<ul style="list-style-type: none"> • SPU Officer appointed • Planning to draft annual programmes with relevant stakeholders 	<ul style="list-style-type: none"> • Investigate avenues of funding • Participation of stakeholders • Staff shortages • Unfunded vacant post

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE SERVICES</p> <p>EMPLOYMENT EQUITY & SKILLS DEVELOPMENT</p>	<ul style="list-style-type: none"> • Employment Equity and skills development policies and plans are in place and reporting performed as legislated • SWP Plan and implementation plans submitted to LGWSETA 	<ul style="list-style-type: none"> • Employment Equity Policy and progress report as per legislation • Training programmes implemented – not contributed to staff development – lack skills – staff sent on incorrect training • Management (x1), Municipal Manager and Mayor sent on Management Development Programme • ABET Training beneficiary 42 staff members • Dedicated Training Budget 	<ul style="list-style-type: none"> • EE Policy and annual progress reports -- No EE policy in place and progress reporting in the required legislated format forwarded to EE Registry - no compliance with EE Act in 2007/2008 • Plans in place to address this, failure to address could result in a R 900 000 fine for the Municipality • Lack of Capacity • Lack of understanding • Lack of consultation • Lack of input from HOD's staff • Maintenance/ monitoring reporting • SWP Plan and bi annual implementation progress reports - not complied with during 2007/2008 financial year • Consultants appointed to perform Skills Audit/needs analysis during 2007/2008 financial year - results/report of such have not been presented although the work has been completed • Funding allocated for training channelled for use other than training • No dedicated training budget

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE SERVICES</p> <p>ADMINISTRATION & COUNCIL SUPPORT</p>	<ul style="list-style-type: none"> • Provision and logistical support to Council • Establishment and functioning of ward committees • By-Laws • Document management system 	<ul style="list-style-type: none"> • By-Laws developed and gazetted • Rules and Procedures of Council • Prevention of Nuisance • Electricity Supply • Streets • Liquor Trading Hours • Keeping of Animals • Commonage • Control of refuse disposal • Public cemeteries • Street Trading • Dumping and littering • A procedure to guide public liability claims has been completed and implemented • Planned document management system developed and be sent to Provincial Archives for approval. 	<ul style="list-style-type: none"> • Established 7 Wards • Training implemented • Developed • Monitor implementation • Staff • To be developed • Funding • 7 By-Laws gazetted • Development and implementation of a functional Electronic Document Management System that will ensure effective and efficient communication

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>ADMINISTRATION & COUNCIL SUPPORT Continued ...</p>	<ul style="list-style-type: none"> • Integration of filing systems <p><u>Schedule of Council Meetings</u></p> <ul style="list-style-type: none"> • Standing Committee • Council • Organized system of Council Support required • Required equipment in place – electronically manage the function • Council & Standing Committee agendas and minutes in an effort to reduce quantity of paper used 	<ul style="list-style-type: none"> • Integration completed • Municipal records are Archived • Manual System in place • Plan to establish a functional Registry Office • Council approved schedules of meetings, including deadlines for submission of reports, rotation of meetings and deadlines for distribution of agendas/ notices • Equipment acquired 	<ul style="list-style-type: none"> • Integration is complete. System is not managed and is currently in chaos. • Planned to be integrated during 2008/2009 • Staff capacity • Funding • Institutional memory in danger. Preservation and proper management of such function is critical • 3 Operational Standing Committees • Achieved during 2007/2008 and equipment has been upgraded • Committee Clerk was capacitated during 2007/2008 financial year as planned

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE SERVICES</p> <p>LEAVE MANAGEMENT AND ADMINISTRATION</p>		<ul style="list-style-type: none"> • Leave records to be computerised – leave values for financial year end • No leave Policy and procedure manual in place in place • Planned leave audit • Proper Leave administration • Legal compliance put in place and necessary controls • Currently manual system – registers not maintained or audited/ checked regularly 	<ul style="list-style-type: none"> • No attendance registers • No attendance register controller • Leave has financial implications for Council • Leave to be administered by HR • Planned during 2008/2009 to give Urgent attention a leave Audit and to develop leave policy and procedure manual • Capacity of staff not a dedicated function • No control • No exception reports – checks and balances

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE SERVICES</p> <p>LABOUR RELATIONS</p>	<ul style="list-style-type: none"> • Disciplinary Grievance Policy & Procedure in place • Management 	<ul style="list-style-type: none"> • Task results received. Awaiting salary curves • LLF Meeting held – not regular • Disciplinary Grievance Policy in place (Collective Agreement) • 6 Cases of theft • 8 Cases of under influence of alcohol • 4 Grievance cases • 85 dismissal – illegal strike • Planned to incorporate disciplinary grievance code into a procedure – that assist staff to understand – implement training programmes for management and staff 	<ul style="list-style-type: none"> • Poor remuneration structures • Retention of staff – attracting required skills • Low grade of the Municipality • Participation • Capacity of staff (in formulating charges prosecuting/ chairing of hearings) • Lack of understanding • Reinstatement pending 85 employees dismissed • Lack of supervision • Management and staff require capacity building with regard to handling of disciplinary enquires
<p>CORPORATE SERVICES</p> <p>LEGAL SERVICES</p>	<ul style="list-style-type: none"> • Co-ordinated legal services 	<ul style="list-style-type: none"> • Legal disputes – contracts, general application to law - handled by appointed Advocates / attorneys 	<ul style="list-style-type: none"> • Capacity • Function outsourced for legal opinion/advice/ representation

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE SERVICES</p> <p>CONDITIONS OF SERVICE AND HR POLICIES</p>	<ul style="list-style-type: none"> • SALGBC Collective Agreement in place • H R Policies are in place and adhered to in terms of applicable legislation • HIV /Aids Policy • Maintenance of Personnel files • Personnel files for all employees (permanent temporary) • Payroll (Administration/ authorization) effective payroll administration processes re payroll are implemented appropriately • Payroll Procedure manual and Payroll instructions are authorized prior to implementation Legislative requirements are complied with 	<ul style="list-style-type: none"> • All employees with effect 1 Jan 2006 – subjected to uniform Conditions of Service • Develop Provisioning Policy and staff retention policy and strategy • Incorporate HIV /Aids into provisioning policy • Personal files in place – require audited/ restructured • Planned procedures manuals (HR) processes • Planned 2008/2009 to implement procedure manual with procedures • Planned to implement pre-numbered payroll instructions for audit and control purposes • All instructions to be processed through HR prior to implementation by Finance Department. 	<ul style="list-style-type: none"> • Policies are outdated – require reviewal – legislative compliance • HIV /Aids Policy to be developed & incorporated into provisioning policy 2008/2009 • Absence of contracts/Letter of appointment and relevant information • Files required to be audited • Proper administration of benefits (retirement/ resignation, etc) • No dedicated HR/Personnel Clerk • Capacity • No internal control - No pre-numbered payroll instructions (regarding new appointment/ resignations/ retirements), verbal instructions etc lead audit queries • General salary increases not processed through Corporate Services but by implementing dept Finance • Excessive overtime/ overtime not verified and checked/ monitored by H R

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE SERVICES</p> <p>TRANSPORT/ FLEET MANAGEMENT</p>	<ul style="list-style-type: none"> Implementation of fleet/transport management policy/plan 	<ul style="list-style-type: none"> Planned Purchase new fleet of vehicles Tender prepared – funding sourced Planned to implement Procedures and manage/ monitor function 	<ul style="list-style-type: none"> Roadworthy vehicles not done Ageing fleet – down time affecting service delivery Function not managed Fleet not being maintained No log sheet vehicle service history reports No statistics Capacity of staff appointed Funding constraints Education of drivers Abuse of Municipal Fleet 9 new vehicles purchased during 2007/2008 financial year – assist at operational level
<p>CORPORATE SERVICES</p> <p>O H S</p>	<ul style="list-style-type: none"> Policy in place to maintain facilities – safeguard employees risk from injury through operations of the Municipality OHS 	<ul style="list-style-type: none"> Policy requires renewal Health & Safety reps appointed – meeting conducted – not regularly – 30% functional 	<ul style="list-style-type: none"> No capacity/ lack of interest Not compliant – serious breach of safety identified within the electricity department Accident not reported – not reported within 48 hours Inspection not done Meetings not held regularly Training of Safety Reps not done

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>(Function should be housed in the Community Services Department - managed By the IPED Manager – as the post of Community Services Manager remains vacant)</p> <p>TRAFFIC (Law Enforcement Testing Station)</p>	<ul style="list-style-type: none"> • Ensure that Road Traffic Act and related functions are performed to policy and adherence to legislation 	<ul style="list-style-type: none"> • Offices and Testing Station established • Planned renovations • Planned implement Traffic Education Drives • Planned to introduce Driving School at Educational Institutions – as an Extra Mural activity • 20 Roadworthy's processed a month (during year under review) • Buses – 6 • Goods vehicles - 9 • 115 learners licenses processed • 112 driver's licenses processed • Training on e NATIS system 	<ul style="list-style-type: none"> • Lack of maintenance traffic/street signs • Lack proper statistics • Robot infrastructure • Shortage of equipment and vehicles • Insufficient budget • Functions not co-ordinated • Proper management and control of function • Shortage of qualified Vehicle Examiners • Upgrade database • Planned to arrange training during 207/208 financial year • Planned to install static cameras at all hazardous locations • Driving test and Learners test performed on a daily basis

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>HEALTH (Function should be housed in the Community Services Department - managed By the IPED Manager – as the post of Community Services Manager remains vacant)</p>	<ul style="list-style-type: none"> • To provide a comprehensive integrated Health Care Service • Child health – immunizations, health, education and monitoring of development stages • Tuberculosis (TB) diagnosis of active cases – treatment • Record/statistical information in clinics • Provision of HIV/AIDS awareness, training, counselling, opportunistic infection treatment and prevention measures • HIV/AIDS programmes/campaigns to both community & Council – offer support to those affected and those infected by HIV/AIDS 	<ul style="list-style-type: none"> • Services are adequately rendered albeit resource shortages at Clinics in Cala (controlled by Province) and 3 Clinics in Elliot (controlled by the Municipality) • Planning to obtain funding to improve current health care service/s • Establishment of Health Committee • Preparation of an HIV/AIDS Plan • Related Training Courses attended • 5000 patients attended to monthly in the 3 Clinics in Elliot • Qualified professional staff in place 	<ul style="list-style-type: none"> • Lack/Access of health facilities to reach all areas and inhabitants • Buildings require rehabilitation • Co-Ordination planning and administration of emergency health services • Lack of funding • Shortage of qualified/skilled clinic staff care for delivery of services – ongoing challenge • Lack of resources, clinic (medical) equipment and office equipment and linen for the clinic • Functional integration being negotiated to improve service delivery • Shortage of chronic medication at the Clinics

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • Health promotion programmes – dealing with social mobilization, health awareness campaigns – educative home visits • Reduce current high infection rate • Medical Services – providing accessible medical services to the community 	<ul style="list-style-type: none"> • Interaction with Provincial Department of Health and relevant stakeholders in order to overcome fragmentation and duplication of services • Activities organised per the National Primary Health Care calendar 	<ul style="list-style-type: none"> • Improve/establish partnerships, accessibility with relevant stakeholders – community health forums • Promote Primary Health Care and HIV/AIDS education • Inadequate access to HIV/AIDS prevention, treatment and support system • Lack of proper statistics • Section informally reports to IPED Department – not formally indicated on the organizational structure • National Health Act, Act 61 of 2003 came into effect 2005 – makes provision of PHS the service a competency of the Province – lack of clarity whether service will be centralized or decentralized • Inadequate funding from Province for agency function of PHC Services

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>SOCIAL & RECREATIONAL FACILITIES (Halls & Libraries)</p> <p>(Function should be housed in the Community Services Department - managed By the IPED Manager – as the post of Community Services Manager remains vacant)</p>	<ul style="list-style-type: none"> • Establishment of sufficient social & recreational facilities - support social development • Development, maintenance and administration of: • Community Halls • Multi purpose Centres • Libraries 	<ul style="list-style-type: none"> • 2 Halls in Elliot and 1 Hall in Cala • Ongoing research, planning and assessment of facilities – maintenance /development reports. • Ongoing maintenance - but limited due to funding constraints • Planned project – Renovations Masibambane Hall R100 000 & Hall in “old Location (R 50 000) • Painting of halls • Revised Tariff (Halls) structure in place • Security placed at halls • Use of Occasional Caretaker/s • Planned building hall in “Old Location” • Planned public conveniences at Halls • Planned: build Halls in each ward – multi-purpose community centres 	<ul style="list-style-type: none"> • Lack of qualified staff • Inadequate facilities • Lack of Funding /sufficient funding • Shortage of equipment • Manual system – require relevant IT system/s • Under investment in facilities • Low tariff structure – Policy & procedures require review • Equipment shortages require 600 chairs at halls in Cala and 1200 Chairs in the Elliot Hall/s • Function housed in incorrect department • Functions not co-ordinated • Bookings/ payments processed and financed • Maintenance by Technical department • Maintenance not performed regularly • Recently registered MIG project :Cala Reserve Community Hall • R 1802 340.00

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p>		<ul style="list-style-type: none"> • Libraries; • Receipt of Government subsidies – allowed for purchase of books • Co-ordinated functioning and governance of libraries • Promote partnerships with DSRAC • Establishment of Library Committee • MOU Meetings 	<ul style="list-style-type: none"> • Insufficient library materials Books are not circulated and become stagnant • Lack of capacitated staff • No modem or computer equipment • Government subsidy provided for purchase of new library materials • Elliot library currently under renovation and DSRAC improved both libraries • 2 intern appointed for 3 years as part capacity building programme • CCTV cameras installed

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>(IPED)</p> <p>TOURISM/ LOCAL ECONOMIC DEVELOPMENT</p>	<ul style="list-style-type: none"> ▪ To fight poverty and create facilities to support economic, including amongst others, agriculture infrastructure, hawkker shelters, taxi facilities, SMME business premises, etc ▪ Development Develop strong linkages with & amongst all relevant stakeholders in the field of LED ▪ To establish and facilitate functioning of Tourism/ LED forum ▪ Draft Tourism/LED Strategy – implementation thereof ▪ To provide safe, sustainable and equitable amenities to all citizens in order to draw tourists to the region <ul style="list-style-type: none"> • Develop & implement strategies for effective utilization of land and properties 	<ul style="list-style-type: none"> ▪ Sakhisizwe Tourism established from all local tourism associations for Elliot and Cala ▪ Plan to establish Tourist information centres ▪ Tourism Plan developed ▪ LED Strategy to be developed and discussed at LED Forum ▪ Terms of Reference Developed ▪ Funding obtained from DBSA – formed a technical committee – tourism and business <ul style="list-style-type: none"> • Land sold at market value • Business Development • Economic growth and employment created 	<ul style="list-style-type: none"> • Funding a constant constraint • Professionally qualified LED staff • Proactive approach required to facilitate revive and ensure continued functioning of the forums and ensure implementation of Tourism and LED Strategy • Attendance at forum Meetings • Establish an environment conducive to development - Many tourism/development opportunities that need exploration – strategic partnerships to be created • Identify stakeholders and develop Tourism Strategy • Insufficient funding • Service provider appointed to develop tourism Plan lacks capacity and has not met required deadlines

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>(IPED) TOURISM/ LOCAL ECONOMIC DEVELOPMENT Continued.....</p>	<ul style="list-style-type: none"> • Create a vibrant economic environment that is conducive to SMME`s development to 50% of the unemployed by 2014 • SMME database profile • Hawkers 	<ul style="list-style-type: none"> • Develop skills – business training • SMME development strategy /Plan to be developed • Planning to Develop database • Plan to establish training centres • Promote Public Private Partnerships • Co – ordinate different programmes from all spheres of government • Invest in Local entrepreneurs/contractors • Plan to undertake natural resource identification and mapping to attract investors • Plan to form section 21 company -- deal with LED related projects • Develop infrastructure • Planned to Identify & demarcate Hawker sites • Issue trading /Hawkers license • Review By Laws • Self sufficiency • Create Economic growth 	<ul style="list-style-type: none"> • Slow economic growth – require intervention • Poverty alleviation programmes • To facilitate & monitor the provision of agricultural activities and facilitate with DOA the support of emerging farmers • Provide information centres to assist with economic initiatives • Lack of infrastructure • Provision of water from CHDM • Identify stakeholders • Liaise with Private Public Partnerships – obtain support /financial resources • Lack / Source Funding DOA & Social Development • Source equipment and tractors

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • Co –ordinate and facilitate provision of dipping tanks • Provision of shearing sheds Production of healthy livestock by 2009 • Stimulate agricultural growth – farming (citrus farming) • Investigate economic possibilities - Plantations forestry and woodlots • Homestead Production Community Gardens • Acquisition of Tractors and equipment 	<ul style="list-style-type: none"> • Production of healthy livestock • Create economic possibilities • Economic growth • Job Creation • Plan to develop agriculture development plan • Alleviate poverty • Promote food production • Established and sustainable community gardens • In 2006 /2007 commenced with a draft business plan • Self sufficiency • Skills Development 	<ul style="list-style-type: none"> • Two shearing sheds built in Sakhisizwe during 2007/2008 financial year • 46 Nguni Bulls supplied to each ward –value of this being 1 million • Greening project 7 million from DEAT – contractor to commence early 2009 • Source funding • Establishment of irrigation system • Create organized citrus farming • Market agricultural potential in Municipal area • Forming public – private partnerships • Development of agro – based industries wool production, meat production

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
			<ul style="list-style-type: none"> • Citing financial difficulty • Material price increase & or timeous / non payment • Achieving provincial norms and standards in terms of housing delivery challenges • Problems with Access roads • The road infrastructure is very bad during rainy days because of poor stormwater control • Incorrect allocation of Beneficiaries • Allegations of fraud within the projects • The DHLGTA is very committed to the completion of this project • Beneficiary administration - some beneficiaries were allocated sites in areas, which belonged to other people. • HIV /AIDS Crisis – result skewed demographic profile • Develop a database and Continually update and maintain beneficiary list • Continually foster job creation

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>PARKS AND PUBLIC OPEN SPACES</p>	<ul style="list-style-type: none"> Grass on sidewalks, parks and open spaces to be cut 	<ul style="list-style-type: none"> Grass on sidewalks, parks and open spaces cut -- not regularly maintained in the 2 towns within Sakhisizwe i.e. Elliot & Cala. Cutting includes cemeteries, sports fields, sidewalks and parks. Regular pruning of trees and shrubs did not take place 	<ul style="list-style-type: none"> Difficulty during growing season to maintain sidewalks, due to staff shortages and equipment availability. After first frost the work returned to normal and the backlog could be dealt with – not performed consistently Lack of funding Regular pruning of shrubs & trees not done Department not functional due to post being filled No management /staff in department Staff shortages – function currently not co-ordinated partly managed by IPED department and Technical Department – hampered service delivery

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>REFUSE REMOVAL/SOLID WASTE</p>	<ul style="list-style-type: none"> • To provide refuse removal services, street cleaning, public conveniences, Landfill site and waste transfer Sites and waste minimization education • Household refuse and business refuse to be removed efficiently and effectively. • Daily cleaning of streets to ensure health standards maintained. • Development of a functional solid waste site. • Register Solid Waste Sites • Waste Management Plans • Waste minimization Education • Obtain Operational permits for Sites • Fencing of Landfill Sites • Purchase vehicles /equipment to improve service delivery • Revise waste By laws • Distribution of bins and containers 	<ul style="list-style-type: none"> • Household refuse to be removed once a week and business refuse twice a week. • Refuse removed from 3977 commercial and residential areas municipal areas • Elliot 3260 • Cala 522 • Commercial 195 of 3977 a • Subsidy are provided to 3782 • Streets cleaned daily. • Waste Sites at both nodes – • Waste disposed at the SWD site 67 tons per month (household / domestic) – 75 % • Waste disposed: Garden refuse consists of 24 % • Plans to re - develop and register a solid waste site at Cala. • Programme for refuse removal in place • Plans in place to fence Landfill Sites • Development of A Management Plan for Landfill Sites (EHP) • Planned finalize waste By Law 	<ul style="list-style-type: none"> • Refuse is collected weekly in Elliot and Business are serviced twice a week, according to a refuse programme • Residents in Cala are serviced Daily - according to a scheduled programme specific allocated areas are serviced each day of the week • Refuse site not fully operational and poorly operated and mismanaged • No control over “dumping” at refuse sites • Old outdated & defunct machines and equipment and vehicles • Shortage of Vehicles • Maintenance of existing vehicles • Financial constraints – budget insufficient for improvement.

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
		<ul style="list-style-type: none"> ▪ Planned engage sectoral departments ▪ Implement Environmental & integrated environmental management plan ▪ EHO is employed (seconded through CHDM to enforce By law on cleanliness of Premises ▪ Bins placed in ext 4,8,9,11,12, 13, 14 and 15 ▪ Plans in place to identify collection areas/spots/ containers be placed in such areas 	<ul style="list-style-type: none"> • Statistics not regularly recorded • Lack of control over collection – lack of supervision within function • Insufficient public refuse receptacles in CBD • No recycling facilities • Future Planned education drive to educate the community on waste minimization – pilot project to initiated at school level • Formalize environmental & integrated environmental management plan • Service not homogenous to functioning department • No collection spots – identified • No removal containers in such spots/areas • Theft of fence at solid waste site • Job creation /skills development - 40 participants employed during clean up campaigns

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>COMMONAGES / POUNDS</p>	<ul style="list-style-type: none"> • Control, manage and maintain public open spaces (Commonages) & pound management • Fencing 	<ul style="list-style-type: none"> • Currently commonages in Ext 8 to 12 Cala Containment of stray animals • Secure Community Gardens • Establish commonage /pound fence all arable land • Currently tariff structure in place • Revisit tariff structure • Revisit related By-laws 	<ul style="list-style-type: none"> ▪ A huge challenge to commonage management - liaise with DOA & Dept of Public Transport – establish the commonage /pounds ▪ Fence arable land • Negotiations with small farmers • Staff shortage and associated problems with remuneration & overtime

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>SPORTSFIELDS & CARAVAN PARK (ELLIOT)</p>	<ul style="list-style-type: none"> • Establishment of sufficient social & recreational facilities - support social development • Development, maintenance and administration of: • Sportsfields and other associated amenities 	<ul style="list-style-type: none"> • One sportsfield in Elliot • One sportsfield in Cala with indoor facilities – utilized daily • Elliot: - Utilized bi-weekly • Sub-standard facilities • Caravan facilities used by visitors to the region – no statistics • Equipment donated by Dept Sports, Arts & Culture • Maintenance schedule in place - not being maintained at desired level • Planned review of maintenance Revised schedule to be implemented • Planned to build 10 new sportsfields 	<ul style="list-style-type: none"> • Manage the vandalism of these amenities • Control proper use of amenities • Revisit procedure on use of amenities and develop tariff structure • Implement maintenance programme/s • Shortage of staff – staff not allocated specifically for such function - perform a variety of functions within department • Collaborate with Provincial and National departments • No new IDP projects were implemented during 2007/2008 financial year

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>IPED</p> <p>CEMETERIES</p>	<ul style="list-style-type: none"> • To maintain cemeteries, control & provide burials within the framework of the Health Act 	<ul style="list-style-type: none"> • Planned to upgrade and maintain cemeteries • Planned Geo-technical investigation • Planned to provide licensed cemeteries • Planned rehabilitation of cemetery (Pholar Park & Hillview) • Review existing Tariff Policy/ Develop Tariff Policy • Identify land for grave sites • Fencing of cemeteries • Planned to improve record keeping and statistically reporting on cemeteries / burials • Planned review/development of Pauper Burial Policy (2008-2009 financial year) 	<ul style="list-style-type: none"> • Unavailable land – cemeteries are at full capacity • Insufficient funding • No statistical records • Cemeteries not fenced and maintained • 90% of burials are illegal • Registers in place not controlled – not sufficient • No allocated staff members takes responsibility for this function • Staff shortages/ unfilled post • (Function not co-ordinated – staff perform a multiple of tasks within Technical Dept) • Function not homogenous to IPED - housed in the incorrect dept

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>(TECHNICAL) ELECTRICITY & STREET LIGHTING</p>	<ul style="list-style-type: none"> • To keep the electricity network operational and provide a reliable service • To increase the number of households with access to electricity • Develop a electricity master plan • To ensure that supply is up graded to be able to meet needs for future growth • Provide electricity to 973 residential and commercial consumers including industrial and small holdings in the Municipal environment • Provide public lighting • New connections done on request in licensed areas • Ongoing maintenance of existing networks 	<ul style="list-style-type: none"> • Plan to align upgrading with spatial development framework • Master plan developed – currently being phased in – planned to be completed by March 2008 • 30 new connections done on request as there is currently no backlog in licensed areas • 325 Electricity faults reported and dealt with - a large improvement over the previous year • Faults attended within 2 hours of reporting fault • Conventional electricity meters serviced/ replaced – 50 • Ongoing Operation and maintenance • Installation of Overhead lines – Elliot Industrial area 	<ul style="list-style-type: none"> • Elliot network controlled by the Municipality whist Cala network falls under Eskom • The electricity Audit conducted during 2007/2008 financial year revealed that the electricity Master Plan completed March 2008 requires to be reviewed and updated • Income generated is not channeled back to department for Projects funding and • No input into budget process re requirements of department / projects • Staff shortages resulting overtime and continuous 24 hour standby duty Employment of 1 Snr Electrician – X 1 Apprentice Electrician and X 2 Linesman (Electrician's Assistants) in Elliot • Ability to retain and attract skilled staff • Shortage of equipment and vehicle for • Electricity and copper theft • Ageing infrastructure • Insufficient funding • Electricity backlogs in the rural area

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • The rural areas of Sakhisizwe Municipality (Masibambane, Pholar Park, 'Old & New Township', Takalane, Masibambane, Ekuthuleni Ext and Cala Unit, are within the licensed area of ESKOM and will remain so in the foreseeable future • Maintenance of existing public lighting • Street light maintenance 90% are functional • Extension of public lighting systems • Maintenance and renewal of public buildings • High Mast Lighting and electrical installations, when required 	<ul style="list-style-type: none"> • Upgrade at Shoprite & erected LV Line Breaker Kiosk (R 58 000) • Installation of new overhead Lines in Industrial area of Elliot (R 5000) • Installation of New transformer MV Line (22kv) at Maclear Road in Elliot (R10 000) • Ongoing maintenance of pump stations and electrical installations in Elliot & Cala • Street light maintenance in both units • Planning to install high mast in Cala in 2007/008 financial year • Planned phased-in upgrading of Elliot Electrical network (R2 Million allocated) 	<ul style="list-style-type: none"> • ESKOM assistance with tariff analysis • Achieved • Achieved • Achieved • Not achieved Street Lighting not maintained - No suitable vehicle require - Cherry Pickers • Rehabilitation of network • Standardization of equipment • Supply Chain Management • Non compliance of communities with regard to electrical installations • High Masts in 2007 / 2008 financial year in Cala – Achieved – one high Mast still to be connected by ESKOM • Lack of tools and equipment • Lack of storage facility for vehicles, tools and equipment • Upgrading did commence during 2007/2008

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>(TECHNICAL) ROADS & STORMWATER</p>	<ul style="list-style-type: none"> • The construction and maintenance of gravel and surfaced roads • Rehabilitation and maintenance of roads • To construct access Roads • The construction of sidewalks • The construction of storm water systems • The construction of bridges and river crossings • Maintenance of road furniture • Planning and design of new projects • Purchase of new plant 	<ul style="list-style-type: none"> • Planned project 3 roads Construction MIG Grant R5 074 Million reduced to R3.1Million by Dept of Minerals and Energy, therefore only 2 Roads Projects planned • Tender process to commence • Planned to formulate a Roads construction and maintenance programme – tarred and gravel roads • Funding obtained MIG Grant -- Constructed Taleni and Ndyavu Access Roads (R 2.6 Million • New project have been registered with MIG: to the value of : R 19 3 76 274.00 	<ul style="list-style-type: none"> • Old infrastructure and rapidly deteriorating roads – in some cases past functional life – major rehabilitation needed – potholes prevalent in both units • Existing project are still in progress – lack of formal record /reporting • Large portion of roads are gravel – will require resurfacing • Capital allocation insufficient • Resources constraints • Technical Managers post vacant for over 2 years – filled in May 2008 – this should give the department strategic direction • Shortage of tradesman in related field • Insufficient plant, machinery & equipment – one tipper truck one pad foot roller 2 x 13 kl water carts 1 x 4 x 4 TLB required to perform function • Insufficient funds Reducing the access roads backlog – rural areas – 32 villages • Supply Chain Management • Urban renewal Needs to be done to encourage LED

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
(TECHNICAL) WATER	<ul style="list-style-type: none"> • Reduction of water services to rural areas – Optimization of treatment works capacity • Supply water to existing water storage facilities • To ensure adequate water supply • Reduction of burst pipes • Augmentation and expansion of distribution network to provide water to new developments • Implementing a preventative Maintenance programme • Chris Hani are the Water Service Authority who in turn have appointed Amathole Water to provide water to outlying areas in Sakhisizwe Municipal Area by District Municipality 	<ul style="list-style-type: none"> • Water purified was 120 000 Kl • Water faults reported and attended to were 240 • 12 Water meters replaced/ serviced • New water connections were 50 in Elliot • Ongoing maintenance • Drought emergency relief received from Government successful in creating no inconvenience to consumers • Planned undercount excavation for water sources • Planned construction of dams and raw water storage • Planned building of reservoirs at Pholar Park 	<ul style="list-style-type: none"> • Completion of the Section 78 process • A permanent solution to the bulk water supply • Capacitating of staff • Qualified operators • Water backlogs in the rural area • Rehabilitation of the reticulation networks • Culture of non payment – limiting income sources • Illegal connections • Tampering with meters/ damage to meters • Development of a Water Master Plan for all areas • Supply Chain Management • Rehabilitation of the purification works • Installation of individual and section metering for water balancing

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>(TECHNICAL) WATER Continued...</p>	<ul style="list-style-type: none"> • The Sakhisizwe Municipality appointed on an agency basis to reticulate water until the Section 78 process is completed • Water purification is undertaken at Cala 1 Plant and at Elliot 1 Plant • Outlying area water is supplied by Chris Hani Amathole Water but reticulated by Sakhisizwe • Potable water is reticulated to households within the Sakhisizwe area to unmetered (Cala, Old Township and Masibambane – 1763) • Metered Elliot – 865 • Metered in Cala – 798 	<ul style="list-style-type: none"> • Planned Pipeline extension of filter works to outlying areas • Maintenance to electrical /diesel water pumps at pump station • Lobbying for funds for construction of small water projects • Planned upgrading of Municipal water service provider status • Water subsidies are provided to 3128 households • Arcus Gibb Consulting Engineers appointed to investigate raw water/bulk water storage facilities quality water • Equipped borehole to alleviate water shortages • Requested CHDM (WSA) to appoint service provider – feasibility study – expansion of a raw water storage 	<ul style="list-style-type: none"> • Realistic tariffs for cost recovery • Replacement of vehicles • Bulk rehabilitated and supplied supply to be established for rural areas • Dam scour and line • Installation of fire hydrants • Ward 7 continuous problems with water shortages • Confusion between LM and WSA • Insufficient bulk water facilities • Silt– impact on water quality. Silt occupies large volumes of storage dam – silt exceeded the inlet that leads to WTW. • Water shortages • Confusion between WSA and LM budgets • Shortage of water during dry seasons • Insufficient raw water storage • Water restrictions often implemented

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
(TECHNICAL) SANITATION	<ul style="list-style-type: none"> • Water supplied to households: Pholar Park – 29 – total 3455 of that 3128 receive subsidies • New connections are done on application • Infrastructure is responsibility of water services authority • Rural areas fall under Chris Hani District Municipality • Maintenance of purification works and reticulation systems • The Sakhisizwe Municipality has been appointed as Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) on an annual basis until the Section 78 process is completed, and this includes provision of sanitation services in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit 	<ul style="list-style-type: none"> • Addressed problems associated with Treatment Works, Ponds and spillage with CHDM • The problems associated with sewer reticulation in Cala has been reported at Council meetings A planned survey of affected households is required 	<ul style="list-style-type: none"> • Treatment works in Elliot have exceeded their design period • Sewerage ponds are at capacity • Pond walls are damaged • Sewer spillage into river • Installation of chlorinator • Awaiting assistance from CHDM • Rural sanitation backlogs • Eradication of bucket system • Pholar Park, Cala • Shortage of need VIP Toilets in rural areas – buck eradication

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • The rural areas fall directly under the Water Services Authority (Chris Hani) • Infrastructure projects are the responsibility of the Water Services Authority • New connections are done upon request as there are still backlogs although a large percentage are below RDP standards • Maintenance of ponds, conservancy tanks and reticulation systems • Waterborne households serviced: Elliot, “Old Township”, Masibambane inclusive commercial/ business: 2050 • Cala: 822 • VIP serviced: 2000 Conservancy tanks – 40 per month The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods 	<ul style="list-style-type: none"> • Operational problems experienced in Cala intervention by DWAF • Bucket system has been eradicated - VIP – toilet system in rural areas and waterborne in Urban Areas • Ongoing Operation and Maintenance • Construction of new treatment works has begun in Elliot • Construction of oxidation ponds has begun in Elliot Extension • Complaints reported and attended to were 340 • Sewer blockages were 240 • VIP’s serviced: 2000 • New connections: 22 • Conservancy tanks serviced on request basis – Cala 8 per week • Elliot 2 per week • Bucket system serviced • Cala 216 • Pholar Park: 26 • Subsidies received 2772 	<ul style="list-style-type: none"> • Sanitation ponds needed in rural areas • Unqualified operators (treatment works) • New vehicles needed • Waterborne sanitation for bucket eradication in Elliot • Rural areas and Cala sanitation inadequate • Outstanding waterborne 1500 (urban area) and VIP (rural area) outstanding 1000 • Supply Chain Management • Old and aging infrastructure (reticulation) • Irrigation at ponds • Staff not trained in operations and maintenance of pond • Culture of non payment still exists • Confusion between WSA and LM budgets

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<p>A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas</p>		<ul style="list-style-type: none"> • Lack of staff • Insufficient funding • Lack of tools and equipment • Effluent generated from ponds not used for irrigation • Sewerage reticulation incomplete in Cala – using septic tanks and conservancy tanks Ndondo Square Township – problems with soil material saturation ends up in the septic tanks • Septic tanks not approved by Municipality • Poor workmanship (septic tanks) • Effluent is running into Tsomo River – creating Health problems – implications from DWAF

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>(TECHNICAL)</p> <p>TOWN PLANNING & BUILDING CONTROL</p> <p>(Part of Technical administrative service)</p>	<ul style="list-style-type: none"> • To create an efficient spatial settlement pattern • To enforce building regulations - Application of legislative issues • Control of land use • Building safety • Environmental protection • Spatial development 	<ul style="list-style-type: none"> • Developed a spatial development framework • Approval and rezoning done in conjunction with District Municipality (Chris Hani) • Planned upgrade and formalize rural settlements • Plan to facilitate an investor friendly environment related to land tenure 	<ul style="list-style-type: none"> • Required to implement spatial development framework • Develop land use management plan and land settlement plan • Prioritize land use practices and planning • Prioritize land reform/tenure • Plan, programme and link services and supply networks to optimize efficiency • Access roads to properties • Lack of adequate houses – ensure construction of quality houses • Enforce building regulations • Building Control Officer to be appointed • 20 building plans approved - increased in revenue by R 20 000.00

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>(TECHNICAL)</p> <p>DISASTER MANAGEMENT</p>	<ul style="list-style-type: none"> To ensure formulation of an integrated and sustainable disaster management plan 	<ul style="list-style-type: none"> Planned to formulate a Disaster Management Plan in partnership with CHDM and Provincial Government Working CHDM to establish Disaster Management Centre with necessary equipment and facilities 	<ul style="list-style-type: none"> Office space and equipment needed Vehicle needed Separate budget for town planning and building control Zoning maps needed - Community land issues need to be legally solved More land for development departments not liaising with the municipality before developments are implemented Hailstorm disaster destroyed 85 RDP structures. Total cost R174Million. Partially destroyed 96 households R52 641 Thousand – 2% for damaged roofs and windows require R7 897 to repair damage Planned project 85 Disaster Houses to be built during 2008/2009 financial year

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
		<ul style="list-style-type: none"> • Carry out Awareness Programmes/ Campaigns Counselling Services to victims • Encourage CHDM to undertake risk vulnerability assessment 	<ul style="list-style-type: none"> • Damage to roads – estimate damage R10, 5Million • Lack integrated approach to Disaster Management within municipal area • Lack of risk mitigation measures on disaster prone areas

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>BUDGET & TREASURY (FINANCE) DEPARTMENT</p> <p>Revenue Management</p>	<ul style="list-style-type: none"> • Previous CFO dismissed for misconduct/ Financial misappropriation of funds during 2006/2007 • Enhance/expand revenue base implement revenue Management Strategies – collections 	<ul style="list-style-type: none"> • CFO/ Municipal Mentor - Mr P McEwan appointed – and acted as CFO July 2007 Until 31 May 2008 • Appointment of a full time CFO (s57) • Management of financial services by maintaining Strategic Organizational Finance direction– ensure financial stability • Revenue collections ratio – 5623 Accounts raised only 726 were fully paid and the last debit paid 781 • Enforce Credit Control Policy 	<ul style="list-style-type: none"> • Continuous DBSA intervention • Intervention required • Services of Mentor to ensure stability capacitate new and existing/new staff in Finance Dept • CFO (s57) appointed 1 June 2008 • Existence of culture of non payment/poor payment of services • Unemployment rate high • Public consultation/ Education • Credit Control Policy & procedures to be implemented • Public Consultation • Financial Constraints • Capacity of Staff • Dedicated staff to drive debt collection function
<p>Consolidated Billing and Debt Management</p>	<ul style="list-style-type: none"> • An effective Billing system – increased revenue from payment of services 	<ul style="list-style-type: none"> • Planned improvement/ conversion of the billing system (Sebata Software) 	<ul style="list-style-type: none"> • Electricity disconnections/ cut off not performed regularly for non-payment of services by Technical Dept

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
		<ul style="list-style-type: none"> • Purchased software • Accurate meter readings • Send out accounts on time • Manual receipting in Cala requires to be integrated • Computerized System implemented – addressed when Sebata System is fully upgraded and IT System is linked to both units. • Update indigent database • Improve cash flow • Planned cut off services for non – payment • Raise charges • Establish debt management strategies • Eradicate government debt • Planned to provide monthly cut-off list to Technical Service to ensure disconnection for non-payment • Monitor electricity cut-offs • Improve on existing service standards and build community awareness on importance for paying of services • Improve customer care • Planned training of relevant staff on implementation of new software • Develop relevant By-Law • Planned public consultation 	<ul style="list-style-type: none"> • Check meter reading received for accuracy – ensure correctness via exception reports • Manual receipting for services in Cala – create opportunities for misappropriation of funds • Implement credit control policy effectively – monitor payments against account raised – exception report • Cuts off are being implemented • Staff shortage/follow up • Planned to develop customer survey to be included in billing accounts

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>Assets & Risk Management continued...</p>	<ul style="list-style-type: none"> • Update assets register and Capture and update movable property assets • Acquisition and disposal • Obtain Infrastructure assets – group assets into categories – unbundled assets • Develop assets management and accounting policy & procedure • Develop immovable property acquisitions assets management and disposal manual • Develop assets vote • Application form to assist with recoding assets purchases in the system • Develop assets management report • Reconcile assets vote -- capitalize on SEBATA financial system 	<ul style="list-style-type: none"> • Immovable assets properties to be grouped and included in the annual financial statements to comply with GRAP • Planned audit / update of assets • Infrastructure totals of assets to be obtained and grouped in categories • Development of Policy & Procedure Manual is planned • Development of a assets vote on financial system • Fixed assets definition report planned 	<ul style="list-style-type: none"> • Unknown quantity of movable assets • Planned for 2008/2009 financial year • Appointed and assisted by Delloitte • Planned for 2008/2009 financial year • Planned for 2008/2009 financial year • Result in opening balances on annual financial statements – comply GRAP – Control of assets

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
INSURANCE	<ul style="list-style-type: none"> • Establish of Sakhisizwe own internal record keeping system of all insurance claims • Budget calculations for motor, COID and benefits contributions insurance premiums • Develop Insurance Policies & Procedures 	<ul style="list-style-type: none"> • Insurance Portfolio • Policy development 	<ul style="list-style-type: none"> • Records system established & no reliance on outside assistance • Review /development Planned for 2008/2009 financial year • Compliance achieved --with required insurance claim procedures internal control measures in place • Prevent unnecessary/ illegitimate insurance claims • Achieved
EXPENDITURE	<ul style="list-style-type: none"> • Integrate former TLC's Banking Accounts into one consolidated account 	<ul style="list-style-type: none"> • One consolidated Banking Account 	
PAYROLL	<ul style="list-style-type: none"> • Integrate the former TLC's Payrolls • Set Internal control measures and measures & Procedures • Upgrade payroll version / system of Sebata 	<ul style="list-style-type: none"> • Payroll system integrated • Planned appointment of Payroll Officer • Completed • Integration completed 	<ul style="list-style-type: none"> • Payroll integration achieved • No dedicated staff member to deal with Payroll function – post requires to be funded and filled • Capacity Building and • Planned development of Payroll Procedure Manual during 2008/2009 financial year

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
		<ul style="list-style-type: none"> • Obtain Sebata training & relevant Procedure Manual/s • Planned implementation of pre numbered authorization/ instruction memo's from Corporate Service Department – prior to payroll implementation/s • Planned upgrading of Software • Over expenditure re overtime payments – excessive – planned procedure development • Monitor overtime payments – ensure hours claimed are legitimate with legislated hours as BCEA. 	<ul style="list-style-type: none"> • Reduce audit queries • Legal remuneration of Council monies • Prevent illegal payments • Reduce over and underpayment in salaries • Balanced payroll vote • Financial challenges • Capacitation staff • Payroll procedures required • Overtime payments – excessive • No control/ monitoring procedures in place • Not currently verified and no policy in place – required to be within prescriptions of BCEA – query excessive overtime time payments

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
PROCUREMENT/ SUPPLY CHAIN MANAGEMENT	<ul style="list-style-type: none"> • Perform Annual count of, vehicles equipment /tools • Implement Supply Chain/ preferential Procurement Policy • Manage number of orders and Transactions • Convert account from IMFO to GRAP • Segregate procurement from stores • Establish a database of suppliers in categories of services offered/ rendered • Establish Audit/ BID Committee and 	<ul style="list-style-type: none"> • Planned for June each Year – all assets will be valued, including the road and electricity network • Supply Chain Management Policy Developed • Planned conversion • Planned to establish Data Base • Established – Bid Committee evaluated and recommendations prepared - approved through Council 	<ul style="list-style-type: none"> • Staff shortages – capacitated staff • Financial constraints • Achieve legislated compliance • Enhance efficiency and improve controls • Appointed Delloitte to assist with GRAP conversion • Advert placed calling for database registration • Data base in process of being established • Established

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>BUDGET & TREASURY</p>	<p>Establish Budget & Treasury Office Prepare 3 year Budget -- according to MFMA and National Treasury guidelines - aligned to IDP Budget in line with GRAP Update indigent database and cater for indigent free basic services – affordable tariffs Department to prepare service delivery and implementation plans</p> <p>Submission of monthly, quarterly and mid year financial reports to Council National & Provincial departments and other stakeholders treasury</p> <p>Implement activity based costing system</p> <p>Undertake monthly analysis of creditors days, net debtors to annual income and total debt annual income</p> <p>Review tariff -- base tariff on costing results in order to achieve a costs reflective user charge</p>	<ul style="list-style-type: none"> • Budget Approved • Indigents catered for – free basic services implemented • Input and participation of management in the budget process • Not done –Planned to be addressed • Not done -- Planned to be addressed • Not done – Planned • Planned to be undertaken • Not done – Planned • Planned to be undertaken • To be reviewed 	<ul style="list-style-type: none"> • Achieved • Lack of interpretation of budget and budget Management process, staff and Councillors) • Lack of capacity -- Capacity building programmes -- Financial constraints • Lack financial controls • No participation, input and information sharing re budget process • No monitoring mechanism of budget expenditure (monthly printouts)

3.
HUMAN RESOURCES
AND
OTHER
ORGANISATIONAL
MANAGEMENT

3. **EXISTING AND NEW DELIVERY MECHANISMS**

Sakhisizwe Municipality was established during December 2000 and this resulted in the amalgamation of two local authorities and towns, namely :

- Elliot and Cala

Included in this area are surrounding townships, farms and villages

Whilst substantial progress and development has been made in order to restructure and align all smaller units into the larger formed "Sakhisizwe Municipality", this had not been without challenge. Transformation is required, not only in terms of the re-organisation, which led to the amalgamation, but also in terms of new legislation and a new way of doing things.

Every effort has been made to engage in a formal and directed change management programme in order to ensure that changed processes, procedures, and practices are understood by all, and are lived as day-to-day ideals and values within the organisation. In the areas of :

Governance;

Institutional development;

Transformation: and

Change Management,

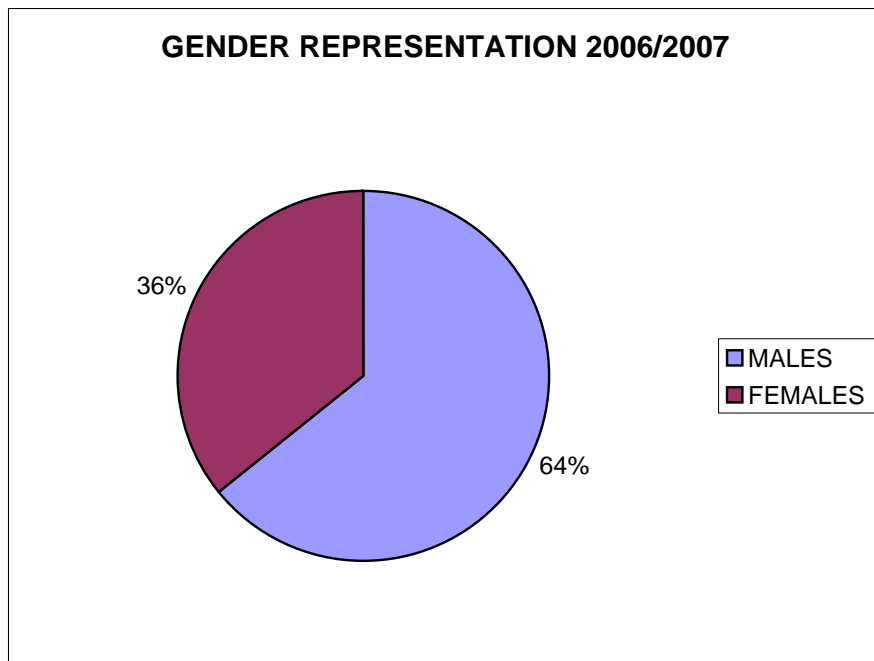
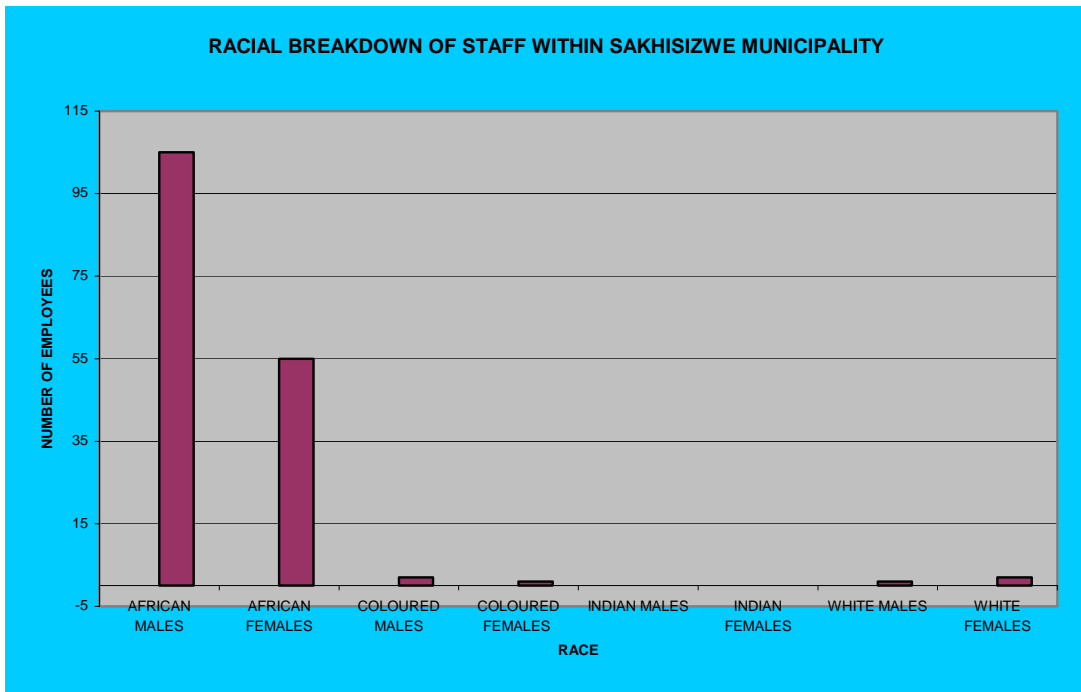
every effort and focus is being made to ensure that delivery mechanisms support the required change at every level. Ongoing and critical analysis and evaluation takes place in order to ensure that Sakhisizwe Municipality takes the correct steps towards achieving excellence in human resource and other organisational management.

3.1. Institutional Development

3.1(a) Sakhisizwe Municipality has an overall staff complement of 168 employees, which are broken down as follows :

NUMBER OF STAFF	GENDER	LEVEL
1	African Female	Mayor
4	African Female	Councillors
8	African Male	Councillors
1	African Male	Top Management
2	African Male	Senior Management
2 0 0 1 0 0	African Male Coloured Male White Male African Females Coloured Female White Female	Professionally qualified, experienced specialists and mid-management
13 1 1 8 0 2	African Males Coloured Male White Male African Females Coloured Female White Female	Skilled technical, academically qualified and junior management
34 10 1 1	African Male African Females Coloured Female Coloured Male	Semi-skilled and discretionary decision making
45 2 27	African Males Coloured Males African Females	Unskilled and defined decision making
0 2	African Males African Females	Temporary employees
2	African Females	Interns (Financial)

TOTAL STAFF COMPLEMENT: 168 STAFF



3.1(b) Organisational Structure

The amalgamation of the erstwhile TLC's of Cala and Elliot to form Sakhisizwe Municipality created the need for reviewing the organisational structure and placement of staff as per placement criteria. Annual review and certainly further review was required during the budget process review, but to date this has not occurred. Ultimately, this results in the fact that the current structure does not take into account long-term and growth issues. It also results (as per previous discussion) in acknowledgement of the fact that the structure does not adequately reflect logical functional groupings and groupings as per norms of best practice principles.

- It was planned to review the organizational structure during 2007 /2008 however due to budgetary and resource constraints this did not occur. Review of the organizational structure is now planned for the 2008/2009 financial year and it is required that members of the Budget Technical Committee will be involved within this process. During this process it will be required that functional groupings be considered and modifications made as required. It will also be required that the structure represent an accurate account of the demands placed on the organization by the IDP.
- In determining the current structure for the 2008/2009 financial year, it will be required that the IDP, the Implementation Plans and the organizational structure in terms of infrastructure for service delivery, be examined in order to ensure that the structure reflects the identified needs and strategic objectives. The final structure must provide an Organogram, which will enable the organization to meet key deliverables as identified within the IDP. The refinement and moderation of the Implementation Plan will take into account all direct and indirect costs associated with each position on the Organogram.
- For each position and certainly for each new position reflected on the Organogram, a job description is required to be provided – written specifically for the TASK System of job evaluation (confirming with national expectations, policies and processes). These, in turn, govern the practical implementation of the TASK System of Evaluation as prescribed by SALGA.

- Overall, it is imperative that the placement of staff be examined. Misplaced staff will be required to be re-placed or re-deployed. This process will be required to take place in consultation with the Local Labour Forum prior to implementation.
- Every effort will be made to ensure that placement occurs in a manner that is fair, objective and in a manner that will not be detrimental to the operational functioning of the organisation.

3.1(c) Employee Assistance Programme

The Corporate Services Manager currently “acts” as the EAP Officer in the Municipality. The Municipality should Maybe look at employing a qualified permanent person in This position, as it is very crucial for the welfare of staff.

We have encountered quite a number of problems with staff, e.g. staff is heavily indebted and as a result have no money to take home at the end of the day. This is one of the problems that may lead to alcohol and substance abuse among our staff members. The Corporate Services Department should endeavour to correct all the above by enlightening staff on their rights as soon as possible.

The development and implementation of EAP Policy and HIV/Aids policy is required – this planned to be developed during 2008/2009 financial year

3.1(d) Job Evaluation

Job evaluation has on a national scale, placed huge demands on staff and organisations alike. Whilst the results of the job evaluation exercise have been made available through the presentation of the Final Outcomes Report (presented to us by the Provincial Job Evaluation), implementation awaits the National Wage Curve from SALGBC and the process of appeal. In respect of the wage curve, we have raised concerns on the benchmarking of municipalities, in order to determine the wage curves for different municipalities. These issues are currently under discussions with the parties of the SALGBC.

3.2. **GOVERNANCE**

3.2(a) Document Management Project

This project remains a challenge in many respects. At the outset, it must be stated that this Records/Document Management System is not only outdated, and not of a good standard, but has also deteriorated over time. This is due in part to a lack of qualified and skilled staff to manage this function.

In respect of the “institutional memory” of the organization, this is of particular concern. As an integral aspect of record within the institution, it is critical that this process be examined and urgently reviewed.

Currently the organization is faced with an unstructured records system and a system that was inherited from Cala TLC. With the process of amalgamation and centralization of records within Cala, this system has disintegrated into a further state of chaos. Simply stated, the system is unstructured, files/subject matter is numbered incorrectly, documents are filed incorrectly and cannot be retrieved.

During 2007/2008, it was planned to review this system, this however, did not occur as planned and it is now planned to review the existing system and to develop a new system (with administrative and financial support from DBSA). DBSA have also undertaken to ensure that relevant And appropriate training is provided for this purpose – Preferably ensuring mentoring by partnering with other Municipalities that are recognized as having correctly Functioning document management systems.

On one hand, the administration of Council and Standing Committee Meetings has shown improvement and Council agendas and minutes have been provided accurately and correctly (facilitating Council decision-making.) Minutes are also being signed by the Mayor (as is required).

Whilst the Audit Committee is not yet operational, the establishment of the Internal Audit Committee is currently under way and negotiations have already been undertaken with the District Municipality. It must be noted that this function will be a shared function and this role cannot be over-emphasized.

A Remuneration Committee has been elected by Council and constitutes:

- Mayor (Ms W Tikana)
- Chief Whip Cllr: S Ntakana

- P Mc Ewen (DBSA Deployed: Financial /Municipal Mentor)
- C van Schalkwyk: HR/PMS consultant

Purpose of Committee: To ensure that payment of salaries for s57 Managers occurs in terms of Council resolutions, after negotiations are concluded between Managers and Council.

3.2(b) Policies Adopted

- Remuneration Policy according to SALGA guidelines
- Budget Policy.
- Investments Policy
- Tariff Policy

3.2(c) Register of Interest

This register was formally adopted and both Councillors and officials are required to declare their interests in order to avoid any conflict that may arise as a result of doing Council business.

3.3. **TRANSFORMATION AND CHANGE MANAGEMENT**

3.3(a) Performance Management (IPAS – Balanced scorecard approach)

The Performance Management System was developed in-house and piloted, it was effected for top management. During 2006/2007 it was introduced to middle management. Due to financial constraints was not cascaded to this level. due to capacity and financial constraints. The roll out of individual Performance Management is being planned and will be done in a systematic manner. It was agreed to rollout in phases and as such, the process will be addressed in the 2007/2008 financial year.

This performance management system has ensured that service delivery was implemented based on targeted dates that were approved by Council. It assisted in identifying shortfalls /weaknesses and/or successes of each dept against objectives.

The absence of the Service Delivery and Budget Implementation Plans will require that the Performance Management System be linked to the KPA's and KPI's of s57 Managers, which are in turn linked to the IDP.

Under the circumstances, the system will be required to be reviewed and refined and further customised. Through this process, and customisation, it will be ensured that it remains

objective at all times and suits the circumstances of the Municipalities.

Individual performance assessments for the individual managers have been completed by an independent Committee (PMS Committee), which was constituted by elected council members and independent consultants.

Whilst this process has been considered to be objective, we are still required to formally establish an independent performance audit committee. In the interim a Remuneration Committee was appointed through Council to oversee the Auditing of this process.

Annual reports are submitted to Council and this assists Council to evaluate performance and to make the necessary interventions when these are identified.

3.3(c) Skills Development

This function was functioning properly until the resignation of the SDF. Annual Training plans have been developed and reporting has been done via the Implementation Reports.

It must be noted, however, that these have not occurred in respect of realistic needs and have not been applied according to the prescriptions of the Skills Development Act.

Funding remains a constant challenge and the Municipality has not complied with the utilization of 2% of the Salary Bill for Skills Development.

The following issues require compliance during 2006/2007 financial year:

- Appointment of a SDF – achieved in 2007/2008 financial year
- Appointment of a Skills Committee – achieved in 2007/2008 financial year
- Skills Audits and Skills Analysis are required to be redone and completed regularly – consultants were appointed during 2007/2008 to assist with this but to date no result have been yielded, although the project was completed.
- Committee meetings (Training) are required to be held between officials, Councillors and Labour Union representatives (Committee to be established and operational) – this has still not been achieved

In addition to skills development Sahkisizwe Municipality have introduced an internship programme in order to alleviate the negative impact that skills shortages have on the recruitment and the subsequent placement of suitably

qualified persons. This also has an impact on the operational functioning of the organisation, as the organization requires technical capacity and competence in order to provide the required service delivery and sustainable development as highlighted in the IDP.

With funding received from National Treasury two interns were appointed in 2006 in the one in the Corporate Service department and one in the Finance department. DBSA has providing further funding and appointed two interns who are currently undergoing In-Service Training in the Finance Department.

The internship programme is a process of empowering and capacitating future employed staff. Identified students/ graduates from recognised institutions, where engaged to work for the Budget & Treasury Department, for a set term of three months. Two (2) Interns (Finance young professionals) have been appointed/deployed through DBSA and are utilized to assist the Municipality in the financial field.

The internship programme is regarded as a means to balance the immediate shortages and the long run demand for employees, it is envisaged that both current and future personnel shortages can be minimised.

3.3(d) Employment Equity

Sakhisizwe Municipality do not have an Employment Equity Plan in place. The annual reporting in the new legislated format i.e. (EE forms) for the 2007 /2008 have not been complied with or submitted to the Employment Equity Registry, during 2006/2007 the reporting was only partially complied with. The incorrect EEA 4 reporting format was utilized. The Employment Equity Registry introduced a new reporting format in 2006.

The Municipality is not compliant with Employment Equity prescriptions; however, they are in the process of addressing all these issues and whilst doing so, will have to create the required infrastructure, support and understanding.

3.3(e) Occupational Health & Safety

At this point we are able to state that this responsibility and function measures a level of 30% functionality and compliance. In this respect:

- The OHS Committee is established but does not meet regularly

- Monthly reports are not submitted in respect of IOD's and other pertinent issues.
- Safety representatives perform their work on a basic level (not effectively monitored).
- The organization remains challenged in its ability to enforce the Health and Safety Act through recognized mechanisms.

4.

**AUDITED FINANCIAL STATEMENTS
ANNEXURE A**

**AND RELATED
FINANCIAL INFORMATION**

**AUDITOR GENERAL'S REPORT
ANNEXURE B**

AUDIT REPORTS AND CORRECTIVE ACTIONS

The auditing of the financial statements for the period ended 30 June 2006 has commenced and the Report of the Auditor-General of Sakhisizwe Municipality for the Financial Year ended 30 June 2006 is attached hereto – See Chapter 4 **Annexure B.**

Corrective Actions

The Report of the Auditor-General is currently being dealt with.

Challenges and general comments

- The successful implementation of the Municipal Finance Management Act (MFMA) over the next three (3) years. Management, senior staff and all Councillors will be trained in the requirements of the Act.
- This department would proceed with the implementation of GAMAP (Generally Accepted Municipal Accounting Practices). Senior financial staff would be sent for training on the implementation thereof and if needed the expertise of external service providers would be called upon to assist the department.
- The taxation of rates on all properties and farm land is an exercise that would require a lot of consultation and discussions before the implementation could take place.
- Various policies required in terms of new and existing legislation would be reviewed and compiled before it would be discussed with management, Council and community stakeholders.
- Training of staff within the Finance Department will continue as will the internship programme with assistance of DBSA (Programme and National Treasury for 2 years)
- Implementation of a comprehensive Information Technology (IT) System to complete and train the employed IT/GIS Operator would be required.
- During the next financial year all assets would be bar-coded and listed as required for the implementation of GAMAP – compliance will be achieved in 2009.

Response to the Auditor General's Report for the period 1 July 2007 – 30 June 2008

Purpose

In terms of the Public Audit Act No 25 of 2004 and s121 (3)(g) of the Municipal Finance Management Act, Act No 56 of 2003, it is required that the particulars of any corrective action taken or to be taken in response to issues raised in the audit report, be included within the annual report of the Municipality.

Detailed below are the comments in response to the Auditor-General's Report with specific reference to the numbering as it appears within the Audit Report.

Basis for Adverse Opinion

Sakhisizwe Municipality received an adverse audit opinion for the 2007-2008 Audit Report. This audit opinion was received due to a number of issues, which will be detailed in the report that follows. An indication of corrective action to be taken will be provided as a response to the issues raised and will be detailed throughout this report.

Bank balances and cash

As indicated within items 10 – 12 of the Audit Response, it was generally found that bank balances and cash were not accurately reflected and disclosed within the financial statements. Generally, and throughout there appears to be a lack of documentation provided in order to verify transactions and movement and as a result most figures cannot be substantiated and/or verified. The validity of journals could not be confirmed and generally, there appeared to be a lack of supporting documentation in respect of audit trails. Additionally, differences in accounting records while attempting reconciliation's could not be confirmed and no documentation supporting the validity of disclosure of correction of errors was provided.

Ultimately, the 2008-2009 financial year will have as its focus, the development of audit trails and a concerted effort will be made to maintain accurate records and statements of all accounts.

Consumer debtors and provision for bad debts

13. As with the financial record-keeping systems generally, contradictory evidence was presented in reflecting the age analysis and debtors listings – and no documentation was provided to reconcile these differences or required corrections.
14. Implementation of the Indigent Policy could not be validated and it is evident that required ledgers at year-end were not provided. These issues affect the recovery of consumer debts and the statement of these.
15. Bad debts were inaccurately disclosed and supporting documentation and documentation reflecting the correction of errors was not in existence.

Effectively, items 13 – 15 could not be verified and impacted on presentation of bad debts, indigent information and generally the provision for bad debts.

In respect of these issues and in attempting to address these, the following points must be noted:

As of the 2007 – 2008 financial year, Sakhisizwe Municipality began working on a data cleansing project for debtors in order to ensure accuracy of property billing and to ensure that the Indigent Register remains current. This project is under way, but will only see completion during 2008-2009.

Employee-related costs and remuneration of Councillors

Notes 16 – 19 refer to the inaccuracy, incompleteness and inability to confirm employee-related costs and the remuneration of Councillors as disclosed within the financial statements. Material differences were discovered, however, no supporting documentation, which would allow any form of verification, were in evidence.

2008-2009 will in every respect be a year of compliance, and recording and reporting structures in respect of employee-related costs and remuneration will be enforced.

Property, Plant and Equipment (PPE)

Notes 20 – 23 indicated that property, plant and equipment were not accurately recorded or detailed as assets. This included inaccuracies in the manner that assets were valued and capitalized and supporting documentation as an audit trail could not be supplied. Evidence produced remained contradictory and inaccurate at every level (especially in respect of depreciation).

During 2008-2009, it is intended to address these issues within the strictest sense. As part of an Audit Plan efforts will be underway to ensure that assets of the Municipality are accurately valued and it is the intention that the asset register will be GRAP compliant by the end of the 2008/2009 financial year.

Creditors

Trade Creditors

Items 24 – 25 detail the inaccuracy in the manner in which trade creditors were disclosed. Reliable creditors listings, reconciliation's or supporting documentation could not be provided for in terms of disclosure. No documentation to support journals was apparent and errors abound.

The most contributing cause of this inefficiency relates to the lack of proper internal control mechanisms and the design of the accounting framework which in turn resulted in the failure to include creditors to the amount of

R235, 544. Staff bonuses were also not accrued. A contradiction of R1Million was identified between underlying accounting records supporting this disclosure.

It is the intention to ensure that internal control mechanisms are developed and remain in force so that creditors details are accurately reflected and confirmed. Efforts to ensure that steps are taken to resolve these issues will be included within the Audit Plan.

Item 25: Provision for staff leave

Accurate documentation in respect of staff leave will be required to be maintained in order for verifications to be made.

Item 27 Consumer Deposits

A lack of internal control mechanisms and recording of monies received, resulted in the inability to record and verify consumer deposits. Commitment is made to ensure that internal control mechanisms are put into place for the recording of reporting on all such data and all correction errors for disclosure within the financial statements.

Item 28: Other Creditors

Management is not in a position to verify the valuation and completeness of creditors as disclosed within the Financial Statements.

As above, internal control mechanisms and accurate recording of transactions will be required to remedy this inefficiency.

Revenue

In respect of revenue, the following items were highlighted as having inaccurate and non-substantiated information, which effectively resulted in inaccurate representations within the financial statements.

- Item 29: Rates
- Item 30: Interest on arrears
- Item 31: Service Charges (revenue from water, electricity, refuse and sanitation)

No documentary evidence could be provided to support fluctuations in the recording of monthly water, electricity, refuse or sanitation services revenue figures. Similarly no evidence was provided to detail the inconsistencies between the number of consumers charged in respect of these services and the monthly billings. Meter readings were inconsistently taken and were found to be contrary to the accounting records. Service Level Agreements governing the agency relationship with the District Municipality could also not be provided regarding the sale of water on the municipalities' behalf.

In terms of these service charges and aside from internal recording mechanism deficiencies and the lack of internal controls, the following actions have already

been taken and will be improved on:

- Water & sanitation claims from Chris Hani District Municipality were reviewed and more than R5Million was recovered.
- This activity and achievement enabled all outstanding amounts owing to creditors to be settled for the year ending June 2008.

Item 35: Government Grants and subsidies and Government Grants and subsidies – PPE

Large discrepancies were found within the disclosure of Government Grants and Subsidies and Government Grants and Subsidies – PPE to the amount of R2.5Million and R527 205 respectively. These amounts were unexplained and not able to be reconciled.

Other Income

Item 36: Other income and its composition was not disclosed and lack of supporting documentation resulted in the inability to validate this information. Internal controls will be required to be instituted in order to ensure that all detail related to financial statements can be validated.

Item 37: Gain on disposal of PPE

As above, the disclosed gain could not be verified against supporting documentation and is an issue that will be strictly addressed within the next financial year.

Expenditure

The Audit finding for this area clearly shows that expenditure is not clearly recorded and in all areas of expenditure, this detail cannot be accurately provided in order to validate and confirm expenditure reporting within the annual financial statements.

Specific areas include items 39 – 42, which relate to general expenses, repairs and maintenance and bulk purchases.

Commitment is provided to maintaining sound and accurate financial records and this will involve the establishment and enforcing of internal control mechanisms.

Additionally, the following expenditure items were highlighted :

- 43 - 44 (Unspent conditional grants and receipts). Aside from recording and verification issues, the grants register was highlighted as incomplete and will require constant maintenance and updating of information.

- 45 (long-term receivables). Detail regarding the terms and conditions of loans were not provided, nor was the data concerning the validity of the correction of errors. This data must be maintained and provided for validation and as record.
- 46. (Other Debtors)
The valuation of these debtors could not be verified and journals passed could not be substantiated in terms of supporting documentation.
- 47 and 48 Value Added Taxation (VAT)
Records regarding VAT, VAT claims and correction errors could not be validated.

It must be noted that a certain element of success was to be found in respect of VAT and after the completion of the VAT Audit during 2007, more than R5Million was recovered from SARS regarding previous incorrect claims.

Notwithstanding, every effort must be made to ensure that VAT records are maintained and kept up to date. The SLA relating to water and sanitation services must be provided in order to accurately reflect the valuation and completeness of all VAT disclosures.

Item 49: Accumulated Surplus

This figure was disclosed based on the statement of financial position and statement of changes in net assets. However, documentation is lacking to support this data and this documentary evidence must be managed as part of internal controls and management.

Items 50 and 51 (long-term liabilities and current portion of long-term liabilities and cash flow statements) - these areas and reporting could not be verified due to lack of supporting document provision and clearly this data must be provided in all future reporting.

Item 52 & 53 (Provisions)

Landfill sites within Cala and Elliot were not restored (as per legislative prescriptions) and the Municipality had not conducted an assessment of the useful life of these sites. Accordingly, no provision for restoration had been made in the Finance Statements.

In future, assessments will be required to be taken so that the obligations in terms of legislative prescriptions can be fulfilled.

It was also discovered that the Municipality had failed in its obligations to provide for and to disclose the figure for a performance bonus. This information must in future be disclosed.

Retirement Benefit Information

Item 54 – Documentation regarding the rules and financial aspects and soundness of the 6 defined benefit funds administered by the Provincial Pension

Fund could not be provided nor were the transaction records or correction of error details.

As per items 55 – 62, poor information and lack of supporting information was provided for the following areas :

- Wasteful and fruitless expenditure;
- Contingent liabilities (due to inadequacies in the design of the accounting framework and internal control mechanisms);
- Capital commitments – documentary evidence provided contradicted disclosures within the financial statements due to deficiencies within internal controls and the accounting framework. Additionally, no detail was present regarding commitments incurred and detail regarding outstanding orders and committed tenders. Capital expenses could not in any way be accurately quantified.

Unauthorized expenditure

The difference between actual versus approved expenditure was considerable and lack of verified figures did not assist with the establishment of the correcton figures.

Item 59 – (Presentation of financial statements)

No schedule was provided to reconcile the statement of financial performance and the budget. No supporting schedules were able to be provided.

Items 60 – 62 (Financial Lease Agreement)

Non-compliance with paragraph 35 of IAS17 (AC 105) Leases – failure to disclose the effect of lease transactions. No complete set of finance lease agreements were provided.

Emphasis of Matter

Significant uncertainty

Item 64 – The absence of a SLA between the District Council and the Municipality has opened up uncertainty regarding the validity of water and sanitation revenue and the rights to water and sanitation debtors disclosed in notes 10 and 12.

Restatement of figures

Figures relating to the statement of the financial position have been restated.

Other matters

Internal controls

As per item 66, the root cause for inefficiencies within the system of internal control which has led to the adverse opinion, relates to the following :

- Bank balances and cash
- Consumer debtors and provision for bad debts
- Employee related costs and remuneration of Councillors
- Property, plant and equipment
- Creditors
- Revenue
- Expenditure
- Unspent conditional grants and receipts
- Long term receivables
- Value added taxation (VAT)
- Long term liabilities
- Provisions
- Fruitless and wasteful expenditure
- Contingent liabilities
- Unauthorised expenditure
- Leases

Non-compliance with applicable legislation

There have been many areas of non-compliance and these relate to :

Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA)

The following sections of the MFMA were not complied with :

67. Section 45, 62(1)(b), 62(1)(c)(i), 65(2)(e), 80, 111, 63 and 125(2)
68. Management could not provide evidence that the finance department was adequately staffed or that adequate control procedures were implemented to identify and record related party transactions.

Municipal Systems Act, 2000 (Act No 32 of 2000) (MS)

The following sections of the MSA were not complied with :

69. Section 66 : an approved staff establishment was not provided.
Section 6(2)(c) : fraud prevention plan was not formalized and implemented.

Environment Conservation Act No 73 of 1989

70. Contrary to Section 20, documentation to support the legal establishment of the municipal disposal sites was not provided.

National Environmental Management Act No 107 of 1998

71. Contrary to sections 28, the Municipality's documented plan to rectify the degradation caused to the environment by its landfill sites was not provided.

These areas of compliance will be required to be rectified as detailed within the Audit Plan to be established 2008 – 2009.

Matters of governance

The following governance areas require suitable action:

- The Municipality does not have an audit committee throughout the financial year, nor an internal audit function.
- The Annual Report was not submitted to the Auditor for consideration prior to the date of the Auditor's report.
- Significant difficulties were experienced during the audit concerning delays, the unavailability of expected information and the unavailability of senior management
- The prior year's external audit recommendations have not been substantially implemented.
- There are no documented policies and procedures and control systems to ensure the reliability of financial reporting.
- There are no documented policies and procedures and control systems to ensure compliance with applicable laws and regulations.
- The information systems are not appropriate to facilitate the preparation of financial statements that are free from material mis-statement.
- Delegations of responsibilities are not in place.
- Supply chain management policies and procedures are not appropriately applied.
- There is not a functioning performance management system.
- Performance bonuses are not awarded according to proper assessment and approval by those charged with governance.

It is the intention that the development and implementation of an Audit Plan will highlight the necessary action to ensure that these issues are appropriately addressed within the 2008 – 2009 financial year.

Implementation of Standards of Generally Recognized Accounting Practice (GRAP)

The municipality did not submit an implementation plan, detailing progress towards full compliance with GRAP to the National Treasury and the relevant provincial treasury before 30 October 2007.

The Municipality did not submit an implementation plan detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.

Value for money matters

Item 73: Management could not provide evidence of advertising tenders with and only contracting construction service providers registered with the Construction Industry Development Board (CIDB).

Item 74: Management could not provide explanations for variances between actual expenditure versus budgeted expenditure on infrastructure projects or reasons for the under expenditure on certain projects to the amount of R7, 1Million.

Item 75: Electricity infrastructure projects completed during year under review were not being used for public consumption due to delays with power supply from Eskom.

These issues will clearly be required to be addressed through the implementation of the Audit Plan for the 2008-2009 period.

Concluding Remarks

In conclusion it must be stated that Deloitte Consulting have been appointed during the 2008-2009 financial year to assist in the preparation of financial statements and to deal with compliance issues and issues relating to successful conversion to the GRAP system of accounting. Part of this process will involve the development of an Audit Plan and supporting implementation plan. It is prudent to highlight that this plan by necessity will be required to address many issues raised within the report from the Auditor General and these issues will be dealt with in so far as it is feasible.

Our commitment to addressing issues contained within this report is assured and areas relating to compliance, accounting frameworks and issues of monitoring and control will receive the highest priority.

5.

FUNCTIONAL AREAS

SERVICE

DELIVERY

5.1. IPED DEPARTMENT

DEPARTMENTAL MANAGER (S57)

Mr N SALENI
(Appointed May 2008)

Each function will be examined within its respective section, as follows:

The IPED Services Department is responsible for the following:

KEY FOCUS AREAS

- Local Economic Development
- Implementation and facilitation of IDP Projects
- Effective monitoring of IDP Projects
- Housing
- Agricultural and rural development
- Tourism
- Libraries
- Traffic Management: Law enforcement and Testing Station in the absence of Community Services Manager (post remained vacant for more than three years).
- Waste/refuse management
- Parks & Public Open Space (Commonages/Pounds)
- Sportsfields
- Cemeteries

IDP Project

Management, reporting on all IDP and other agency-related projects.

Objectives

- Development of Departmental Service Delivery, Budget and Implementation – (Ensure SDBIP are linked to IDP)
- Input into development and annual review
- Public participation
- Involvement of internal and external roleplayers in the IDP review process - improving
- Continuous improvement of IDP process – co-ordination and integration
- Monitoring, supporting and reporting on the implementation process

IDP Projects

- Existing projects have continued under the year under review – no new projects were implemented during the year under review due to financial constraints

- Funding constraints remain to be a challenge – no budget provided for the review of the IDP and related processes

HOUSING (Projects)

Objectives

- Provide housing – facilitate access to adequate housing
- Address backlog in housing delivery
- Construct 4000 units by 2007
- To develop a housing sector plan – Identify stakeholders – develop feasibility study and implementation plan
- To promote public private partnership
- To identify funding (DLHTA, DPLG, DBSA and private institutions)
- Elliot Pholar Park (Ward 1 and 2) – 800 houses – R20 Million allocated, 300 completed
- Sakhisizwe Housing Extension – Wards 13,14 and 15 – R50 Million allocated – 5000 units completed

Challenges and general comments

- Housing of the poor is an area of concern – virtually every town, settlement or village is faced with a shortage in low-cost housing. The following are the gaps that still need to be bridged in terms of housing provision.

Ward 1	1200 houses
Ward 2	800 houses
Ward 3	1000 houses
Ward 4	1725 houses
Ward 5	800 houses
Ward 6	2050 houses
Ward 7	1000 houses

Total housing backlog is estimated to be 4250.

- Allocation of beneficiaries – established database and handed over houses to small number of beneficiaries (no statistics/record of number of beneficiaries provided on same)
- Funding constraints – securing funds
- Project
- Problems with contractor and shortage of materials
- Availability of land – slow land identification and development
- Lack of capacity
- Limited capacity for services (bulk services)
- Poor access roads
- HIV/AIDS crisis
- Project blocked by DHLG & TA – since revived – planned that the problems will be resolved with Provincial Government
- Natural disasters

LOCAL ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE

Background

Responsible for all activities associated with economic development activities.
This section is responsible for :

- Organizing meetings and workshops involving economic development, planning organizations and SMME's (e.g. training and lending organizations). Explore possible access support from various funding windows – form partnerships at district level and with European Union and NGO's.
- Analyzing and reviewing all By-Laws or legislation, which appears to retard or promote economic growth and development.
- Analyzing land accessibility, availability and infrastructure in order to discover the most appropriate areas in which to drive the concept of economic development.
- Developing strategies through research studies within similar framework, to ensure programmes success.
- Developing action plans to ensure programmes success.
- Interacting with community forums to promote SMME development
- Formulating an informal trading policy and promoting trading facilities
- To ensure enhancement of Tourism potential
- SMME database profiles are developed and maintained

Strategic objectives

- Plan to form Section 21 Company (LED related)
- Identify stakeholders
- Link LED plans with Tourism programmes
- SMME development
- Capacity building – enhance forming skills – enhance capacity of LTO's
- LED strategy and Tourism strategy
- Facilitating and promoting investments and lobby for funds
- Mobilizing development stakeholders and marketing the Municipal area
- Collecting development information and research
- Establish Tourism Information Centres
- Establish Arts and Culture Centres
- Diversify agricultural activities/commodity production
- Integrate tourism, agriculture, SMME and IDP
- 45% of arable land under resuscitation – programme to promote economic activity
- To position the municipal area within the market on citrus farming
- Develop architectural development plan
- Capacity Building
- Develop irrigation schemes
- Majority of projects are funded by the Chris HANI district Municipality and during 2007/2008 46 Nguni Bulls per ward, per village were provided at a costs of one million

- Two shearing sheds have been built – one in Zikhonkwane – ward 3 at a costs of R 500 000 and one in upper Indwana - ward 7 at a costs of R 500 000. The shearing sheds are built as per the number of bails produced during the sheering season.
- Cala Abattoir this project has made no progress for the past three years. The CHDM is the developer and “owner of the project – a signed agreement between CHDM and Ntinga Ntaka (partner) - one million has been allocated to finalize the building of the Abattoir.
- Sakhisizwe Greening project: The project covers the installation of refuse bins, greening of towns and improvement of Thompson Dam --seven million has been approved from DEAT .The consultant has advised that the contractor would be on site by January 2009. Tis project has taken time to implement and it hoped that progress will be made during 2008/2009 financial year
- The municipality have partnered with DBSA and employed a service provider to develop a tourism sector plan, it was planned that this plan was to be completed in the 2007/2008 financial year – this has however, not occurred. The service provider appointed does infact not have the capacity to develop the plan and it hoped that measures will be put in place address this with the service provider. It planned to complete tourism sector plan during the 2008/2009 financial year.

Challenges

- Funding constraints have prevented the implementation of any new projects.
- Staff shortages in the IPED department – the s57 Manager is required to manage strategic functions of the department and staff are shared with the Technical department.
- The appointment of an LED Officer requires urgent attention and has now become critical - as it is affecting the functioning of the LED section
- Service provider appointed to develop the tourism sector plan does not have the capacity and has failed to meet required deadlines for development of tourism sector plan.

Traffic and related functions :Law Enforcement & Testing Station

Ensuring that Road Traffic Act and related functions are performed according to strict policy and adherence to legislation.

Objectives 2006/2007

- Increase roadworthy's
- Increased learner drivers licenses by 20%.
- Law Enforcement focus and drives to educate public
- To ensure signage is compliant in the municipal area
- Promote Road and Safety Campaigns
- To maintain traffic signs and street signs
- Improve infrastructure and capacity at the testing station

General Comments

- Roadworthy's – vehicles (including trailers) – 120 processed. Buses – 6 processed and goods vehicles – 9 processed
- Learner license figures escalated
- Drivers license issues increased
- Shortage of staff impacts on ability to perform law enforcement function
- Infrastructure
- Funding constraints

LIBRARIES

- The strategic objective of this function is the provision of reading and study material and to promote reading amongst the youth.

Section Objectives (2006/2007)

- Maintenance of the library buildings at Elliot and Cala and the supply of library materials.
- Establishment library committees and promotion partnership with DSRAC.
- Promotion of and participation in the library week activities scheduled.
- Acquisition of equipment for the libraries.
- Installation of alarm systems within the libraries

Challenges and general comments

- Receipt of Government subsidy allowed for purchase of library materials.
- Libraries in both Elliot and Cala have been improved by DSRAC.
- Elliot library is currently under renovation.
- As part of a capacity building programme an intern has been appointed for a period of three years in the Cala Library.
- CCTV Camera have been installed

Nature and extent of facilities provided

- Elliot 1 facility – users not determined
- Cala 1 facility – users not determined

COMMUNITY HALLS

The overriding objectives of this function are to provide new multi-purpose facilities within the rural areas and to ensure that existing facilities are maintained.

Section objectives (2007/2008)

1. Upgrade and maintain existing halls and municipal buildings
2. Four hundred (400) new chairs for town halls
3. Upgrading and construction of schools
4. Upgrading and construction of schools
5. Provide standard Community Halls in all 7 Wards
7. Rehabilitation of Town Hall and Municipal Manager's residence
8. Upgrade pre-school facilities
9. Establish ABET Centres in each Ward

Nature and extent of facilities (Community Halls) provided :

- Elliot 2
- Cala 1

HEALTH/HIV/AIDS

Background

The service is responsible for the provision of clinic services at the three (3) Clinics in Elliot.

The function for the provision of community health clinics within the municipality is administered as follows and includes :

- Agency relationships with the Provincial Department of Health of the Eastern Cape
- Unit management including in-service training to staff
- Report on daily activities
- Monthly reports/statistics
- Quarterly TB statistics

The overall objectives of this function are to ensure a healthy environment and that primary health services and facilities are available.

Strategic Objectives

- To expand and improve the Health Care Services Comprehensive Integrated Health Care Service
- Ensure optimal primary health for all citizens, ensuring they reach all areas and inhabitants
- Investing in the training of staff in order to ensure development of skills, thereby contributing to quality in service delivery
- Regular HIV/AIDS forum meetings and provision HIV/AIDS Awareness Training, counseling and implementing HIV/AIDS programme and campaigns.
- Training of HIV/AIDS peer educators
- Development of HIV/AIDS Policy in the workplace.
- Water quality monitoring program

- Inspection of business premises to ensure food preparation is done within health requirements
- Establishment of Health Committees
- Health Promotion Programmes

Challenges and general comments

- Shortage of qualified clinic staff
- Shortage of equipment and resources
- Shortage of medicines
- Buildings require rehabilitation
- Lack of reliable statistics
- 5000 per month patients attended to at the 3 Clinics in Elliot Inadequate funding
- The department has built three new clinics in Sakhisizwe Municipal Area – this will improve service delivery in respect of Health.
- The Ncedolwethu clinic has been fenced during the 2007/2008 financial year.

CEMETERIES

The overall objectives of this function are to provide and control burials within the framework of the Health Act and ensure provision of adequate cemeteries.

Strategic objectives (2007/2008)

- Development of cemeteries within Sakhisizwe Municipal area
- Rehabilitation of cemetery at Pholar Park and Hillview area
- Control and maintenance of statistical burial records
- Pauper burial policy to be established
- Control of illegal burials
- Security and fencing of cemeteries

Nature and extent of facilities provided

- Cala 2 Facilities
- Hillview 1 Facility
- Old Location 1 Facility
- Elliot (town) 1 Facility

Challenges and general comments

- Cala cemetery
- 90% capacity
- 2000 burials a year
- Lack of available land – requires identification
- Statistics reveal 106 burials are legal, 90% are illegal
- Tariff structure differ – requires review

- No proper statistics/recording in place

SPORT AND RECREATION FACILITIES

The overall objectives of this function are to provide basic sport and recreation facilities within the whole of Sakhisizwe Municipality.

Strategic Objectives (2007/2008)

- Establish sufficient social and recreational facilities
- Development and maintenance and administration of facilities
- Fencing and security of facilities

Nature and extent of facilities provided

- Elliot 1 Facility (utilised weekly)
- Cala 1 Facility in Cala with indoor facilities
- 10 Planned new sportsfields
- Caravan facilities sub standard
- Shortage of staff
- No statistics of facility use
- Traffic structure reviewed
- Maintenance not performed regularly to facilities maintenance plan

PARKS AND PUBLIC OPEN SPACES

The overall objectives of this function are to provide and maintain parks and open spaces creating a pleasant environment for the communities.

Strategic Objectives (2007/2008)

- Renovations of the caravan park in Elliot
- Planting and pruning of the trees along municipal streets within Sakhisizwe according to schedule – planting trees in are prone to disaster
- Regular cutting of grass on sidewalks, cemeteries, sportsfields and open spaces as per schedules (Jan – April) and (Sept – Dec).
- Obtaining funding needed for planting trees and flowers (budget)

Challenges and general comments

- Function not managed and co-ordinated – housed in incorrect department – no control – partially in IPED, partially Technical
- Shortage of staff – shared with Technical services
- Lack of equipment and funding - affecting service delivery.

COMMONAGES AND POUNDS

The overall objectives of this function are to manage commonages within Sakhisizwe Municipality and to extend the commonage at Ext 8 to 12 in Cala and to maintain the pounds.

Strategic objectives (2007/2008)

- Negotiate with small farmers
- Fencing of commonages and pounds
- Containment of stray animals
- Review/Revisit tariff structure
- Curb overtime

WASTE MANAGEMENT : SOLID WASTE AND REFUSE

The overall objectives of this function are to provide an effective, efficient and affordable service to the communities within Sakhisizwe.

This service is responsible for refuse removals, solid waste disposal, landfill and street cleaning in the towns within Sakhisizwe Municipality.

The refuse collection functions of the Municipality are administered as follows and include :

- Daily refuse removal in Cala (according to schedule)
- Weekly household refuse removals and daily business removals
- Daily cleaning of streets with the assistance of volunteers working in three towns
- Maintaining and opening of furrows and culverts on regular basis
- The management of the waste disposal site in accordance with prescribed Rules and Regulations

Strategic objectives

- Engage Sectoral Departments
- To obtain a feasibility study for a refuse site
- The management of the solid waste sites within prescribed guidelines
- Regular refuse removals
- Daily clearing of litter in streets
- Purchasing of vehicles for waste
- Register solid waste sites – obtain permits for sites
- Develop waste management plan
- Waste minimization education
- Fencing of sites
- Revise Waste By-Law
- Recycling facilities
- Waste minimization Education Programmes
- Formalize integrated environmental management plan
- Develop functional solid waste site at Cala

Nature and extent of facilities provided

Number of households receiving regular removal services and frequency and cost of services :

- Removed commercial and residential arrears at least once a week – 3977

Free Basic Services Provision

- Quantity (number of households affected): 3 782

Challenges and general comments

- Solid waste site not fully operational – mismanaged
- Illegal dumping
- Shortage of vehicles
- Financial constraints
- No waste minimization education programmes
- Lack of staff – lack control over refuse collection
- No recycling facilities
- Insufficient refuse receptacles in CBD
- Formalize Environmental Management Plan
- EHO is seconded through CHDM to enforce cleanliness of premises
- Job Creation: appointment of 40 casual participants to assist with clean up campaigns

5.2. CORPORATE SERVICES DEPARTMENT

CORPORATE SERVICES MANAGER (S57)

N MAZWAYI

(Appointed May 2008)

The Corporate Services Department is responsible for the following:

KEY FOCUS AREAS :

- Human Resources
- Labour Relations
- Skills Development
- Employment Equity
- Occupational Health & Safety
- General Administration
- Transport Management
- Performance Management System (assists the Office of the MM)

Human Resources

Human Resources : Benefit Administration
 Recruitment & Selection
 Organisational Development and Structure
 Staff Provisioning
 Employee Assistance Programme
 Policy Development

Objectives (2006/2007)

- Development of Procedure Manuals and Policies
- Skills Audit/needs analysis conducted – conducted during 2007/2008 financial - report on same still required from appointed consultants.
- Workshop and train staff on procedure manuals and policies
- Effective and efficient implementation of recruitment and selection processes and procedures
- Develop strategies to deal with scarcity of skills and retention of skilled employees
- Reviewed organizational structure so that it is aligned to the IDP
- Complete submission of job descriptions to the PJEC for evaluation
- Educate all supervisors as to the Employee Assistance Programme
- Strengthening of internal campaign to educate employees re HIV/AIDS and develop a HIV /Aids Policy
- Updating procedures and policies and workshopping these to Council prior to adoption
- Report and submit approved Employment Equity Plan to Employment Equity Registry by 1 October 2008 – not complied with.

- Workplace skills plan and bi - annual implementation report submitted to LGWSETA – not achieved.
- Implement electronic (HR System and document management system) (specifically linked to payroll and leave administration) – assistance provided to Corporate Services Department form Budget & Treasury Department
- Implement electronic leave management system on SEBATA - assistance provided to Corporate Services Department form Budget & Treasury Department
- Provided access on SEBATA system to administer and capture leave and access to various enquiry screens for payroll administration – requires urgent as it has financial implications for Council.

Labour Relations

Strategy 2006/2007

- Ensuring the implementation of Labour Relations Policy and practices in a manner, which is just and fair.
- Create understanding and facilitate employer-employee relationship to resolve disputes and to create a conducive environment.

Labour Relations – General comments and challenges.

- Four grievance cases
- SIX cases of theft
- Eight cases under influence of alcohol
- 85 dismissal illegal strike – reinstatement pending
- Capacity of senior staff/Supervisory in implementing Policy
- Staff not following policy
- Focus on developing and growing the capacity of staff from within this section

Skills Development and Employment Equity

This function ensures the planning and execution of skills development by ensuring that the Workplace Skills Plan is implemented.

Objectives 2006/2007

- Workplace Skills Plan 2006/2007
- Submission of Implementation Plan (June and September 2007)
- To implement internship and in-service programme and appoint Interns on an annual basis
- Develop and implement ABET programme
- Implement planned Training programmes
- Employment Equity Plan to be developed

- Employment Equity report to be submitted (in required, legislated format)
- Analysis report of gaps in plan
- Create required infrastructure, support and understanding of Employment Equity

- The following Training programmes were conducted:
 - ABET Training (42 employees)
 - Transport Management (1)
 - Archives Management (1)
 - HRM (1)
 - Diploma in Public Admin (1)
 - Diploma in Traffic (1)
 - Examiner of Driving & Vehicle Testing (1)
 - Basic Auxiliary Health Care (2)
 - Finance (4)
 - First Aid (5)

- SDF was appointed during the year under review and skills audit and needs analysis was conducted by appointed consultants – the results of same still to be made available.

General Comments

- Several Tertiary Institution Students were assisted with In-Service Training/learning opportunities
- Challenges in ongoing commitment to ensure attendance of ABET classes
- Training delivery well received
- Councillors continue to attend SALGA Workshops at various times – relevant to their portfolios and relevant to related Budget Policy Investment Policy and Tariff policies.
- Councillors trained and workshopped on financial policies.
- Sakhisizwe Municipality does not have an Employment Equity Policy in place and has not complied with progress reporting. Employment Equity reports have not been submitted to the Employment Equity Registry – failure to report could result in a R 900 000 fine for the Municipality.

Occupational Health & Safety

Ensuring compliance with the Occupational Health and Safety Act.

Objectives 2006/2007

- Monitor usage of safety equipment
- Health & Safety Committee Meeting as scheduled
- Inspection reports are submitted monthly

Challenges

- Further training in all aspects of OHS
- Ensuring that safety compliance occurs e.g. wearing safety equipment
- Ensuring safety representatives perform monthly inspection and reports are issued
- Risk analysis is done

General Administration

To ensure that the archives function is effectively and correctly managed.

Objectives 2006/2007

- Application for disposal for outdated archives
- Obtain additional space to store security cabinets
- Submit reviewed filing system to Provincial Archives
- Improve efficiency and effectiveness of Council agendas and minute taking processes

Challenges

- Records Management System is outdated and not up to standard and has deteriorated. This has posed a danger to organization insofar as institutional memory is concerned.
- No progress with Electronic Document System - Corporate Service Function
- Capacity of the staff member placed in this strategic position requires capacity development

Performance Management (Managed by the Municipal Manager's Office with assistance of Corporate Services)

To ensure that a performance management system is applied at all designated areas and within service delivery mechanisms, as per legislative requirements.

Objectives 2006/2007

- Performance Management System to be implemented effectively from top to middle management
- Introduction and implementation of Service Delivery and Budget Implementation Plans.
- Establish an independent performance audit committee to assess performance of Managers

Challenges and General Comments

- The PMS system was developed in house and piloted; it was only affected for top management – s57 Managers. – further customization is required
- Service Delivery and Implementation Plans not done and therefore system linked to the KPA's and KPI's then linked to the IDP.
- Capacity of and financial constraints remain a challenge.
- Review and further customization of the system.

Corporate Governance

Ensuring that governance issues are processed correctly internally.

Objectives 2006/2007

- Review of By-Laws
- Establish Internal Audit Committee – not established
- Remuneration Policy – established
- Fraud Prevention Policy – not developed - Fraud Prevention Policy to be developed
- Establish Register of Interest – Developed
- Internal Audit Committee not established. Negotiations with CHDM to share function
- Capacity and funding constraints

General comments and challenges

- Eleven By-Laws reviewed and developed. Seven have been gazetted under the year in review
- Ward Committee established and functioning received training. CDW in each Ward

Transport/Fleet Management

Ensuring the provision of transport and a well-maintained roadworthy Municipal fleet – enabling service delivery.

Objectives

- Provision of roadworthy and well maintained vehicles
- Optimizing vehicle availability by efficient monitoring – serving, repairs and vehicle replacements and fleet/transport administration

General comments and challenges

- Fleet Management Policy in place – not implemented
- Capacity of staff member appointed to position
- All passenger vehicles damaged in hailstorm not roadworthy – resultant effect on service delivery – vehicles not maintained

- Driver education – no monitoring mechanism in place
- Ageing Municipal fleet
- New vehicles purchased
- Toyota Condor
- Double Cab Nissan
- 2 x 1400 Nissan bakkies
- 3 x Isuzu LDV's
- Nissan Almera Sedan
- Further 9 vehicles were purchased during 2007/2008 financial year.

5.3. TECHNICAL SERVICES

DEPARTMENTAL MANAGER (S57)

Mr X Mntonintshi
(Appointed May 2008)

Objective

The overall objective of the Technical Services Department is to supply efficient, effective and economical services to the community, which it serves.

Key Focus Areas

- Electricity distribution – licensed areas only
- Street lighting
- Roads construction and maintenance – municipal and access roads
- Stormwater and pavement construction
- Town Planning – Building control, zonings, consolidations, sub-division, spatial development
- Municipal Planning – Integrated Development Planning and other planning in conjunction with various departments
- Water Provision – bulk, treatment and reticulation
- Sanitation – Sewerage removal and treatment

The provision of water and sanitation services is in the urban areas only, as a Water Services Provider appointed until June 2006 by the CHDM District Municipality, who are the Water Services Authority.

The department is responsible for the ongoing operation and maintenance of the above services, as well as capital projects undertaken. It should, however, be noted that water and sanitation capital projects fall under the CHDM District Municipality.

The IDP review was completed and adopted within legislative requirements - no new IDP projects were implemented during 2007/2008 financial year.

FUNDING

The operation and maintenance costs are funded through the Municipalities internal funding, which is derived from service charges, equitable share allocation under the Division of Revenue Act and Rates and Taxes. Capital Projects are undertaken with internal resources and Municipal Infrastructure Grants (MIG conditional grants).

The following projects have been registered with MIG:

- Upper Lufita Rowest ST Phillips : R 6 225000.00
- Mfamfengwini to Qolombeni Access Road :R 2 649 402.58
- Bhobho Access Road :R 739 455.00
- Besterkraal Access Road :R 2 295 675.00
- Cala Reserve Community Hall :R 1 802 340.00
- Kuthuleni Access Road: R 1 026 000.00
- Ncalika Access Road : R 1 765 947.00
- Xonya to Macangceni :R 2872 455.41

The appointment of a PMU Managers is required to fast - tracked as funding has been claimed for this pupose since April 2008.The incumbent will manage the PMU Unit and manage projects funded from MIG Grants.

ELECTRICITY & STREET LIGHTING

During 2007/2008 financial year Africon carried out a independent technical audit on business assessment and condition assessment on electricity distribution within Sakhisizwe municipal area. The aim was at developing capacity within municipalities to achieve sustained compliance with electricity service delivery standards That being said, it must also be noted that the Service Providers had difficulty in auditing this, due to some deficiencies in the recording of required data, which in most cases led to little or no data to support some required evidence, this may have also contributed to misinterpretation in the Audit evidence.

Summary of the Audit results revealed that:

Sakhisizwe Electricity has a maximum demand of 1.6 MVA, serving 527 customers. The network consists of 22 kV medium and 400 V low voltage reticulation network. There are no substations or mini-substations in the network. The estimated condition backlog is R2.2 m. Gross revenues are not available.

Sakhisizwe Electricity Department's overall business practices and systems fall far below the recommended practice for a Municipality of it's size.

The electrical network is approximately 38 years old. The 400V overhead lines are very old and have lots of joints of which most are not properly done, which may affect the reliability of the network. The 22kV overhead lines are generally in good condition. Wooden poles of the 400V system need to be replaced due to age and the steel poles need maintenance due to rust.

Section Objectives

- Provide electricity to 973 residential and commercial consumers, industrial and smallholdings
- Provide public lighting to Elliot and surrounds
- New connections done on request in licensed areas
- Ongoing maintenance of existing networks
- The rural areas of Sakhisizwe Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future

- Maintenance of existing public lighting
- Extension of public lighting systems
- Maintenance and renewal of public buildings electrical installations, when require
- High mast lighting and electrical installations

Electricity challenges and general comments

- Most households rely on paraffin and candles
- Lack of efficient electricity – impact on environment due to harvesting of unrennewable wood sources
- Network ageing requires upgrade – current weak to cater for demands
- ESKOM do not want to commit to project in the area
- Street lighting 90% functional and not maintained – do not have Cherry Pickers to perform maintenance function
- Availability of skilled staff
- Adequate staff training are significant challenges. The Electrical Services Department's funding is limited to last year's budget plus 5%.
- Lack of commitment in terms of long term planning. The priority seems to be on immediate service delivery issues.
- Little control over electricity and copper theft this challenge
- Lack of an Asset management Culture – development asset management plan and register (conversion to GRAP) is under way an will managed by the Budget & Treasury Office
- Lack of adequate project funding and prioritisation - Develop a clear funding strategy for growth, service level changes, asset maintenance and renewals
- Electricity master plan needs to be updated. The compilation of a master plan that addresses future demand/capacity, backlog eradication and refurbishment..
- No safety management and several safety breaches – requires urgent attention
- Several transformers feeders were not protected with circuit breakers due to lack of funds, which is totally unacceptable. This is a very high risk to the assets and represents a serious safety issue for the public as well as Department staff.
- In general the transformers in the network are old, with evidence of severe oil leaks, and require proper maintenance. Several transformer feeders were not protected with circuit breakers due to lack of funds, which is totally unacceptable. This is a very serious risk to the assets and poses safety issues for the public as well as the Department staff.
- The wooden poles and cross arms of the 22 kV and 400 V network are old. Steel poles and cross arms are rusted.
- There are several joints evident in the overhead lines (400 V overhead), which reduce reliability because some joints are not done properly

Major components in the distribution system network have relatively high condition backlog:

- Pole Mounted Transformers 19%
- Overhead Lines 8%
- Some transformers are seriously leaking oil and need attention.
- Minor maintenance is required on the transformers that are rusted.
- Transformers are not well protected because of missing surge arrestors
- Allocation of funds for maintenance of the network to ensure a safe distribution system.
- The move away from reactive maintenance strategy to a preventative maintenance strategy. It is recommended that the staff and funding needs be addressed and solved in order to do this.
- The lack of funds for the management of assets is a constraint for the implementation of all asset management activities. The funding problems need to be addressed first based on data from an asset register.

ROADS AND STORMWATER

Section Objectives

- Maintenance and reconstruction of gravel and surfaced roads
- Construction of sidewalks
- Construction of stormwater systems
- Construction of bridges and river crossings
- Maintenance of road furniture
- Planning and design of new projects
- Purchase of new plant and equipment
- Rehabilitation of road – potholes
- Resurface gravel roads

Challenges and general comments

- Road between Cala and Lady Frere has been resurfaced by Department of Transport
- Department has had no Manager in place for more than 1 year
- Stormwater drainage poor
- Poorly maintained roads
- Damaged bridges
- Potholes
- Lack of proper road network
- Mainly gravel – muddy during rainfalls or snowfalls
- Storm drainage canals blocked – contribute to road erosion. Low level bridges become flooded due to pipes not scoured
- The project of Cala Roads and Stormwater commenced after the year under review -- commenced in September 2008. The project is currently sitting at 40 % completion – Job will be created for approximately 40 local labourers in wards 3 and 5 – it planned that project will be completed in the 2008/209 financial year.

WATER

Section objectives

- CHDM is the Water Services Authority – Sakhisizwe appointed on an agency basis to reticulate until Section 78 process completed
- Water purification is undertaken at Elliot and Cala
- Bulk water is supplied to Elliot
- Outlying water is supplied by DWAF, Chris Hani District Municipality and Amathole Water but reticulated by Sakhisizwe
- Potable water is reticulated to 3 455 households within the Sakhisizwe area:
- Masibambane 1 763, Metered Elliot 865, Pholar Park 29, metered Cala 798
- New connections are done upon application
- Infrastructure is the responsibility of the Water Services Authority
- Rural areas fall under Amathole Water, who were appointed by the CHDM
- Maintenance of purification works and reticulation systems
- Optimisation of treatment works and augmentation and expansion of distribution networks to ensure adequate supply
- Implementing preventative maintenance programmes
- Curb water shortages
- Development water master plan
- Purchase vehicles and equipment
- Build dams and reservoirs and planned pipeline extensions

Challenges and general comments

- Water shortage – severe water shortages experienced due to major burst pipe in the main line next to Tsono resource dam -- however due to capacity and staff shortage issues this matter was not reported or attended to timeously - this affected the hospital and surrounding business in the municipal area.
- Shortage of dams and reservoirs
- Old aging infrastructure, vehicles and equipment
- Skilled staff/qualified staff
- Culture non payment – cuts off's not implemented
- Water backlogs
- Illegal connections and meter tampering – no fines implemented
- Poorly maintained pumps
- 3 128 receive subsidies

SANITATION

Section objectives

- The Sakhisizwe Municipality is the appointed Water Services Provider by the Water Services Authority (Chris Hani District Municipality) on an annual basis until the Section 78 process is completed and this includes provision of sanitation services in the delegated areas of Elliot and Cala

- The rural areas fall directly under the Water Services Authority
- Infrastructure projects are the responsibility of the Water Services Authority
- Infrastructure projects are the responsibility of the Water Services Authority
- New connections are done upon request as there is no real backlog although a large percentage are below RDP standards
- Maintenance of ponds, conservancy tanks and reticulation systems
- Waterborne households served: 2050; Cala 822
- Conservancy tanks - 40
- VIP's 822; Bucket and below RDP standard Cala 216; Pholar Park 26
- The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods
- A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas

Sanitation challenges and general comments

- Rural sanitation backlogs
- Shortage of VIP toilet in rural area
- Maintenance ponds – sanitation ponds needed in rural area – outstanding waterborne 1500; old aging infrastructure
- Poor maintenance
- Construction of oxidation ponds has commenced in Elliot Extension
- Construction new treatment works has commenced

TOWN PLANNING AND BUILDING CONTROL

Section objectives

- Application of legislative issues
- Control of land use
- Building safety
- Environmental protection
- Spatial development

Challenges and general comments

- Lack qualified staff
- No building control carried out in the area
- No policy on Building Control
- Spatial development framework required
- Zoning maps
- Land issues required to be resolved
- Land for development
- Land management/settlement plan to be developed
- No Building Control Officer in place
- The appointment of a Building Control Officer to be prioritised and facilitated during 2008/2009 financial year – this could have result in increase in revenue.
- 20 Building plans were submitted and approved – 19 residential and 1 business site in Cala - revenue generated from this amounted to R 20 000.00

Disaster Management (Core function of the CHDM)

Integrated approach to the Management of Disaster
Development of a Disaster Management Plan

Challenges remain:

- Lack of integrated approach – Lack of co –ordination - Lobby the CHDM for assistance with Disaster management programme
- Rehabilitation after disaster
- Dedicated staff (capacity)
- Establish database
- Shortage of equipment
- Financial constraints
- Risks, e.g. droughts, earthquakes, etc
- Awareness Programmes and Campaigns

General comments – Planned projects

- Implementation of 85 disaster houses as per the IDP - commenced during 2008/2009 financial year – all DORA stipulated guidelines will met.

General comments – projects: implementation and progress

- Project initiated by CHDM and department of Transport are as follows;
- **Ward 1** : Tsomo Valley Town :Department Transport
- RDP standard water: Phola park, Ekuthuleni and Masimini: CHDM
- Construction of Siyahlangula Primary School: Department of Education
- **Ward 2:** Mhlwazi Access Road: Department Transport
- Construction of Clinics Besterkraal Clinic and Mhlwazi Clinic: Department Health Achieved the clinics have been completed
- Renovations of Elliot Library: DSRAC - Achieved.
- **Ward 3:** Taleni access road: Department Transport
- RDP standard water: Cala Pass, Mgwalana, Chibibi and Luxeni: CHDM
- Electricity: Qhiba, Taleni, Zikhonkwane and Cala Pass: CHDM

- **Ward 4:** RDP standard extensions: Manzana and Cala Reserve: CHDM
- Rural electrification: Qhiba, Taleni, Zikhonkwane and Cala Pass: CHDM
- **Ward 5:** Access Road ext 14 and 15, Partial construction of Manzimdaka to clinic access road, surfacing of Bashee Street (2008 /2009): SKH (MIG)
- Stormwater drainage Ndondo and Phakamisani: CHDM
- Electricity: High mast street lighting and Cala substation: CHDM
- **Ward 6:** Construction of Brighe Upper Lufuta School: Department Transport
- **Ward 7:** RDP standard water: Askeaton, Bumbane, Khayamnanti, Ngxumza and Vuyisana: CHDM

Challenges

No infrastructure development for the past three years
No records or financial information or other information available regarding the projects (progress reports, service level agreements, ect)

5.4. FINANCE DEPARTMENT

DEPARTMENTAL MANAGER (S57)

Mr P STEYN
(Appointed June 2008)

The Finance Department is responsible for the following :

Focus areas :

- Revenue Collection/Income Generation
- Expenditure
- Budgeting
- Accounting and Reporting
- Information Technology
- Assets and Risks
- Motor Vehicle Licensing
- Supply Chain Management
- Budget & Treasury

Overall objectives are to improve and refine functioning within each of these areas.

Key Performance Indicators

These will be examined under each subsection as follows:

REVENUE COLLECTION/INCOME GENERATION

This section ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken of the towns that fall within the jurisdiction of Sakhisizwe Municipality.

All these functions are supervised and supported from Elliot, from where meter readers servicing the water and electricity meters are controlled.

The Key Performance Indicators are :

- Expand/enhance revenue base
- Implement revenue management strategies – collections
- Valuations and calculations of rates for all properties in the municipal area
- Data Cleansing
- Disconnect electricity and water in arrears
- Upgrade and extend pay points for services
- Set up customer queries and complaints procedure
- Annual reconciliation of assessment rates
- Annual billing of assessment rates
- Do survey of infrastructure & services on farms
- Monthly updating consumer database
- Implement Credit Control and Debt Collection Policy and maintain
- Maintain and implement financial policies and procedures
- Free basic services and indigence subsidy support
- Tariff
- Rates
- Credit Control and Debt Collection
- Update Indigent database

Challenges and general comments

- Revenue collection rates 5 623 raised
- 726 Fully paid
- Existence of a culture of non-payment – contributed high unemployment and poverty
- Data cleansing to be implemented
- Implement credit control procedures – build community awareness
- Enhance
- Disconnections electricity and water to be implemented – not done monthly
- Lack of financial policy and procedure
- Develop relevant By-Law
- Capacity of staff – dedicated to function
- Lack of financial control
- Lack of statistic and financial records – no reporting
- Indigent database outdated
- Meter reading not accurately done by Technical Department
- Outstanding debtors dealt with Legal Advisors – Eavesdorp appointed
- Implement annual interim valuations
- Water & sanitation claims from Chris Hani District Municipality were reviewed and more than R5Million was recovered. This activity and achievement enabled all outstanding amounts owing to creditors to be settled for the year ending June 2008
- The total investments for July 2007 amounted to R1.7Million and as of June 2008, this figure had grown to R16.6Million

EXPENDITURE AND CONTROL

This function is situated in Elliot and is supported by three staff members who are responsible for the payment of creditors, ordering of goods, services and materials, processing the monthly salaries and allowances, compilation and control of budgets, controlling capital and other projects, processing of monthly and quarterly financial reports and compilation of annual financial records and statements.

The Key Performance Indicators are:

- Monthly reconciliation and payment of all creditors
- Monthly controlling of purchases
- Monthly processing of payroll
- Monthly maintaining and updating of :
external DBSA loans;
internal revolving fund loans / advances
- Annually update and maintain Council's Insurance Portfolio
- Monthly updating and maintaining Council's investments
- Update and implement financial policies and procedures
- Supply Chain Management
- Loans and contractual agreements
- Assets management and insurance
- Cash management, banking and investment
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure
- Payroll management and maintenance

Challenges and general comments

- No dedicated staff member for Payroll function
- Capacity of staff
- Excessive overtime payments
- No internal control – checks and balance
- Under- and over-payments
- No procedures in place
- Upgrade software and hardware
- Late/non payment creditors
- Procedures not in place
- Over-expenditure – no financial control
- Supply Chain Management Policy absent
- Review, update and maintain Council's Insurance Policy. Ensure all assets are insured in terms of Insurance Portfolio
- Excessive telephone usage – no control
- Cash management, banking and investment
- Monthly selling and control pre-paid electricity
- Monthly reading of water and electricity meters

- Accurate monthly billing of accounts
- Monthly delivery of consumer accounts
- Daily receipting of all revenue
- Daily banking of all revenue
- Secure all revenue collected
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Revenue collection
- Train and develop staff

BUDGETING

The annual compilation of Council's operational and capital budget is the responsibility of this department. It also provides the necessary inputs during the annual review of Council's Integrated Development Plan (IDP).

This department is also responsible for the determination of tariffs and maintaining a cash budget. Actual expenditure to date is monitored monthly against Council's approved budget and reports are monthly submitted to all other departments informing them of their expenditure to date.

The Key Performance Indicators are :

- Compile and publish budget time schedule
- Establish and public committees and consultation forums
- Outreach programme to all wards
- Review and prepare :
 - Integrated Development Plan (IDP)
 - Service Delivery Agreements
 - Delegations
 - Budget-related Policies
 - Operational and capital budget
- Determine rates and tariffs
- Consult with established committees and forums
- Table budget and supporting documents
- Approve budget and supporting documents
- Budget and supporting documents to :
 - National Treasury
 - Provincial Treasury
 - Public and website
- Service Delivery and Budget Implementation Plan (SDBIP)

Challenges and general comments

- No analysis of creditors – debtors annual income total annual debt
- Review tariff
- Little and no participation in budget process
- Capacity issues and shortage of staff in the Budget & Treasury Department
- Financial constraints
- No SDBIP Plans – not linked to Budget/IDP – not aligned – will be met during 2008/2009 financial year
- No financial control
- No policies in place – policies will be developed and implemented in 2008/2009 financial year
- No service delivery agreements
- No legislative compliance - progress has been made and the municipality will be compliant in 2009
- Budget and financial statement not done within required timeframes as legislated -- during 2007 /2008 financial full compliance was achieved with the assistance of the appointed service provider Deloitte
- Delegations not in place – to be addressed in 2008/2009
- Lack of interpretation/understanding budgets

ACCOUNTING AND REPORTING

- Daily and monthly updating of accounting records
- MFMA required reporting to :
 - National Treasury
 - Provincial Treasury
 - Accounting Officer
 - Executive Committee
 - Municipal Council
- Monthly reconciliation of supporting registers
 - Funds
 - Loans
 - Assets
 - Banks
 - Investments
 - Debtors
 - Creditors and
 - Income & Expenditure
- Compilation of annual financial statements
- Compilation of annual report for Department: Budget & Treasury Service
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting

Challenges and general comments

- Updating of records and reporting not done regularly
- Audit queries and qualification received
- No reconciled registers

INFORMATION TECHNOLOGY

Information Technology

- Provision of information management and technological support. This function is not yet fully functional in both units. The units are not linked

The Key Performance Indicators set are :

- Link offices in Cala and Elliot
- Establish Internet email facilities – secure login facilities
- Upgrade IT infrastructure
- Develop IT Policy
- Implement electronic (HR System and document management system) (specifically linked to payroll and leave administration) – assistance provided to Corporate Services Department
- Implement electronic leave management system on SEBATA
- Provided access to CSM on SEBATA system to administer and capture leave and access to various enquiry screens for payroll administration.
- Maintain and upgrade of computer hard-and software
- Secure computer hard- and software services
- Training to all staff in utilizing IT systems effectively
- Develop IT policies
- Introduce/implement GIS System
- Update General Plans (GP's)
- Update ownership/Title Deed information
- Update Valuation information
- Update road and street infrastructure
- Update geographical information
- Update ESKOM infrastructure
- Update electrical infrastructure
- Update water infrastructure
- Update sewerage infrastructure
- Update solid waste infrastructure
- Daily and monthly processing of records when required by other departments
- Develop and maintain Municipal Website
- Develop ICP Security Strategy

Challenges and General Comments

- Skilled IT staff
- Lack of access infrastructure
- Funding constraints
- Outdated equipment – hardware & software
- DBSA initializing programme to link units
- No progress with Electronic Document System - Corporate Service Function
- IT Plan is being developed by SITA - awaiting proposal

- DBSA initialising programme link to LGNET
- DBSA supplied 3 computers to the Municipality
- IT function not fully functional
- Upgrading of hardware and software
- No IT support function
- Capacity
- Financial constraints
- Units not linked
- No GIS System
- No policy and control
- Website development has begun and this requires an upgrade of the digital line from 64K to 512K Planned to upgrade digital line to 512K in 208 /2009 financial year

ASSETS AND RISKS

The existing manual assets register, as well as the inventory lists are now in the process of being computerized by means of bar-coding all moveable assets. The Key Performance Indicators set are :

- Develop asset management policy
- Stock take asset – acquisition and disposal of assets
- Recording and marking (bar-coding) of all assets
- Updating and maintaining a comprehensive assets register
- Compiling, updating and maintaining of inventories
- Revalue fixed assets
- Develop asset vote and asset management report
- Convert and transfer transactions from IMFO/GAMAP ledger to GRAP
- Comply with GRAP format immovable property
- Reconcile assets – capitalize on Sebata System

Challenges and general comments

- Annual financial statements not compliant with legislation - during 2007/2008 financial service providers Delloitte were appointed to assist with conversion to GRAP and to compile annual financial statements. All old balances were cleared and all accounts reconciled and annual financial statements were submitted as per legislated timeframe – 31 August 2008
- Manual system not compliant
- Unknown quarterly of movable assets
- No or little records planned – use of combined management system Delloittes appointed – done during 2007/2008 financial year
- Conversion and transfer transactions from IMFO/GAMAP ledger to GRAP
- Comply with GRAP format immovable property – compliance will be met in 2009.

MOTOR VEHICLE LICENSING

Apart from the roadworthy's driver's licenses, etc, performed at the Grade A Traffic Test Station situated in Elliot, the NATIS motor vehicle registration facility service is also rendered by Council on an agency basis for the Department of Transport in Elliot. Plans are in place to extend and upgrade this facility.

The Key Performance Indicators set are :

- Avail facilities for the licensing of motor vehicles
- Maintain and perform National Traffic Information System (NATIS) on behalf of the Department of Transport
- Train staff to operate NATIS System

Challenges and general comments

- Infrastructure and equipment shortages
- Training of staff on NATIS

SAKHISIZWE MUNICIPALITY **OVERSIGHT REPORT FOR 2007/2008**

1. **BACKGROUND**

It is required in terms of the Municipal Finance Management Act, (Act 56 of 2003), that Council consider its Annual Report and the degree to which the organisation has performed in respect of the year under consideration. Based on the analysis and evaluation of the said report, it will prepare an Oversight Report which reflects the analysis and evaluation of the Annual Report.

The Oversight Report for Sakhisizwe Municipality for the 2007-2008 period is presented below.

2. **ANALYSIS OF THE 2007/2008 ANNUAL REPORT**

Sakhisizwe's Annual Report for the 2007/2008 period was examined against the background of the Auditor-Generals report for the same period. The findings are included within the remainder of this document together with comments on the extent to which the strategic objectives for each department were met.

In detailing the year's successes and challenges against stated objectives, discussion will follow within the following four departments', namely :

- Finance;
- IPED;
- Technical Services; and
- Corporate Services.

It must be noted that Community Services as a department is not reflected in the formal sense due to the fact that functions within this department have been divided amongst the other four departments. This arrangement is a temporary measure which was necessitated by the absence of the Community Services Manager for an extended period of time, and this situation is set to continue until such time as this position is filled.

2.1. **Auditor-General's Report on the Annual Financial Statements (ending June 2008)**

Reference is made to the full Auditor-General's Report and to the Response to the Auditor-General's Report, which are contained within Section 4 of this report.

In summary, it must be stated that the Auditor-General provided an adverse opinion within the audit report, based on the issues which are summarized as follows:

Generally and as stated within the report, the framework of accounting and internal control mechanisms for reporting and monitoring were found to be seriously lacking. In numerous areas, the content reflected within the financial statements could not in any way be validated or verified and as such, no credibility could be found within the content of the financial statements. In particular, lack of information and poor record-keeping was found within the areas of:

- Bank balances and cash
- Consumer debtors and provision for bad debts
- Employee related costs and remuneration of Councillors
- Property, plant and equipment
- Creditors
- Revenue
- Expenditure
- Unspent conditional grants and receipts
- Long term receivables
- Value added taxation (VAT)
- Long term liabilities
- Provisions
- Fruitless and wasteful expenditure
- Contingent liabilities
- Unauthorised expenditure

There have also been extensive cases where there is non-compliance with applicable legislation and these are detailed below as follows:

Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA)

The following sections of the MFMA were not complied with :

67. Section 45, 62(1)(b), 62(1)(c)(i), 65(2)(e), 80, 111, 63 and 125(2)
68. Management could not provide evidence that the finance department was adequately staffed or that adequate control procedures were implemented to identify and record related party transactions.

Municipal Systems Act, 2000 (Act No 32 of 2000) (MS)

The following sections of the MSA were not complied with :

69. Section 66: an approved staff establishment was not provided. Section 6(2) (c): fraud prevention plan was not formalized and implemented.

Environment Conservation Act No 73 of 1989

70. Contrary to Section 20, documentation to support the legal establishment of the municipal disposal sites was not provided.

National environmental management Act No 107 of 1998

71. Contrary to sections 28, the Municipality's documented plan to rectify the degradation caused to the environment by its landfill sites was not provided.

Matters of Governance

The following governance areas require suitable action :

- The Municipality does not have an audit committee throughout the financial year, nor an internal audit function.
- The Annual Report was not submitted for the Auditor for consideration prior to the date of the Auditor's report.
- Significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management
- The prior year's external audit recommendations have not been substantially implemented.
- There are no documented policies and procedures and control systems to ensure the reliability of financial reporting.
- There are no documented policies and procedures and control systems to ensure compliance with applicable laws and regulations.
- The information systems are not appropriate to facilitate the preparation of financial statements that are free from material mis-statement.
- Delegations of responsibilities (Delegations Register) is not in place.
- Supply chain management policies and procedures are not appropriately applied.
- Performance management system is not functioning effectively and requires customization and phased in approach.

- Performance bonuses are not awarded according to proper assessment and approval by those charged with governance.

EMPHASIS OF MATTER

Significant uncertainty

The absence of a Service Level Agreement between the District Council and the Municipality has opened up a great deal of uncertainty regarding the validity of water and sanitation, revenue and the rights to water and sanitation debtors

Restatement of figures

It must further be noted that the figures relating to the statement of the financial position have been restated.

RESPONSE TO THE AUDITOR-GENERAL'S REPORT

The response to the Auditor-General's Report may be summarized as follows:

- Every reasonable and practical effort will be made to address the issues raised within the Audit Report and commitment is made to regard this as a matter of priority.
- Efforts to address the deficiencies raised will be detailed through the development of an Audit Plan and these issues in the broadest sense will incorporate issues relating to:
 - Internal controls
 - Structures for reporting
 - Policies and procedures
 - Risk Management
 - Assignment of roles and responsibilities to ensure reporting compliance; and
 - Compliance to legislative prescriptions.

In order to assist with these areas, Deloitte Consulting has been appointed to develop an Audit Plan which will aim to address many of the issues raised in a co-ordinated and planned manner, whilst taking into account the applicable constraints and implementation issues as well as ensuring that the municipality becomes GRAP compliant.

2.2. Degree to which strategic objectives have been met

Performance in respect of the degree to which strategic objectives have been met will be reported on per department as follows:

2.2.1. Finance Department

Generally, it was the overall brief of this department to improve and refine functioning within the focus areas relating to this department and these are reflected on further as detailed below.

(a) Revenue Collection/Income Generation

It must be noted that the DBSA representative Mr P McEwen acted as the Chief Financial Officer from July 2007 until 31 May 2008 (Mr P H Steyn having been appointed as Chief Financial Officer from 1 June 2008).

Mr McEwen's contributions must be noted and acknowledged. As the Acting Chief Financial Officer he was able, through continuous intervention, and mentorship, to facilitate stability and to capacitate staff within this department.

It must be noted that at 1 July 2007, this Municipality was unable to pay its creditors. Following a VAT Audit and the recovery of R5 Million from SARS for incorrect claims, together with an additional amount of more than R5 Million from water and sanitation claims from Chris Hani District Municipality, Sakhisizwe Municipality was able to settle all outstanding amounts owed to creditors at the end of June 2008.

The total investments for July 2007 amounted to R1.7Million and as of June 2008, this figure had grown to R16.6Million. This financial turnaround is a tremendous achievement for Sakhisizwe Municipality and the contributions of DBSA and its staff in ensuring this success are duly noted and acknowledged.

Notwithstanding the existence of a culture of non-payment/poor payment, initiatives were implemented which appeared to enhance public awareness regarding the importance of developing a culture of payment for services.

Revenue was increased through the conversion of the Billing System to include Sebata Software and the number of revenue collections has increased. Notwithstanding, it remains advisable to appoint dedicated staff to drive the debt collection function and to ensure that the Sebata System becomes fully functional. Outstanding debtors are being dealt with by Legal Advisors.

The Municipality is currently completing a data-cleansing project on debtors – due for completion during 2008-2009. The purpose of this project is to ensure that all properties are billed, and to update the Indigent Register of the Municipality.

Overall, credit control procedures are being implemented and so

too the process of monthly disconnections/cut offs.

Capacity of staff remains a challenge due to the department being inadequately staffed. However, the assistance provided by DBSA staff (Financial expert, 2 young professionals and an Intern from Provincial Government) has enabled many of the objectives to have been met.

During 2008-2009 all properties will be evaluated in order to implement the property rates (urban and rural) as of 1 July 2009.

Generally, financial record keeping and data maintenance remains a challenge and improvement within this sphere will assist in meeting the Auditor-General's issues relating to non-compliance.

The accuracy of Meter Reading remains a challenge.

(b) Expenditure and Control

Within Expenditure and Control the following successes and challenges are noted:

- The TLC's Banking accounts have been consolidated into one account;
- Every effort has been made to introduce policy and procedure, which prevents unnecessary and illegitimate insurance claims.
- Annual stock takes of stock and equipment are completed as planned.
- Supply Chain Management Policy developed and approved.
- Bid Committee has been established but the Audit Committee is not yet functional.
- Overtime payments have appeared excessive and it is required that these are strictly monitored in accordance with set policy and prescripts of BCEA.
- The payroll function requires a dedicated staff member.
- Details regarding late/non-payment creditors is provided and maintained.
- Council's insurance policy is reviewed and updated and all assets are insured in terms of the Insurance Portfolio.
- Annual Financial Statements are prepared and updated and submitted to the Auditor-General's office – in compliance with the MFMA. It must further be noted that Deloitte were appointed to assist with the GRAP conversion and to compile all

financial statements for the year ending 30 June 2008.

All old ledger balances were cleared and all accounts reconciled.

Financial statements were completed successfully and submitted prior to 31 August 2008.

- The Annual Report was not submitted to the Auditor for consideration prior to the date of the Auditor's report.
- Asset Management processes and procedures are in the process of roll-out within this Municipality.
- Final challenges remain the manual receipting for services in Cala, which creates opportunities for the misappropriation of funds; the excessive telephone usage; and late/non payment of creditors.

(c) Budgeting

A number of challenges remain within this section such as :

- Lack of SDBIPs
- Non-alignment of Budget with IDP (to be addressed 2008/2009)
- Lack of financial controls
- No SLA's
- Failure to conform in terms of all legislative compliance (to be fully addressed 2008/2009)
- No delegations register in place but this is scheduled to be addressed 2008/2009
- Budget and financial statements were submitted timeously
- Lack of involvement within the budget and
- No analysis of creditors – debtor's annual income and total annual debt

These issues will be required to be addressed via the Audit Plan.

(d) Accounting and Reporting

Simply stated, this area has not met and the stated objectives, reporting and information management require a great degree of change in terms of updating records, reporting accurately, reconciling registers and management of risk. Compliance issues are required to be extensively managed.

(e) Assets & Risks

Challenges remain plentiful and it has already been highlighted that this section remains non-compliant in most areas.

GRAP compliance is scheduled for 2009 in respect of all transactions and information management.

(f) Motor Vehicle Licensing

Challenges relate to infrastructure provision, staff shortages and the training of staff on NATIS.

(g) Information Technology

- Planned IT Plan developed by SITA is awaiting proposal
- DBSA initializing programme link of Municipality to LGNET
- All users have secure log in access
- DBSA to integrate system
- IT Training commenced
- Website development has begun and this requires an upgrade of the digital line from 64K to 512K.

Challenges remain IT Infrastructure, non-cooperation between Corporate and Finance in terms of functional splits; the network is not fully functional; leave records are required to be computerized; there is no attendance register controller and no exception reports are run.

2.2.2. IPED Department

This department covers a great number of subsections especially since the re-distribution of Community Service functions.

Successes and challenges will be broadly highlighted as follows

IDP

- No new projects have been implemented due to financial constraints and existing projects have continued to a degree. These projects are reflected in the Technical Services Managers report under chapter 5 on page 123 and 124.
- The following projects have been registered with MIG:
 - Upper Lufita Rowest ST Phillips :

- R 6 225000.00
 - Mfamfengwini to Qolombeni Access Road :
 - R 2 649 402.58
 - Bhubho Access Road :
 - R 739 455.00
 - Besterkraal Access Road :
 - R 2 295 675.00
 - Cala Reserve Community Hall :
 - R 1 802 340.00
 - Kuthuleni Access Road:
 - R 1 026 000.00
 - Ncalika Access Road :
 - R 1 765 947.00
 - Xonya to Macangceni :
 - R 2872 455.41
-
- No budget has been provided for the review of the IDP and related processes.
 - In terms of Housing, the following comments are made:
 - Housing shortages for low-cost housing continue and the total backlog is estimated at 4250.
 - The beneficiaries' database has not been accurately maintained.
 - Problems are experienced with contractors funding, poor access roads and limited infrastructure (services)
 - Projects have been initially blocked by DHLG & TA and since these have been revived, efforts are being made to resolve these with Provincial Government.

LED, Tourism & Agriculture

- In terms of the strategic objectives, it must be noted that the funding constraints have prevented the implementation of any new projects.
- Staff shortages within IPED are extremely challenging and staff have been shared with the Technical Department.
- LED Officer `s appointment is of critical importance.
- The service provider appointed to develop the tourism sector plan does not have the capacity to do so and has failed to meet required deadlines.

Traffic and related functions

Within this area, great strides have been made in so far as :

- Roadworthy of vehicles is occurring in a satisfactory manner
- Learners License and drivers license figures have escalated
- Challenges remain financial and the shortage of staff

Libraries

- Libraries within Elliot and Cala have been improved by DSRAC.
- Elliot Library is being renovated
- Library week promotion is scheduled
- CCTV camera has been installed
- An intern has been appointed for 3 years at Cala Library as part of capacity building
- Government subsidy has been received for material purchases.

Community Halls

Existing facilities continue to be maintained and maintenance schedules are planned and managed accordingly.

Health/HIV and AIDS

The following challenges and achievements are noted:

- Shortages of qualified clinic staff, equipment, resources and medicines continues
- Buildings require rehabilitation
- Reliable statistics regarding patients and community statistics are lacking
- Approximately 5000 patients are attended to per month between the 3 Clinics in Elliot and infrastructure appears inadequate to effectively service these numbers.
- The department has built three new clinics in Sakhisizwe Municipal area which will improve service delivery in respect of health

- The Ncedolwethu Clinic has been fenced during the 2007/2008 financial year.

Cemeteries

The following challenges are experienced :

- Cala cemetery is at 90% capacity
- 2000 burials are concluded per year which translates to challenges in land availability
- Statistics reveal 106 burials are legal, and 90% are illegal
- Tariff structures differ – requiring review of tariff policies
- No proper statistics/recordings are in place regarding burials and plots
- No pauper burial policy is in place and this will require attention.

Sports and Recreation facilities

The following achievements and challenges are noted :

- Elliot has 1 facility (utilized weekly)
- Cala has 1 facility with indoor facilities
- 10 Planned new sportsfields
- Caravan facilities are sub standard and require maintenance
- Staff shortages impede service delivery
- No statistics are available regarding facility usage
- Traffic structures require review
- Maintenance not performed regularly to facilitate effective maintenance according to planning.

Parks & Public Open Spaces

The following challenges are noted :

- Functions are not managed and co-ordinated and are seated in incorrect departments i.e. partially in IPED and partially within the Technical Department.
- Shortages of staff are experienced as staff are shared with Technical Services
- Lack of equipment and funding – affecting service delivery

Commonages and Pounds

- It was required that commonages and pounds were fenced and stray animals contained.
- The tariff structure requires review
- Overtime is required to be curbed

Waste Management : Solid Waste and Refuse

The following challenges are currently faced :

- Solid waste site not fully operational and is mismanaged
- Illegal dumping remains
- Land fill sites within Cala and Elliot are not being maintained as per the Audit Report
- Vehicle shortages hinder service delivery and so too financial constraints
- No waste minimization education programmes are in evidence
- Lack of staff results in the lack control over refuse collection
- No recycling facilities exist
- Insufficient refuse receptacles in CBD
- Environmental Management Plan is required to be formalized
- EHO is seconded through CHDM to enforce cleanliness of premises
- Job Creation is in evidence as 40 casual staff were appointed to assist in clean up campaigns

2.3. Corporate Services Department

The challenges and achievements within the Corporate Services Department are reflected as follows :

Human Resources

- Within the Human Resources area, a number of challenges remain and these are critical in terms of improving governance and the provision of internal controls and systems.

- As identified within the Audit Report, there remains a critical need for internal policies, procedures and controls.
- A Skills Audit/needs analysis is required to be conducted timeously and will feed into the establishment of a Workplace Skills Plan – consultants were appointed during 2007/2008 financial year but a consolidated report is still outstanding.
- Procedure Manuals are required to be developed and implemented and staff workshopped and trained.
- Effective and efficient implementation of recruitment and selection processes and procedures are required.
- Strategies are required to deal with scarcity of skills and retention of skilled employees
- The organisational structure requires urgent review in order to ensure alignment with the IDP
- Poorly hand written Job descriptions have been submitted to the PJEC for evaluation and the Outcomes Report has been received ---yielding relatively poor results.
- Efforts have been made to educate all unit supervisors as to the Employee Assistance Programme and to educate employees re HIV/AIDS – a Policy on HIV /Aids is required to be developed
- Procedures and policies are to be reviewed and updated and workshopped prior to adoption
- The report and submission of the approved Employment Equity Plan to the Employment Equity Registry was not submitted as indicated within the Audit Report.
The Workplace Skills Plan and bi-annual implementation report were not developed and submitted and these will be required to be submitted timeously to LGWSETA within the new financial year.
- Efforts are under way to implement an electronic Human Resources System and document management system (specifically linked to payroll and leave administration) – assistance provided to Corporate Services Department from Budget & Treasury Department
- The Implementation of an electronic leave management system on SEBATA is urgently required and assistance will be required from Budget & Treasury Department
- Access on the SEBATA system is required to administer and capture leave and to access various enquiry screens for payroll administration in order to improve this functioning.

Labour Relations

The following issues are noted :

- Grievance cases, cases of negligence, theft and alcohol (8 cases) have been experienced and from 6 dismissals there have been 4 grievances – indicating a need for extensive training on this area.
- 85 employees were dismissed for participation in an illegal strike – pending reinstatement.
- Senior staff and supervisors are to be trained in the implementation of Labour Relations Policies.

Skills Development and Employment Equity

The following successes and challenges remain :

- Submissions of the Workplace Skills Plan 2007/2008 and the submission of Implementation Plan (June and September 2007) did not occur as required.
- ABET programmes are still required to be developed
- Internships are to be planned and orchestrated.
- EE Plan and Report is to be submitted timeously to EE Committee
- Submissions of the EE Plan and progress report to the EE registry 2007/2008 (October 2008) did not occur as required.

Occupational Health and Safety

- Within this area compliance is required in respect of monitoring performance with specific reference to safety issues. To date safety has not been instituted in any formal manner and non-compliance remains a cause for concern.
- Safety Committee Meetings are required to be held as per schedule and inspection reports

General Administration

In respect of the general administration, the following challenges remain :

- Records Management System is outdated and not up to standard and has deteriorated. This has posed a danger to organization insofar as institutional memory is concerned.

- No progress has been made with the Electronic Document System as a Corporate Service function
- The capacity of the staff members placed within this strategic position requires capacity development.

Performance Management (managed by the Municipal Manager's Office with assistance of Corporate Services)

The following successes and challenges are noted :

- Performance Management System has been implemented effectively at the s57 level.
- SDBIP's are not yet aligned to IDP
- An independent performance audit committee has not yet been established to assess the performance of Managers systematically in order to link results to performance bonuses and in order to manage performance. This is currently managed by the members of the remuneration committee

Corporate Governance

The following achievements have been met:

- Seven By-Laws were reviewed and developed. Five have been gazetted under the year in review.
- Ward Committee was established and functioning received training. CDW in each Ward – not functioning at the desired level

Transport and Fleet Management

The following successes and challenges remain :

- Fleet Management Policy in place – not implemented
- The capacity of the staff member appointed to this position requires attention
- All passenger vehicles damaged in hailstorm are not roadworthy and this has had a resultant effect on service delivery – vehicles have not been maintained
- 9 New vehicles purchased during 2007/2008 financial year to assist with operational activities.

2.4. Technical Services Department

The following achievements and challenges have presented themselves :

MIG Projects

Due to financial constraints the following projects (funded through CHDM, Sakhisizwe and MIG allocations have continued) :

These projects are listed as follows :

- Upper Lufita Rowest CT Phillips
- Mfamfengwini to Qolombeni Access Road
- Bhobho Access Road
- Besterkraal Access Road
- Cala Reserve Community Hall
- Kuthuleni Access Road
- Ncalika Access Road
- Xonya to Macangceni

Electricity and Street Lighting

Major challenges and achievements are reflected as follows:

- An independent technical audit on business assessment and condition assessment on electricity distribution was conducted within Sakhisizwe area. Difficulties were experienced within this audit and in presentation of results.
- Results reflected that Sakhisizwe's infrastructure fell far below the needs as reflected within audit.
- There is a lack of efficient electricity provision
- Infrastructure requires upgrades
- ESKOM wont commit to projects within area.
- Street lights are 90% functional and not maintained (lack of cherry pickers for maintenance)
- Inadequately trained staff

- Funding for development extremely limited
- Scarcity of skilled staff
- Staff training remains a significant challenge due to funding
- Lack of commitment in terms of long term planning. The priority seems to be on immediate service delivery issues
- Little control over electricity and copper theft this challenge
- Lack of an Asset Management Culture – development asset management plan and register (conversion to GRAP) is under way and will be managed by the Budget & Treasury Office – compliance will be achieved in 2009.
- Lack of adequate project funding and prioritization – develop a clear funding strategy for growth, service level changes, asset maintenance and renewals
- Electricity master plan needs to be updated. The compilation of a master plan that addresses future demand/capacity, backlog eradication and refurbishment.
- No safety management and several safety breaches – requires urgent attention
- Several transformers feeders were not protected with circuit breakers due to lack of funds, which is totally unacceptable. This is a very high risk to the assets and represents a serious safety issue for the public as well as department staff.
- In general, the transformers in the network are old, with evidence of severe oil leaks and require proper maintenance. Several transfer feeders were not protected with circuit breakers due to lack of funds, which is totally unacceptable. This is a very serious risk to the assets and poses safety issues for the public as well as the Department staff.
- The wooden poles and cross arms of the 22kV and 400 V network are old. Steel poles and cross arms are rusted.
- There are several joints evident in the overhead lines (400 V overhead), which reduce reliability because some joints are not done properly.
- Maintenance of infrastructure is due and lack thereof has serious consequences.

Roads and Stormwater

- Road between Cala and Lady Frere has been resurfaced by Department of Transport
- Department has had no Manager in place for more than one year – s57 Manager appointed in May 2009
- Stormwater drainage poor
- Poorly maintained roads
- Mainly gravel – muddy during rainfalls or snowfalls
- Storm drainage canals blocked – contribute to road erosion. Low level bridges become flooded due to pipes not scoured
- Damaged bridges
- Potholes
- Lack of proper road network

Water

The following challenges present themselves :

- Water shortage
- Shortage of dams and reservoirs
- Old ageing infrastructure, vehicles and equipment
- Skilled staff/qualified staff
- Culture non-payment – cut offs not implemented
- Water backlogs
- Illegal connections and meter tampering – no fines implemented
- Poorly maintained pumps
- 3 128 receive subsidies

Sanitation

The following challenges remain:

- Rural sanitation backlogs
- Shortage of VIP toilet in rural area
- Maintenance ponds – sanitation ponds needed in rural area – outstanding waterborne 1500; old ageing infrastructure
- Poor maintenance
- Construction of oxidation ponds had commenced in Elliot Extension during 2006/2007
- Construction new treatment works had commenced during 2006/2007 financial year

Note: No infrastructure development for the past three years
No records or financial information or other information available regarding the projects (progress reports, service level agreements, ect)

Town Planning and Building Control

The following challenges are required to be addressed:

- Lack qualified staff
- No Building Control Officer in place
- No building control carried out in the area
- No policy on Building Control
- Spatial development framework required
- Zoning maps
- Land issues required to be resolved
- Land for development
- Land management/settlement plan to be developed
- 20 building plans approved during 2007/2008 financial year

3. **CONCLUSION**

In concluding, it must be noted that while every effort has been made to summarize successes and challenges within this Municipality during the 2007/2008 period, information presented has for the most part been based on the "lack of formal record", and reliable information. As reflected within the Audit Report, the greatest deficiency has been absence of financial controls and formal record-keeping systems. It is these issues that will form the basis of all further action and the development of an Audit Plan.

Notwithstanding these issues it is recommended that Council adopt this Annual Report as a reflection on activities, progress and issues for the 2007 -2008 financial year.

4. **RECOMMENDED**

That Council adopts the Annual Report for Sakhisizwe Municipality for the period 2007-2008, as reflected in the Annual Report attached for this purpose.

CLOSING SUMMARY

From the detailed chapters in this Annual Report, Sakhisizwe Municipality has been able to report on all aspects of organisational performance, providing a true, honest and accurate account of Council priorities and goals and our ability as an organisation to achieve these, notwithstanding the many highlighted challenges that prevail.

Within Chapter 1 of this report, you were exposed to an overview of Sakhisizwe's geographic and demographic profile, as well as socio-economic factors that influence life within this region.

Chapter 2 has highlighted the key successes and challenges experienced by the more high profile service delivery departments. These have been examined by looking at the service delivery approach adopted, the performance measures and key successes, as well as the challenges and opportunities faced by service delivery currently.

Chapter 3 provides insight into the organisation structure and changes required to ensure that Sakhisizwe Municipality is able to fulfil its developmental Local Government objectives, through compliance at every level.

Chapter 4 represents an account of Sakhisizwe Municipality's financial health and wealth and includes all financial statements as public documents.

Chapter 5 provides comprehensive information on the functional areas of Sakhisizwe Municipality, including overviews of functions and strategic objectives. All of these objectives are then tied directly back to the Integrated Development Plan and more technically into the Service Delivery Budget and Implementation Plans for each department.

Under extreme circumstances some success, growth and progress was achieved, particularly as a result of the direction and support provided both by political leadership and DBSA (with the appointment of the Municipal Mentor – Mr P Mc Ewen). As highlighted within the main body, it is felt that positive strides have been made and will continue to be made over time in order to resolve the difficulties and challenges faced by this Municipality.

Finally, it must be noted that the Annual Report for 2007/2008 provides a realistic and accurate account of the progress and extreme difficulties experienced by Sakhisizwe Municipality and reflects the impact that all of this has had on service delivery.

GLOSSARY

<i>CBO</i>	<i>Community Based Organisation</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>
<i>DORA</i>	<i>Division of Revenue Act</i>
<i>DWAF</i>	<i>Department of Water Affairs and Forestry</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practices</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GRAP</i>	<i>Generally Recognised Accounting Practices</i>
<i>IDP</i>	<i>Integrated Development Plan</i>
<i>ILGM</i>	<i>Institute of Local Government Management of Southern Africa</i>
<i>IMPRO</i>	<i>Institute of Municipal Public Relations Officers</i>
<i>LED</i>	<i>Local Economic Development</i>
<i>LGSWETA</i>	<i>Local Government and Related Services SETA</i>
<i>MFMA</i>	<i>Municipal Finance Management Act</i>
<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>NEPAD</i>	<i>New Partnership for Africa's Development</i>
<i>NGO</i>	<i>Non-Government Organisation</i>
<i>SALGA</i>	<i>South African Local Government Association</i>
<i>SMME</i>	<i>Small, Medium and Micro Enterprises</i>
<i>TLC</i>	<i>Transitional Local Council</i>
<i>UKDM</i>	<i>Ukhahlamba District Municipality</i>

CREDITS

Sakhisizwe Municipality wishes to thank the following people for their contributions:

- *The Mayor and Councillors*
- *Office of the Municipal Manager*
- *Inputs from previous S57 Managers and In absence of the s57 Managers, Senior Staff Members that provided input*
- *DBSA Young Professional Administrator (Mr M Kwahene) – for sourcing statistical and other information required*
- *Acting Municipal Mentor / CFO (Mr P McEwen)*
- *Acting Technical Manager – Deployed by DBSA*
- *Special Mention: Charmaine Van Schalkwyk Consulting in Association with Delloitte*