

SENQU MUNICIPALITY

ANNUAL REPORT: 2008/2009



COAT OF ARMS



The Coat of Arms for Senqu Municipality bears great testimony not only to the region itself but to the spirit and nature of the driving forces that influence and shape the strategic direction of this municipality and the people within it. As per the descriptions of the elements that bind and create unity within Senqu we are ever mindful of the influences created by our powerful elements of “Culture, History, Water, Spiritual, Nature, Sky, Agriculture and Air”.



Horns

The area is known for its livestock, Nguni and Merino. The Nguni horns are an emblem of strength, power and fertility, true to this region.



Water a Sign of Life

The many streams flowing through our area symbolises a holistic integration of natural forces and people. Water is the meeting place of man and nature, purity of intention and integrity. Fish as food source. Tourism / Fishing / Outdoors.



Rays of Light

Golden Africa sunlight of wealth, health and prosperity.



Mountains of Foundation

Land, water and sky portraying the natural beauty of our municipality. Farm lands depicting the agricultural and growth potential. The colours symbolize wealth and prosperity.



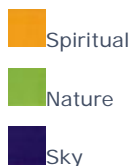
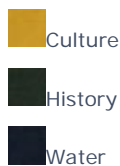
Circle of Unity and Life

A border that protects the inhabitants of our region. Natural element of defence. Element of harmony. The richness of our culture (crafts).



Agriculture

The rich and fertile soil of our land gives birth to bountiful crops with potential for more growth.



VISION STATEMENT

“To be an efficient and democratic institution, able to provide quality and affordable services and promote sustainable development and growth of her citizenry through integrated planning and optimal use of resources, thus creating a better life for all.”

MISSION STATEMENT

“Senqu Municipality will strive to create a conducive environment for active citizenry in governance, provide efficient and affordable quality services and stimulate economic growth through effective planning and democratic practices.”

BROAD DEVELOPMENT GOALS

Meeting basic service delivery and access to free basic services, Institutional Development and Transformation, Economic Development, Transformation and Growth, Municipal Financial Viability and Management, Good Governance.

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Mayors Foreword

To the community of Senqu Municipality, 2010 is upon us and for our Municipality we find ourselves “fighting fit” and certainly in a position of great strength as we move forward to the challenges that will abound.

After a largely successful year it therefore gives me great pride and pleasure to present you with the Annual Report for the 2008/2009 year under review.



The 2008/2009 financial year has been enormously beneficial for Senqu Municipality, both from a political and administrative standpoint. The fact that we have achieved such a strong base within both of these areas allows us to move forward with confidence and in the knowledge that we are well equipped to handle the new challenges that will undoubtedly present themselves.

In many ways it seems that the success and the excitement of the National Elections have paved the way for the successes within 2009/2010.

On the political front and in terms of governance issues it is noted that within the last financial year, we were faced with the untimely death of our fellow Councillor, Speaker, Comrade, colleague, and friend, Cllr. D. Mqungquthu. By-elections were subsequently held and during November 2008 Councillor S. Tindleni was appointed. We wish him every success during his term of office.

Senqu Municipality remains committed to the DPLG’s 5 year Strategic Agenda for Local Government, aimed specifically to improve the performance of South African Municipalities. Overall this has determined the Strategic Performance Priorities of the Integrated Development Plan (IDP) and the focus areas include:

- Improved and enhanced Municipal governance, performance and accountability;
- Addressing the structure, and governance arrangements of the Municipality in order to ensure a strengthened and well-governed infrastructure; and
- Ensuring refinement, strength, regulatory and fiscal policy, and application internally in order to ensure greater fiscal management and specifically management of risk.

In line with these strategic priorities it must be noted that the following areas have achieved considerable success:

- As a financially viable and sustainable municipality, we are to be highly commended on the achievement of an unqualified audit report;

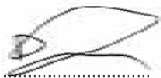
- Performance is being managed through various reporting structures and the implementation of the Performance Management System;
- Councillors are committed to their role, and meetings occur as required and in a manner that allows decisions to be taken that will transform the institution and fast track service delivery;
- Strong emphasis has been placed on the training and development of staff and Councillors alike;
- The Strategic and Development Standing Committee was established to replace the Housing and Estates Steering Committee;
- Communities are receiving higher levels of service delivery;
- Infrastructure development has occurred in a number of wards; and
- Public participation and Outreach Programmes have been successfully conducted.

Challenges remain and are reflected on briefly as follows:

- The translation of Performance Management to the lower levels;
- The translation of Council Resolutions to Ward Committees;
- Service Delivery and Budget Implementation (SDBIP) reporting;
- Communication gaps at all levels;
- Resource limitations;
- Special Programme Unit projects and general commitment thereto; and
- Infrastructure challenges.

We continue to move forward under the ANC's Election Manifestos and we will continue to do everything within our power to make the "Local Government work better".

I look forward to the 2010/2011 year ahead and all the challenges that will come with this. As Senqu Municipality we remain politically and administratively strong and this will enable us to achieve our goals and to make Senqu a better place for the community at large. May we continue to grow from strength to strength as we move forward?



Z I Dumzela
Z I DUMZELA
MAYOR

MUNICIPAL MANAGERS REPORT

“A customer is the most important visitor on our premises, he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so”.

Gandhi



This past year (2008/2009) has again provided me with enormous challenges and opportunities to ensure that Senqu Municipality provides the community with effective and efficient services, notwithstanding the many constraints that we have, not the least of which relate to finance.

Over this past year we have focussed our efforts on ensuring that we develop and implement the appropriate strategies, revitalisation plans, sectoral plans and key policies necessary to enable Senqu Municipality to uplift the existing infrastructure and resources and to ensure effective service delivery to the outlying (rural) areas. The challenges we faced were quite formidable, but as this Annual Report will indicate, we rose to these challenges tirelessly.

From a governance and reporting perspective it must be noted that this Annual Report is required to be presented in terms of s127(2) of the Municipal Finance Management Act, Act no. 56 of 2003 and is to be formally approved by Council on 31 March 2010 (having obtained input from the communities. It must be noted that during mid-December 2009, officials from the Department of Local Government and Traditional Affairs in Bhisho, approached Senqu Municipality and conducted a presentation around a proposed new format for the Annual Report. It must be noted that any change to the reporting format has not been legislated, and every effort has been made to ensure that the reporting format used in this report was in compliance with the prescriptions of the MFMA (Act no. 56 of 2003). It would appear that the proposed format would have included mainly financial and statistical information (which would assist with National reporting) and although not legislated, we have modified our report to include some of the information requested by these representatives.

Our challenges continue to shape our structure and focus, and more specifically we have been required to address the following issues:

- Our functional structure was required to be addressed in order to meet specific operational challenges and needs. Accordingly the majority of changes were made in the Municipal Managers Office – so as to ensure that strategic objectives could be met overall. As detailed within this report the creation of the Strategic Planning and Development Section within the Municipal Managers office has been a fundamentally


successful decision in order to ensure that focus areas relating to the IDP, SDBIP's, Performance Management, LED, Tourism , Business Development, Agriculture Development, and Special Projects achieve the strategic objectives as required. Weaknesses that are currently experienced with the implementation of LED and the review of the Spatial Development Framework have reached critical proportions.

- A strong drive has been made to improve both internal and external communication, which if not addressed, could seriously impede our operational functioning and levels of service delivery.
- Councillor training and staff development initiatives have been undertaken in order to ensure that performance and resources are optimized. Notwithstanding these efforts, capacitation remains a real challenge, which is aggravated by the need to engage in Scarce Skills Policies and address talent management.
- Public participation and more importantly the engagement of the community and external agencies is critical in ensuring that democracy is deepened and that there is a strong customer and residence focus. As indicated, Communication Strategies have been implemented in order to address traditional challenges.
- The greatest challenge perhaps is the ability to ensure sustainable development and growth within this context. On the financial front, our unqualified Audit Report has certainly shown our financial sustainability and within all other spheres marked successes have been achieved.
- The further roll-out of the Performance Management System to lower levels within the organisation will be the catalyst to result in improved performance and performance reporting at every level (SDBIP, IDP, Monthly and Quarterly reporting and Performance Management itself).
- Policies and procedures are required to be understood by all and applied correctly.
- In particular, the Supply Chain Policy implementation is required to be correctly understood and applied by all relevant staff.
- The need for improved internal controls and management of risk remain top priorities in order to ensure ongoing financial and operational viability.

It is fair to say and validated within the Annual Report that Senqu Municipality officials and politicians have worked tirelessly to ensure that organisational objectives are met in the most cost effective manner. I wish to place on record my sincere thanks and appreciation to the Honourable Mayor, Mr. Z I Dumzela for his ongoing support, guidance and commitment, together with his Executive Committee.

To my staff and Department Heads I wish to thank you for another year of valued effort, work, and accomplishments that have enabled us to “fly our municipal banner” very high and to hold up our heads with great pride. Your efforts and achievements have not gone unnoticed.

May we achieve even greater things during 2010/2011 and by doing so we will ensure that Senqu Municipality continues to be regarded as a leading Municipality.



M M Yawa

MUNICIPAL MANAGER

1.3 EXECUTIVE SUMMARY

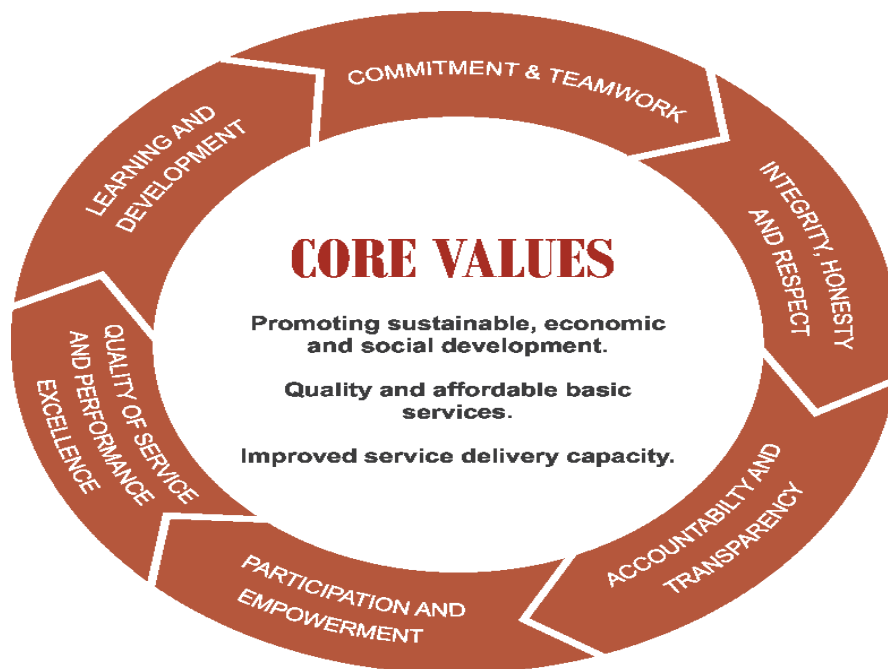
The Executive Summary is provided in order to ensure that a clear and common understanding is achieved regarding the overall goals, priorities and direction of Senqu Municipality. Detail is provided regarding the organization’s direction and focus and this is examined further by discussion regarding the manner in which these aspects will impact positively on the community at large.

The financial health of this organization will be discussed together with a narrative on administrative issues and considerations, which have had impact on the overall operations within this Municipality.

Overall Goals and Priorities

In keeping with the vision and mission of Senqu Municipality the underlying goal and objective is to provide quality and affordable services to all members of the community, in a manner that facilitates sustainable development and a better life for the broader community within this area.

Practically, three (3) overall goals exist for Senqu Municipality, which are in turn underpinned by a number of core values. These goals are reflected in the diagram that follows as the core of Senqu Municipality and surrounding these and part of day- to- day functioning are the core values.





Core Values

These core values are required to translate into lived values and are required to resonate in all aspects of service delivery and goal attainment. By giving effect to these values, service delivery must improve and this will lead to improved and more effective quality and affordability of services, while creating opportunities for the promotion of sustainable economic and social development. In this manner the community will benefit at every level, hence achieving the vision and mission of the organisation.



Key Performance Areas

As per the Integrated Development Plan (IDP), the following Key Performance Areas have been identified as the area of focus for the year under review and will focus on the effective handling of underdevelopment and poverty:

- Good governance and effective administration
- Sustainable infrastructure development
- Sustainable Basic Services
- Economic Development
- Environmental Management
- Social Development
- Financial Viability
- Empowerment of Youth, Women and the Disabled
- Safety and Security

These key performance areas will be addressed within various aspects of the reports which follow.

Financial Health

The report of the Auditor-General and Audit Response have been included under Chapter 4 of this report.

We are very proud to report that Senqu Municipality was one of the few municipalities within the Eastern Cape that received a clear audit report. While small areas for improvement have been identified by the Auditor-General's Report, these will be addressed with no foreseen difficulties or delay.

Senqu Municipality continues to remain a financially viable institution.

Administrative Considerations

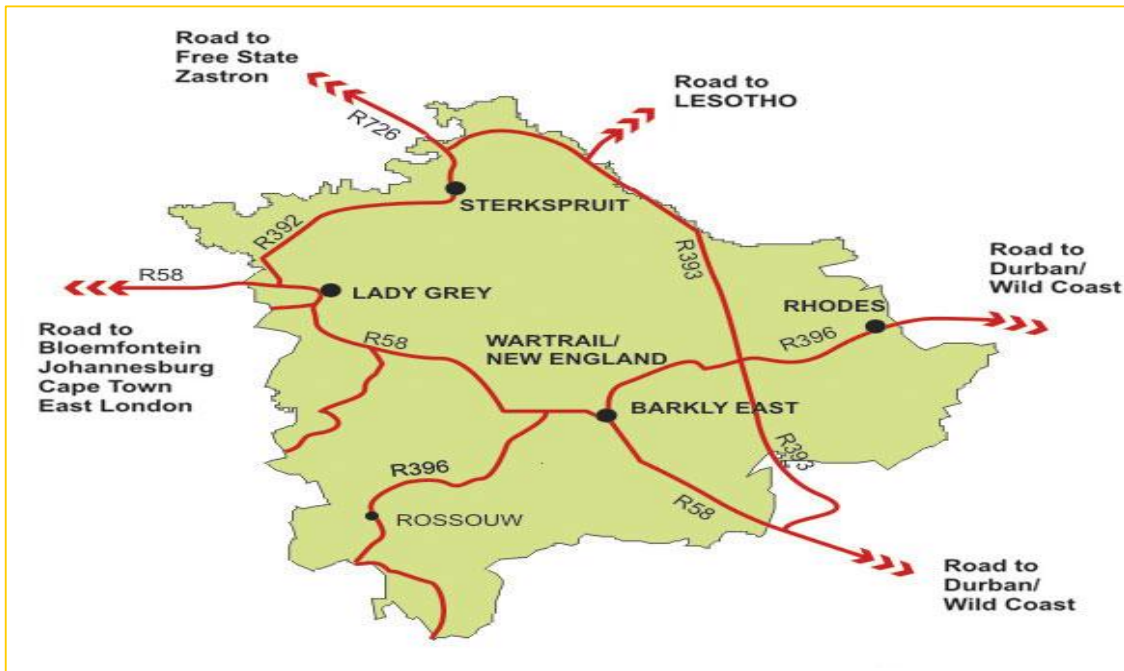
An efficient and effective administration is critical to ensuring a successful political leadership and is ultimately responsible for assisting in the elimination of poverty and inequalities

1.4 GEOGRAPHICAL CONTEXT

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

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

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



Senqu Municipality is the largest Municipality in the Ukhahlamba District Municipality, and spans an area of 6772km². A unique feature of this Municipality is the fact that it borders the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing.

Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province. The R58 and R392 are the key transport routes through this Municipality and these then link to the N6 at Aliwal North.

DEMOGRAPHIC

Population Figures

Senqu Local Municipality has a population of approximately 135 141 people residing in 34 044 households (Census 2001). The population has grown relatively quickly from 1996 (18 836) to 2001 (135 141) at 84.2%. This represents an average of 16.8% per annum. This population accounts for 39.59% of the total population residing in the Ukhahlamba District. (Refer to Table 1)

Table 1

Name	Population	Population As % of District	Population as % of Province	No. of Households	Households as % of District	Household as % of Province
Senqu Municipality	135 141	39.59%	2.10%	34 044	40.20%	2.20%

Population Projections

Based on the modelling done by the Department of Health (District Health Information System) and using the statistical models provided by StatsSA, the projected population of Senqu Municipality is as follows :

Table 2 : Population Projections

PROJECTED POPULATION		
AREA	2006	2009
Senqu Municipality	134,924	133,086

While these figures are disputed and have been disputed by the Department of Health (who have the best interaction with community-based statistics and who have identified a severe undercounting especially of children), these are taken as representative of Senqu and the Ukhahlamba District Area.

It is critical to note that based on current modelling, it is expected that the population will be decreasing in the area due to the affects of “out migration”, as well as due to the impact of HIV/Aids.

Rural vs. Urban Population

According to the 2001 Census, 49.6% of households are rural in nature; this includes rural villages and farm households. This dynamic is shifting with the phenomenon of urban “in-migration” occurring in Senqu Municipality. This is especially evident in the Sterkspruit area, where population has increased from 6181 in 1996 to approximately 110 223 in 2001. This figure will further increase due to the number of houses being built in the area.

Senqu Municipality Rural vs Urban Population Statistics

No. of Rural House holds	% of Total House holds	Rural House holds as % of Province	No. of Urban Households	% of total Households	Urban Households as % of Province	Total no. of Households
28 920	49.58%	3.03%	4 811	18.24%	0.73%	33 731

Age and Gender

Approximately 53.13% of the municipal population fall in the 15-65 age category, which can be regarded as the economically active sector of the population, with 41% of the population below the age of 15. This suggests continued population growth in the area with a need for education facilities and a focus on education and skills training.

The table below details the gender split, with 46.85% of the population being male and 53.15% female (Census 2001)

2001		2001	
FEMALE	MALE	FEMALE	MALE
71 834	63 310	10 140	8 696

This split may be attributed to migrant and commuter labour which have resulted in many households having a woman as the head of the household, and the chief breadwinner living away from the home. This gender split will also likely impact on the type of development that may occur, especially in regard to manual labour-type employment.

Employment and Income

Employment

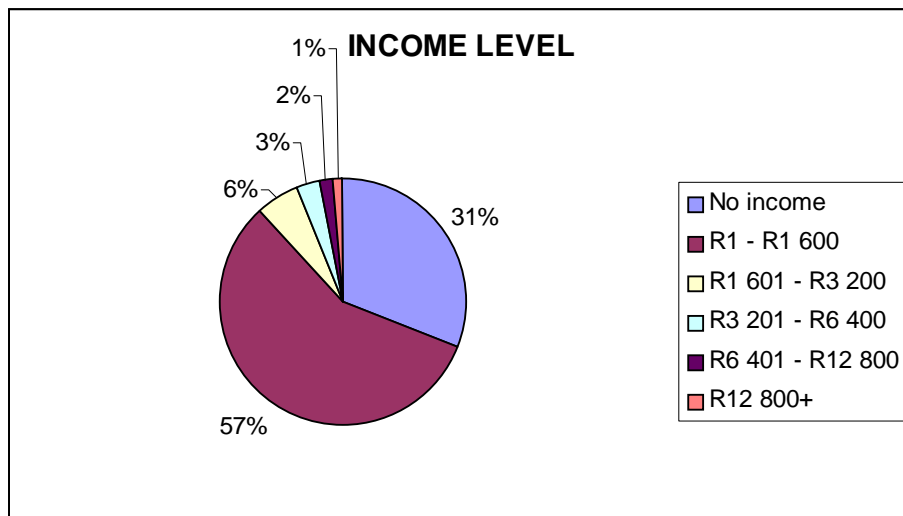
Senqu Municipality's three (3) key economic sectors are Agriculture, Services, and the Tourism sectors, with the latter (Tourism), having the potential to grow.

According to Census 2001, the average unemployment rate of Senqu Municipality is 32%. This figure only includes those individuals that are actively seeking employment. A total 85% of Senqu's total workforce is inactive. It is therefore imperative that there are strategies in place to stimulate Local Economic Development.

About 8.28% (about 11 350) of the population is formally employed; about 10.15% (about 13 913) is actively seeking employment, and approximately 38.3% (about 52 500) of the households earn nothing (i.e. are unable to report a constant source of income). Approximately 88% of households earn less than R1 500 per month, which is below the Household Subsistence Level of the Province.

Income Level

The data from the Census 2001 revealed that 88% of the households in Senqu Municipality earn below R1 500 per month. This has implications with regard to affordability of services and the sustainability of these services. Many people are dependent on social grants.



Employment Sectors

In general, skills levels are low throughout the district, with the majority of residents reliant on government/community services for employment or primary economic activities such as Agriculture. These two (2) sectors employ 69% of the formal workforce.

Occupational Skills Levels

About 39% of Senqu Municipality’s workforce is made up of elementary or unskilled workers, and this represents the largest percentage in the District. Senqu Municipality has low levels of senior management and technical staff, and these are reflected as 3% and 4% respectively. This corresponds with low levels of educational facilities in that area, and indicates a need for skills development and education programmes.

Table indicating Skills (Occupation) Source

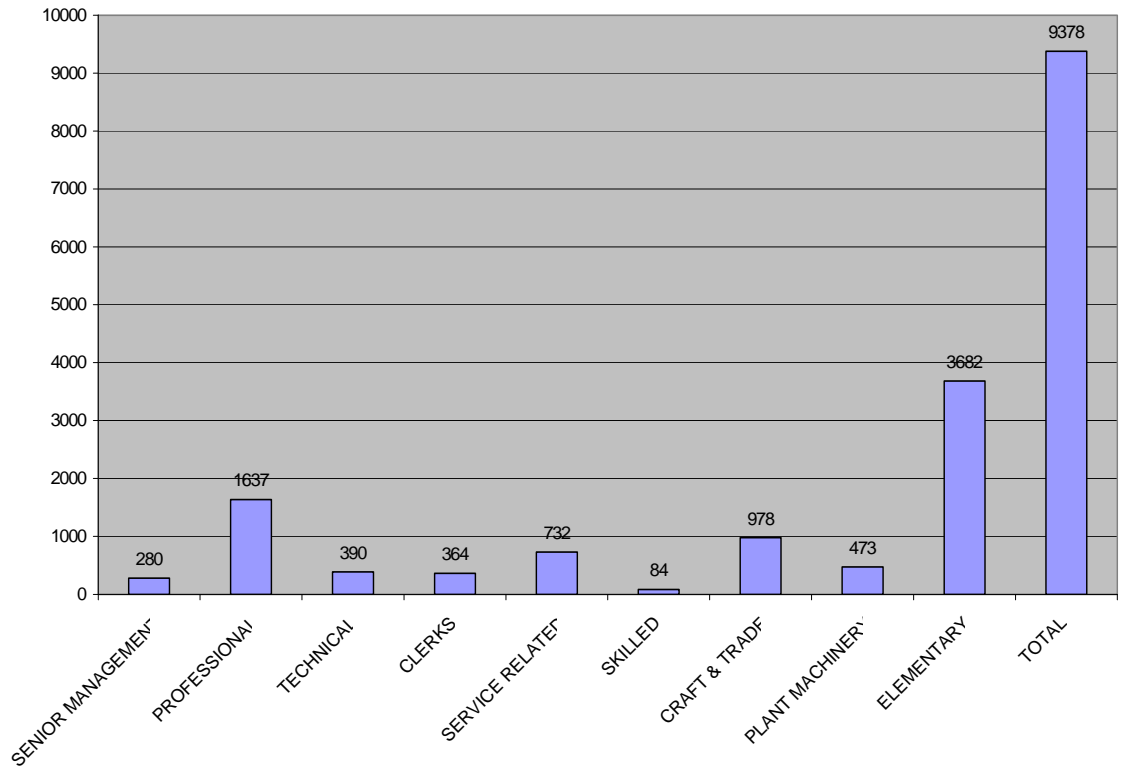


TABLE INDICATING SKILLS (OCCUPATION) SOURCE

Employment

It is estimated that :

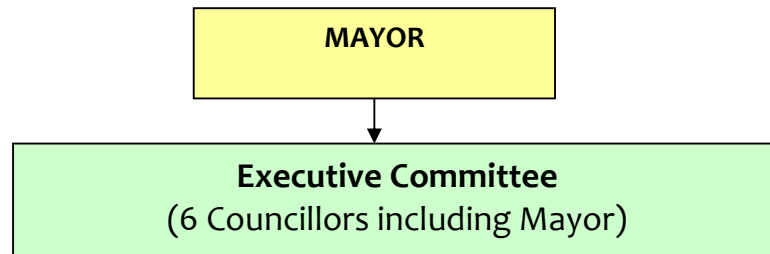
- 13% of population formally employed
- 18% actively seeking employment
- 17% households have no steady income
- 83% of remaining households earn less than R1 600 per month

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

1.5. **GOVERNANCE AND ADMINISTRATION STRUCTURE**

1.5(a) **Political Structure**

As per the Municipal Structures Act 1988, Senqu Municipality has a Collective Executive System. As a democratically elected Category B Municipality, Senqu Municipality's Council is comprised of elected Ward Councillors and Proportional Representation Councillors. Senqu Municipality was established as a Collective Executive Type.



Chairperson :	Mayor, Cllr I Dumzela Cllr C C Mbulawa Cllr P August Cllr G N Mbonzana Cllr M M Mafilika Cllr N Kuse
Speaker :	Cllr D Mqungquthu (deceased) Cllr S Tindleni then appointed 28 November 2008
Chief Whip	Cllr Mafilika

Ward Committees

Ward committees' establishment and functionality

The term of office of the Ward Committees elected in 2007 in terms of the Local Government: Municipal Structures Act, Section 72 – 78 came to an end during July / August 2009. This then necessitated the need for the establishment of the new Ward Committees in terms of the abovementioned Act.

During October/November 2009 new Ward Committees (with 10 members per ward) were then elected. When new Ward Committees are elected the Municipality arranges for the appropriate training in order that Councillors may be capacitated regarding their roles and responsibilities in respect of the execution of their duties.

The functioning of Ward Committee falls under the guidance of the Speaker, and Ward Committees (comprising the respective Ward Councillor, who is also the Chair of the ward meeting), hold quarterly ward meetings where community members are briefed about the development in their ward and the developments within the municipality at large. The Municipality also allocates a budget for the functioning of Ward Committees.

Between the scheduled quarterly ward meetings, the Ward Councillors and the Ward Committees sit to discuss issues relating to and affecting their wards. Reports are then provided to the Speaker in order to enable the Speaker to access the functionality of the Ward Committees and intervene where necessary.

16 Ward Committees 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 exist in order to provide a legitimately recognized forum, and submissions to Council are made via the respective Ward Councillor. In this manner a consultative community structure is created and maintained.

SENQU MUNICIPALITY COUNCIL



YEAR 2006 TO 2011



CLLR A. Kwinana



CLLR A. Sobhuza



CLLR A.M. Mateisi



CLLR B. Jiju



CLLR G. Mbojanya (EXCO-Head Community Services)



CLLR G.N. Mvunyiswa



CLLR G.N. Parkies



CLLR I. Elia



CLLR J. Constable



CLLR J.J. Lamane



CLLR L. Boo



CLLR L.M.N. Ntombi-Tokwe



CLLR M. Mpelwane



CLLR M. Stanely



CLLR M.G. Moeletsi



CLLR M.G. Neise



CLLR M.M. Mafitika (Chief Whip)



CLLR M.N. Ngendane



CLLR M.P. Bingwa



CLLR N. Kuse (EXCO Member)



CLLR N. Kwinana



CLLR N. Nombula



CLLR N.A. Mkhontwana



CLLR N.C. Mraji



CLLR N.E. Mbobo



CLLR N.G. Beje



CLLR P. August (EXCO- Head Technical Services)



CLLR S.S. Ndzongana



CLLR V. Mbulawa (EXCO- Head Corporate and Support Services)



CLLR X. Ganamfana



Mayor Z.I. Dumzela



Speaker S.S. Tindleni

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 making better and more informed decisions through the provision and access to additional information.

Through the establishment of Ward Committees, Standing Committee Councillors become more involved and knowledgeable about specific issues affecting the departments/sections that they represent within these Ward Committees. This process then enables these Councillors to gain additional insight into the challenges, functions, and processes faced by these sections, and this then ensures that Council is able to make informed decisions within these areas.

The following Standing Committees have been established:

- Strategic Planning and Development
- Budget & Treasury Office
- Corporate and Support Services
- Community and Social Services
- Technical Services

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

Members of Standing Committees :

Strategic Planning and Development

Chairperson : Cllr Mafilika
Councillors : Cllr M Mpelwane
Cllr L Tokwe
Cllr Beje
Cllr M Moeletsi

Budget & Treasury Office

Chairperson : Cllr Kuse
Councillors : Cllr M Stanley
Cllr J Constable
Cllr M Monoalibi
Cllr N Kwinana

Corporate & Support Services

Chairperson : Cllr V Mbulawa
Councillors : Cllr I Elia
Cllr L Booi
Cllr N Nombula

Cllr M Ncise
Cllr V Mkhontw

Community and Social Services

Chairperson : Cllr G Mbonzana
Councillors Cllr A Kwinana
Cllr M Ngendane
Cllr M Bingwa
Cllr B Juju

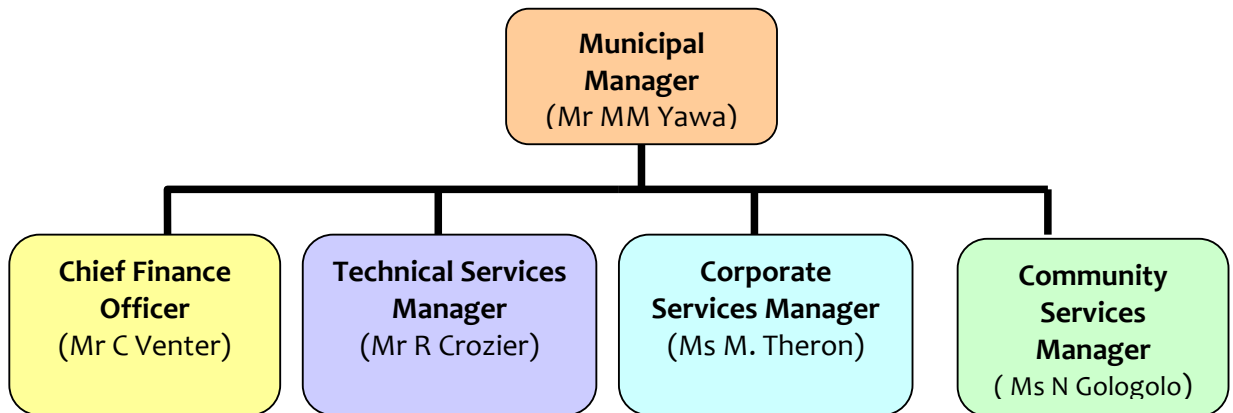
Technical Services

Chairperson : Cllr August
Councillors Cllr G Parkies
Cllr S Ndzongana
Cllr G Mvunyiswa
Cllr M Moeletsi
Cllr A Mbobo
Cllr J Lamani

There are 32 Councillors in total. These are made up of 16 Ward Councillors and 16 Party Representatives.

LIST OF COUNCILLORS	
WARD	COUNCILLOR
1	Ms E N Mbobo
2	Ms N Nombula
3	Ms N C Mraji
4	Ms N M Kwinana
5	Mr J Lamani
6	Mr S S Ndzongana
7	Ms N A Mkhontwana
8	Mr M G Moeletsi
9	Ms A Kwinana
10	Ms G N Parkies
11	Mr V V Mbulawa
12	Mr M P Bingwa
13	Ms L M Tokwe
14	Mr L Booi
15	Mr M G Ncise
16	Mr M Mafilika
Proportional	Mr Z I Dumzela
Proportional	Ms M C E Stanley
Proportional	Ms G Mvuyiswa
Proportional	Mr M W Mpelwane
Proportional	Mr J Konstabel
Proportional	Ms I Elia
Proportional	Mr X M Ganamfana
Proportional	Ms G Mbonzana
Proportional	Ms P August
Proportional	Ms P August
Proportional	Ms A H Sobhuza
Proportional	Ms N Kuse
Proportional	Ms Juju
Proportional	Ms M N Ngendane
Proportional	Ms N G Beje
Proportional	Ms N G Beje
Proportional	Mr A Mateisi
Proportional	Mr S S Tindleni

1.5(b) ADMINISTRATIVE STRUCTURE

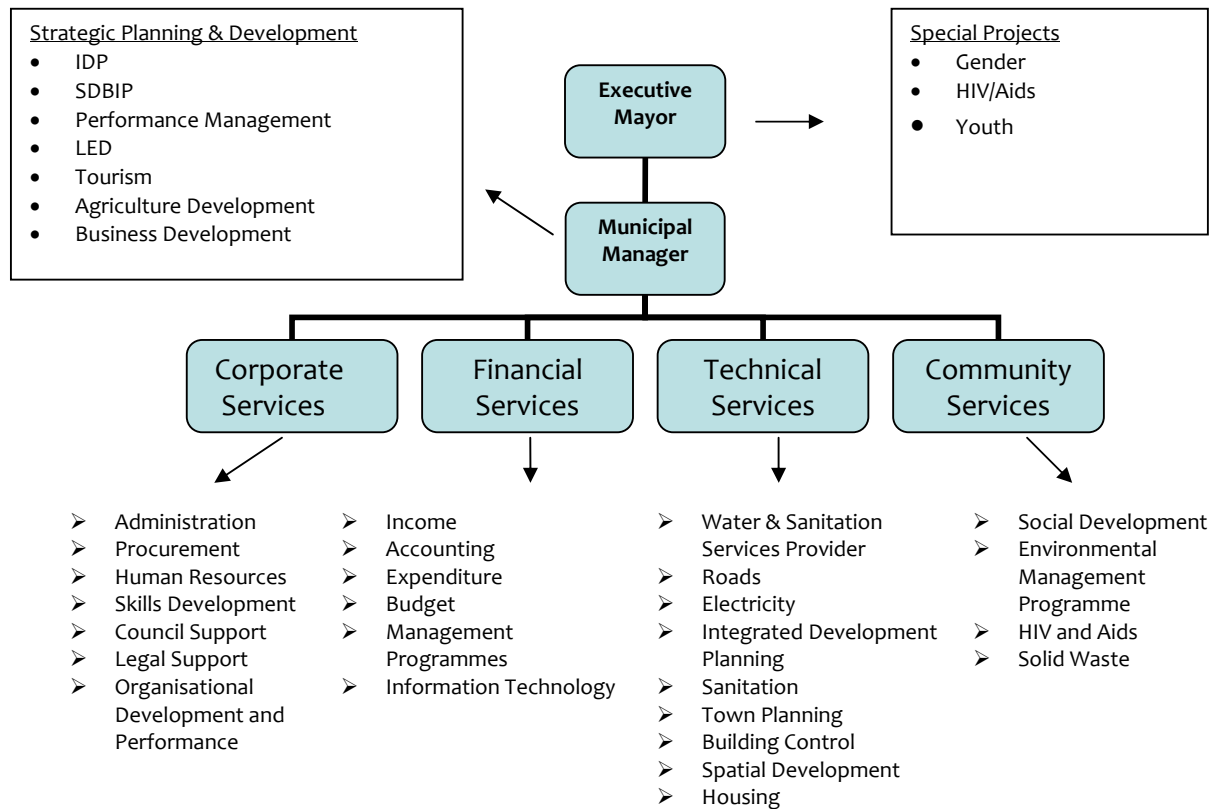


Four Departmental Heads report to the Municipal Manager as indicated above.

Each department develops annual strategic service delivery and budget implementation plans, which are based on annual objectives to ensure that IDP objectives are met as required.

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

FUNCTIONAL STRUCTURE



1.5(c) THE INTEGRATED DEVELOPMENT PLAN IDP

In accordance 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 Senqu Municipality completed its first IDP in 2002 – and then again in May 2006, thereafter it was reviewed annually.

As per the provisions of the Municipal Systems Act 32 of 2000 (s34) the Municipality was required to initiate the review of the IDP during October/November 2008 and this was completed as per the budget process, as is required by the new Municipal Finance Management Act.

The key themes arising out of a number of EXCO strategic meetings and outreach programmes (held in places such as Gariiep Dam, Aliwal North and Bloemfontein), and informing the development of the IDP Review was a focus on service delivery, with specific emphasis on the following focus areas:

PRIORITY ISSUES	RESPONSIBLE DEPARTMENT
1. Rural sanitation to all wards	Ukhahlamba District Municipality
2. Water to all wards	Ukhahlamba District Municipality
3. RDP Houses	Dept of Housing and Senqu Municipality
4. Upgrading of proclaimed roads	Dept of Roads and Transport
5. Upgrading of access roads	Senqu Municipality
6. TV Transmitters	Senqu Municipality
7. Network Poles	MTN and VODACOM
8. Fencing of cemeteries	Senqu Municipality
9. Upgrading of sports fields	Senqu Municipality
10. Land Care Programme	Dept of Agriculture

Role of Integrated Development Planning in Municipal Activities

Service delivery and effective administrative and operational functioning within a municipality requires synergy and management between three essential tools, namely:

- a development plan;
- a budget; and
- a performance management system, which will ensure ongoing monitoring and management of processes, systems and operations.

These three tools are interrelated and no single one of these can operate effectively without the other.

Within the context of a municipality, the IDP represents the tool which drives the organization in terms the final delivery of a strategic plan and objectives. These plans and strategic objectives form the foundation of discussions to establish an appropriate budget which will facilitate the achievement of these strategic goals through adequate planning and provision of required resources. As enablers, the Performance Management System (PMS) and the Service Delivery Budget Implementation Plans (SDBIP), provide the focal source of management, implementation and monitoring --- thereby facilitating achievement and attainment of goals.

Use of these tools as critical enablers to this process will ensure that: the budget is implemented, performance of the municipality is monitored and that the strategic objectives of Council are met.

The IDP Process

Guidelines in the development of the IDP have been provided by the Dept of Provincial and Local Government and this process involves 5 distinct phases, namely: Analysis, Strategies, Project Formulation, Integration and Approval.

While the guides generally represent this process as a systematic process of IDP preparation, day-to-day reality within the Senqu Municipal environment has required that many discussions occur amongst all stakeholders and this process is then defined over time (constantly shaping and reshaping) until consensus is reached. The final approved IDP document is also modified over time in order to acknowledge various external and

internal factors as they impact on and reshape strategic focus over time. The IDP ultimately reflects as a living document that is required to respond to changes in the developing environment over time.

Preparation: IDP Planning

The planning and development of the IDP requires the development and interaction of the following structures --- each with their specific role and responsibility within this process:

- IDP Manager
- IDP & Budget Steering Committee
- IDP & Budget Representative Forum
- IDP & Budget Technical Committee

IDP Manager

The Municipal Manager is required to perform the function of the IDP Manager at a strategic level and this is legislated in terms of Municipal Systems Act.¹ Their chief role and responsibility is to ensure the overall co-ordination and management of the IDP process and to submit the draft IDP Plan to the municipal council for adoption by Council.² While the Municipal Manager has the function as defined in the Act, the Chief Financial Officer and the IDP and Budget Officer have been delegated with the functional activities of preparing this document.

IDP & Budget Steering Committee

For the past 5 years, Senqu Municipality has formed part of the Ukhahlamba District Municipality IDP Steering Committee.

For the purposes of compilation of our IDP document, it was agreed that all Heads of Departments and the Executive Committee would serve on the IDP & Budget Steering Committee.

¹ Section 30 (b) of the Municipal Systems Act, Act No. 32 of 2000

² Section 30 (a) – (c) of the Municipal Systems Act, Act No. 32 of 2000

STRUCTURE	MEMBERS	TERMS OF REFERENCE
IDP & Budget Steering Committee	<p>Chair: Mr. M.M. Yawa (IDP Manager/ Municipal Manager)</p> <p>Secretariat: Mr. S. Faku (IDP & Budget Officer)</p> <p>Composition: Section 57 Managers, all senior staff and departmental secretaries</p> <p>Executive Committee members</p>	<ul style="list-style-type: none"> • Provide TOR for various planning activities • Commissions research studies • Considers and comments on: <ul style="list-style-type: none"> ◦ inputs from sub-committee study teams and Service Providers ◦ inputs from National & Provincial departments and support providers • Processes, summaries and documents inputs • Makes content recommendations <p>Prepares, facilitates and documents meeting</p>

IDP & Budget Representative Forum

Senqu Municipality IDP & Representative Forum permits any organisations/institution/individual to become part of its IDP & Budget Representative Forum providing the following criteria are met: -

- Individuals have required expertise and experience;
- Organisations/institutions have local representation;
- Representatives of the Ukhahlamba District Municipality
- Ward Councillors;
- Provincial sector departments; and
- Parastatals

The Representative Forum serves as an ad hoc institutionalised body for public representation to ensure the following: -

- Representation of interests of constituencies;
- Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders;
- Communication between all the stakeholders' representatives; and
- Monitoring of the performance of the planning and implementation process.

The following sets out the structure and responsibilities of the Senqu Representative Forum: -

STRUCTURE	MEMBERS	TERMS OF REFERENCE
IDP & Budget Rep Forum	Chair: Mayor: Cllr Dumzela Secretariat: S. Faku Composition: <ul style="list-style-type: none"> • All councillors • HODs • Ward committees • CDWs • Stakeholder representatives of organized groups • Community representatives • Reps from Sector Departments • Advocates for unorganized groups 	<ul style="list-style-type: none"> • Represents interests of their constituencies in the IDP processes • Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders including the municipal government. • Monitor performance of the planning and implementation processes • Participates in the process of setting up and monitoring KPIs in line with the Performance Management Manual

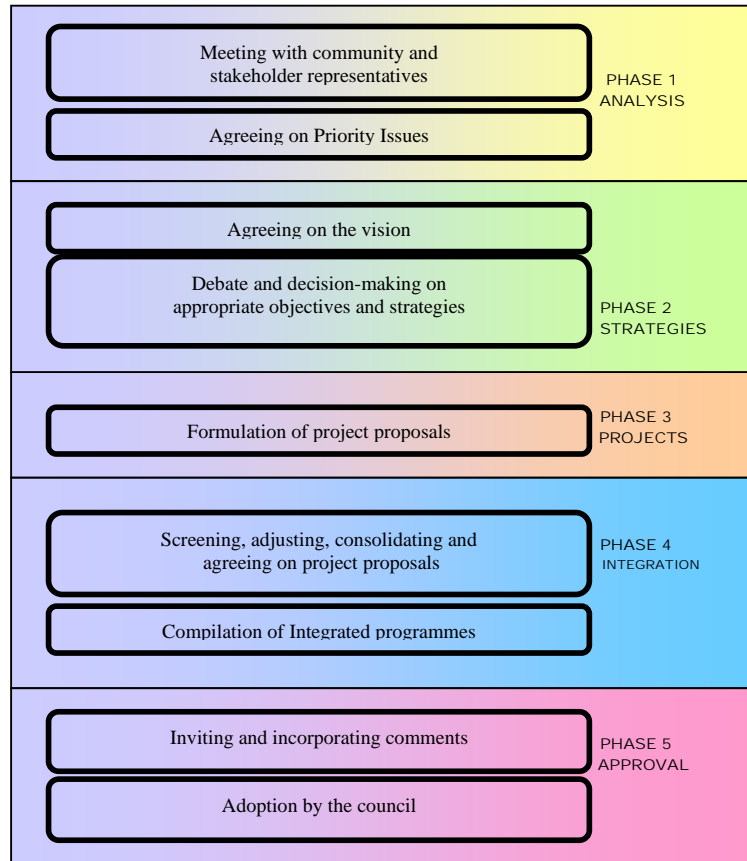
Participation Strategy

All stakeholders were provided with an opportunity to participate in all the phases of the IDP process. To ensure effective participation the following structures were entrusted with the following tasks: -

- Municipal Manager: Co-ordinate participation by all structures;
- Council – To ensure the democratic involvement of people in governance;
- IDP & Budget Steering Committee – Serve as a resource to the representative forum by advising and integrating the forum inputs;
- IDP & Budget Representative Forum – Serve as a public forum for debates where various interest groups have the opportunity to influence Municipal planning decisions; and
- Ward Committee Meetings to obtain local needs and priorities.

Over time agreement was reached with the Ukhahlamba District Municipality to enhance public participation within the area of jurisdiction of Senqu Municipality. Within the District Mayors Forum (2006/2007), it was discussed and agreed that a joint public participation approach would be followed whereby the District would attend selected ward committee meetings in support of local initiatives and outreaches.

Table: The IDP Process



IDP Process

The following process was followed in the formulation of Senqu Municipality’s IDP.

Phase 1: Analysis

The IDP process was initially designed to involve a simultaneous analysis of both local and district municipal issues and this was intended to enable Local Municipalities to formulate a “birds eye” perspective of the existing situation within the broader District perspective. For various reasons the District Municipality undertook the majority of this analysis and the analysis of the area. Nevertheless, localised priority needs as well as emerging issues faced by Senqu Municipality were discussed within the Representative Forum meetings.

Phase 2: Objectives and Strategies

Objectives and strategies were discussed within the Representative Forum meetings as well as among the political leadership of the district and it was felt that there was no real change to the higher-level strategies for development of the district area or in our area. Issues such as forestry, community capacitating, involvement of sector departments, and broader agrarian developments were included in the higher-level strategies.

From a timing perspective, certain administrative and political processes overtook plans for workshops during this phase of the process, and this negatively affected the planning agenda. Participation in the **District's Growth and Development Summit** and Provincial IDP Engagement Week also took focus away, but this was complimentary to the IDP process and the outcomes of the Summit (in the form of the GDS Agreement) have been incorporated into the strategic framework of our IDP.

Phase 3: Projects

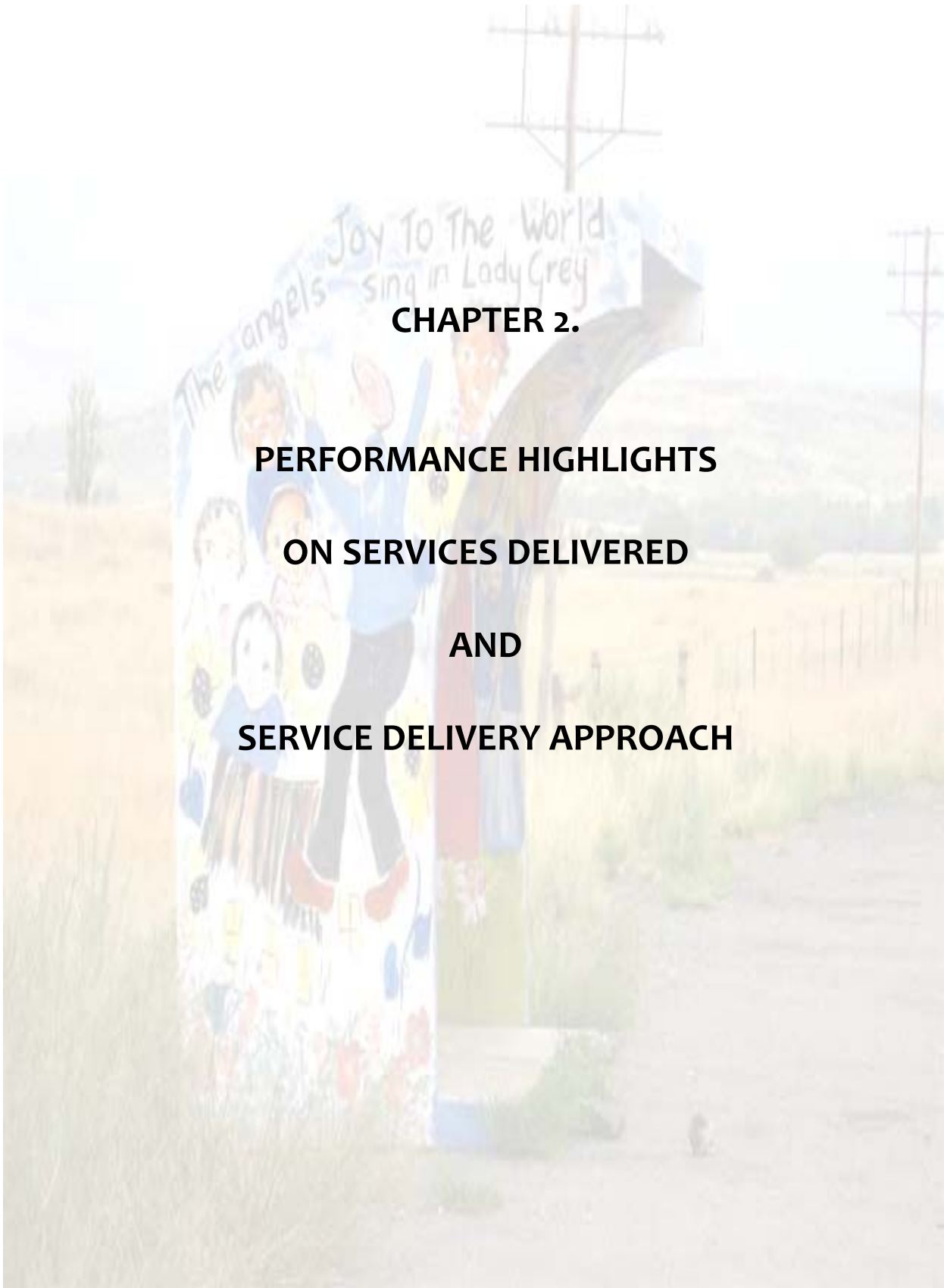
Having identified strategies, objectives and key performance indicators, project teams developed project outlines.

Phase 4: Integration

The projects were analysed to assess their relationship to the strategic objectives, targets and strategies, sectoral programmes and alternative funding sources. Various broad programmes were devised to cluster projects and the integration documentation formulated for discussion with government departments, agencies, Parastatals and funders.

Phase 4: Approval

Following publication of the draft IDP for public comment, the Council will give consideration to the contents of the plan and the comments of the representative forum and general public. Council approved the reviewed IDP in April 2009.



CHAPTER 2.

PERFORMANCE HIGHLIGHTS

ON SERVICES DELIVERED

AND

SERVICE DELIVERY APPROACH

2.1 PERFORMANCE HIGHLIGHTS

As per the Integrated Development Plan (IDP) and identified areas of prioritization, Senqu Municipality remains committed to the provision of many and varied services to its community. Service provision is at times provided by the internal structures within Senqu Municipality, and at other times occurs with assistance and partnerships with other organisations; spheres of government; businesses; and/or non-governmental organisations.

Within this section of the report the performance of Senqu Municipality will be examined within each Department and a detailed review will be provided regarding the prioritized objectives, the level of success achieved and the areas that remain challenging. In this manner a thorough understanding will be obtained regarding the performance highlights and challenges that have presented themselves over the last year.

2.1(a). MUNICIPAL MANAGER'S OFFICE

Within the Municipal Managers Office each area of functioning will be examined in terms of its strategic functioning and related performance highlights and challenges. Of particular note is the structural change, which culminated in the establishment of the Strategic Planning and Development unit within the Municipal Manager's office (incorporating Communication, IDP, SDBIP, Performance Management, Public Participation, Governance, Administration, LED, Tourism, Business Development, and Agricultural Development).

In the detail which follows each area which falls under the Municipal Managers Office will be examined further in terms of highlights:

a. Communication and Customer Relations

Within the area of communication it must be understood that there is a distinct focus on both internal and external communication and the customers at each point.

Areas of focus and actual performance are reflected as follows:

Improving internal communication structures and reporting

It is acknowledged that communication shortfalls have existed internally in the past. More specifically it has been felt that departments were functioning separately and with little cohesion and communication between. Management and staff meetings had not occurred as scheduled and similarly required meetings between the Mayor, Speaker and Municipal Manager had not occurred as required. Generally feedback was not effective between all parties at all levels (Council, management and staff) and efforts were clearly required to remedy these issues. Accordingly the following progress was made:

- The meetings between the Mayor, Speaker, and Municipal Manager are now held quarterly;
- Management meetings are held as scheduled and staff meetings will be increased through the Performance Management System;

- Strategic meetings were held away from the place of work in order to facilitate total commitment of time to this process and sessions were held at the Gariiep Dam; Aliwal North and Bloemfontein. The input from these sessions has impacted on the way forward in all areas of functioning and strategy.
- Portfolio Councillors are influencing the Standing Committees as is required and relations are being fostered between portfolio heads and the relevant managers;
- Protocol is being improved, and policies and procedures to this effect have been concluded;
- All recommendations of all the Standing Committee are being tabled at EXCO;
- Ward Councillors and PR Councillors have been trained to ensure that Local Government is clearly understood;
- Communication amongst the Councillors on matters of service delivery/budget processes has been improved;
- The Speaker has been appointed to address the welfare needs of the Councillors;
- Staff have been trained and work shopped re- Council Policies;
- Administrative support is provided with a newly acquired printing and recording system, scheduled Council and Committee meetings, and the provision of all related and required documentary proof in the manner prescribed.

Notwithstanding and moving forward clear challenges remain and are required to be addressed. Requiring urgent attention and focus would be the introduction of the following:

- Performance Management measures;
- Effective SDBIP functioning and reporting;
- Ward Committee training;
- Quarterly Council meetings and report backs to the Speaker;
- Efforts to appoint a Chief of Staff who would be more effective in responding quickly to correspondence and community complaints.

Improving customer relations and communication between and within the internal and external clients

- In an effort to improve communication internally this section has developed an internal newsletter for the municipality, and this is issued to staff monthly (covering news about activities, events, and service delivery matters relating to Senqu).

- In an effort to improve communication amongst staff and in an effort to build morale a number of team building activities have been held with the staff of the municipality. The challenge remains to sustain these efforts and to ensure that commitment to these initiatives do not wane. It is intended that a team building activities calendar will be compiled in order to ensure consistent and continuous team building activities.
- An annual year-end function has been improved and is structured with the express purpose of ensuring that the staff remain motivated. Improving team building and improving staff morale remains an ongoing challenge.

Developing a Communications Plan & Implementation of Communications Strategy

- The Internal Communication Strategy has been drafted, but was referred back to the section by council, for the inclusion of customer care information.
- The broad Communication Strategy is in a draft stage, and will be completed by 23 February 2010 (LCF seating) after which it will be referred to Council for approval.

Engaging with local communities as to their satisfaction with services rendered by the Municipality (Mayoral Outreach Programme)

- This objective is currently being achieved by the Mayoral Outreach Programmes that are undertaken and through the formally structured engagement of communities whilst undertaking the IDP Review and Budget processes.

Utilizing the municipality's website as an information, education and marketing portal

- Within this area great strides have been made and the website has certainly reached a level where we can take great pride in acknowledging that it portrays an accurate and professional account of Senqu Municipality.

Marketing and Branding

- The marketing challenges that remain relate to the high costs of printing and advertising, which in turn limits the production of publications and adverts.
- Branded materials and items, such as t-shirts, posters, calendars, and diaries have been procured and at this point there is clearly more to be achieved.

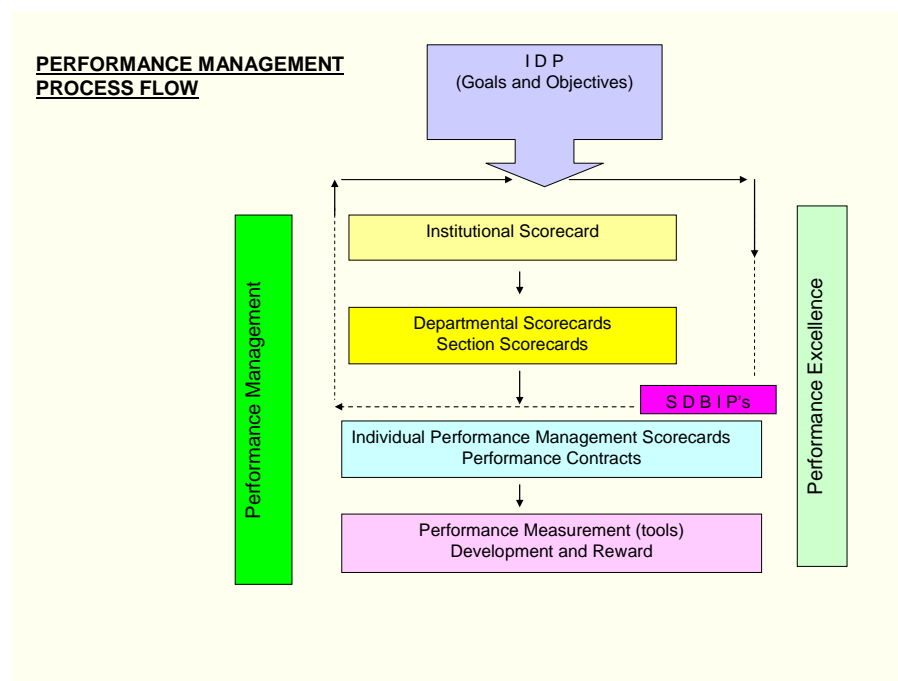
b. Integrated Development Plan (IDP), Service Delivery and Budget Implementation Planning (SDBIP), and Performance Management

As per the diagram below it is noted that the **IDP** (as a 5 year strategic document based on community needs and input) is translated into the annual strategic priorities and objectives that must be achieved for the period under review. In order to ensure alignment these targets are cascaded down through the organization in the form of the Institutional Scorecard, which in turn is translated into the Departmental Scorecards and

these too are then reflected within the **SDBIP's** (which require quarterly progress reporting).

From the departmental and sectional scorecards these annual targets are further translated into personal and therefore individual targets/scorecards, from the 57 managers to the staff below (in this instance down to the middle management level).

In terms of assessments of performance as per the **PMS system** in place, at least **two formal assessments** would be required to be conducted and at the last assessment it would be ascertained whether any performance bonus or reward was applicable. A further two reviews would be conducted (first and third quarter) in order to enable the developmental needs of each staff member to be determined, and this in turn would allow for skills training and development to be conducted. In this manner **Performance Management** is likely to lead to **Performance Excellence**.



With these concepts in mind and the overall objectives understood, these concepts will be discussed further as follows:

IDP

The strategic objectives relating to the IDP were generally well achieved in performance and these included:

- The management and implementation of integrated IDP;
- Ensuring an approved IDP and Budget Policy
- Strategically managing timeous implementation of projects and expenditure control

Successes in relation to the IDP goals and objectives relate to the following:

- The IDP Review/budget process was completed;
- IDP developed and reviewed annually;
- Budget Policy Approved;
- Plans aligned to budget and SDBIP's;
- Timeous planning to enhance implementation of and financial expenditure
- Improve service delivery and financial viability and growth for the Municipality

SDBIP

2008/2009 has been a challenging period in respect of the SDBIP structure itself. Not only did its function move to the Office of the Municipal Manager but it took on a "new face". It was also established that the SDBIP required re-formatting so as to ensure that it took on more qualitative reporting.

Accordingly a new reporting structure was established and the new SDBIP provided for approval to Council. At this point Council did not approve the SDBIP as there were concerns around the manner in which this reporting had taken place. At this point Council had concerns around the structure of the report and in terms of the content provided. While this report had been structured around the National Indicators the reported information did not appear to be of the desired quality and the report was sent back for amendment and re-submission. Correct quarterly reporting in the manner prescribed remains a challenge, notwithstanding the progress to date.

2008/2009 has been a challenging period in respect of the SDBIP structure itself. Not only did its function move to the Office of the Municipal Manager but it took on a "new face". It was also established that the SDBIP required re-formatting so as to ensure that it took on more qualitative reporting.

Correct quarterly reporting in the manner prescribed and a better defined SDBIP remain challenges.

Performance Management

During the period under review Performance Management was governed by the Municipal Performance Regulations (2006) and as such the following successes were enjoyed as per strategic priorities:

- To date Performance management has been applied to the s57 Managers;
- Charmaine Van Schalkwyk Consulting was appointed to populate the s57 performance agreements and scorecards for 2008/2009 and 2009/2010 and this was completed as required. This has been achieved and all scorecards have been aligned to the IDP, Budget, and SDBIP in terms of their format and content requirements.
- It is worth noting that greater effort will be required to re-write these documents in future years in order to ensure that all aspects are thoroughly covered;
- These documents have been concluded with the required linkages to the new SDBIP and therefore to the National Indicators;
- Evaluations have been held and have been made as per the regulations and the updates.

- The PMS Policy was drafted and approved incorporating the regulated guidelines on Performance Management.
- A number of workshops have been held regarding implementation and policy content.

Moving Ahead

Efforts are underway to utilize the current Financial Management System (SEBATA) to assist with PMS reporting and administrative requirements. One of the SEBATA modules would then be designated for PMS and extensive programming would be required to ensure that this is programmed correctly and that all the required information is inputted into the system.

As interesting and as exciting as this project appears, it must be acknowledged that practical application of the electronic system will have certain challenges and it must be remembered that with any system of this nature the information extracted is only as good as the information inputted into the system. In this regard it must be noted that the implementation of an electronic system will not on its own provide the answers to all the practical challenges previously and currently experienced with PMS implementation and assessment. While an electronic system may be created to support this process it can in no way replace the practical aspect of assessment. It must be emphasized that this system will only be as good as the information and detail that is captured within the system itself.

Overall the objective remains --- that of taking this system forward and in cascading and applying it to the levels below the s57's until this is applied throughout the organization at every level.

c. Local Economic Development

The LED Strategy was developed by consultants during 2007 and was developed with involvement from Municipalities; Communities; District Municipalities; Sector Departments, and Private Sectors. The focus area relating to this strategy surrounds:
Agriculture
Tourism
Poverty Alleviation
SMME's

Funded programmes for LED are reflected in the following table:

PROGRAMME	DONOR	AMOUNT	ACTIVITY
Holo-Hlahatsi	DEAT	R4 million	Tourism related activities
Development of Co-operatives	Thina-Sinako		Development of Co-operatives
Masakhane Rossouw Agri-projects	DHLG & Traditional Affairs	R1,5 million	Crop and Vegetable Production
Khwezi Lokusa Textile	DHLG & Traditional Affairs	R1,1 million	Manufacturing bags, clothing and carpets
Sinenjongo Cultural Craft Project			Community based tourism activity
Land Care Project	Department of Agriculture	R3 million	To improve Land, fencing and Contour development

Of particular note was the formation of the LED and Agricultural Forum.

Spatial Development Framework(SDF)

The LED Spatial Development Framework has identified primary and secondary nodes for economic development focus and has suggested that these nodes should become service centres so that the communities would be able to access basic services, and in order to improve the economic outlook of the Municipality.

The SDF has also assisted in the process of Land Use Management as it had identified much needed land in Sterkspruit which could be used to expand the Central Business District (CBD) – relieving the heavy congestion.

Agriculture and Tourism

These two areas represent the leading aspects of the municipality’s Local Economic Development. Natural resources (especially farms and agriculture) have been identified as critical to the contribution of our economy.



Within the transport sector areas such as: posts and telecommunication sub-sectors, as well as land transport, provide the greater share of Growth Geographic Value Added, while the latter contributes to one of the highest levels of employment.

In many ways Senqu Municipality must be acknowledged for its “competitive advantage” and the wealth of the area in terms of naturally beauty and unique features together with cultural diversity and historical assets cannot be overstated.

Taking heed of this it remains the intention of this section to develop strategies to promote sustained economic development.

SMME and Business Development and Growth

The Municipality has supported the business development by make available the Office of Small Enterprise Development Agency (SEDA) at the Municipal Offices.

Annual Performance LED Targets as per Performance Indicators

The following table summarizes LED progress towards targets.

Additionally a number of successful projects must be noted:

- A number of new formal SMME's have been established e.g Business Chamber, Caterers, Co-operatives, Transport, B&B's and Guest Houses and Accommodation.
- The tourism project of Holo Hlahatsi as a Private Partnership (PPP) project has been

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	R7,5 million	R656 0000.00	97%
2	Number of LED stakeholder forum held	4	4	100%
3	Percentage of SMME that have benefited from a SMME support program	200	55	110%
4	Number of job opportunities created through EPWP	1000	1000	100%
5	Number of job opportunities created through PPP	4	4	100%

created and is in the process of being advertised.

- 1000 job opportunities were created through the Expanded Public Works Programme (EPWP) for people (mostly women) from wards 1 & 7 and this was implemented Teba Bank Development Agency.

SENQU LED: PROJECT PROGRESS REPORT

PROJECT NAME	PROGRESS REPORT	CHALLENGES	BUDGETED	SPENT FUNDS	UNSPENT FUNDS
Rossouw Agricultural	Fencing and planting was done .	There are scarcity of seeds i.e. potato seed	R300 000	R8755 00	R212445
Pele Pele Poultry project	The building for poultry was build	The structure is not up to good standard	R500 000	R200 00	R300 000
Lady Grey Commonage	Very good progress. More than 2500 of Lucerne bales were harvested	Marketing for Project out put are scarce	R110 000	R184 000	Over spent by R74000 00

PROJECT NAME	PROGRESS REPORT	CHALLENGES	BUDGETED	SPENT FUNDS	UNSPENT FUNDS
Lady Grey Plastic Project	The Project is also going well Most machinery was bought installation of electricity is underway	Funds are not enough for necessity. There is no permanent site for running the Projects	R100 000 000	R100 000 000	R100 000 000
Bricks making	The progress is good	No top up Funds	R300 000	R300 000	Over spent
Commonage	We divide the camps according to different animals	No fencing material and water More are needed	R60 000	1 000	R59 000

LED challenges

Overall the following LED challenges remain and every effort will be made to effectively address these over time.

- The Strategy is required to be refined and reworked for a number of reasons which include: absence of the required 7 principles of a credible strategy; it is not found to be implement- able; it is not relevant to the current challenges and economic status of the Senqu community; it is outdated and not reflective of the current reality; the statistics are not accurate and alignment with Senqu’s policies, and between the Local Strategy, the Districts Strategy and other important planning documents that we have at the Municipality, Provincial and National level is of critical importance.
- The Municipality is currently developing Sector Plans for informal businesses, co-operatives, SMMEs’ and various business associations. The Municipality is required to improves the service/products that they provide by attempting to assist them financially, technically and by capacitating them in their different categories. Over time, this process would then give the Municipality a platform to access their products, providing us with data to evaluate whether their services are up to standard, so that the necessary support is then made possible.

e. Basic Service Delivery

As per the National Directives the following strategic objectives were applicable in ensuring access to free basic services:

- 90% of households who are earning less than R1600 pm have access to free basic services
- 65% of households have access to basic levels of water
- 80% of households have access to basic levels of sanitation
- 80% of households have access to basic levels of Electricity

- 40% of households have access to basic levels of solid waste

Although these levels have been to a large extent met, it must be noted that these are heavily dependant on the accuracy of the database for income levels and users. This remains an ongoing challenge.

f. Corporate Governance and Public Participation

The municipal environment is bound by numerous and varied pieces of legislation, policies, procedures and practices. These in turn require that management and staff develop and abide by the appropriate prescriptions and that good governance is obtained at all times.

The following strategic objectives are noted:

- Ensuring that Governance issues are processed correctly
- The Internal Audit Committee is to enhance internal controls and to receive an improved Audit report;
- Development of the Remuneration Policy and appointment of the remuneration committee;
- Register of Interest has been completed;
- Ongoing implementation of the Delegations Register;
- Implement control document on meeting requirements in terms of Chapter 4 of the Systems Act.
- Fraud Prevention Policy to be established and anti-Fraud and Corruption measures to be introduced;
- Improved organizational efficiency; and
- Presentations of Codes of Conduct to staff and Councillors.

In terms of successes and direction it is noted that:

- Governance issues are being processed more effectively;
- The Internal Audit Committee has facilitated the achievement together with the CFO and members of the Finance Department, of an unqualified audit report.
- The Remuneration Policy is in place, approved and being implemented.
- The Delegations Register remains an ongoing exercise and efforts are being made to ensure ongoing implementation.
- The Fraud Prevention Policy has been approved by Council and Strategies have been established and are being implemented regarding anti-fraud and corruption. Control measures are required to be tightened further.
- Codes of Conduct have been presented to staff and Councillors.

Overall and as referenced within the AG Report, additional controls will be required to be instituted to monitor and control risk even more effectively.

g. Public Participation

Public participation is not only a legislative requirement, but a means to ensure community involvement as part of a democratic right, and thereby to deepen the process of democracy within Senqu Municipality. Every effort is made within all areas of functioning to ensure compliance with statutory requirements, which ensure a participatory democracy and the responding ethical standards. Currently the policy in place is being applied but additional measures could be introduced in order to ensure more effective implementation at all levels.

Public Participation efforts occur on many levels and in keeping with the strategic objectives; the following are particularly relevant and have enjoyed much success:

- Meetings are conducted according to the prescriptions of Chapter 4 of the Systems Act and this requires that a Meeting Control document is in place.
- Ward Committee members have been trained in an ongoing effort to ensure functional Ward Committees.
- Through designated Mayoral Outreach Programmes and while undertaking the IDP review and throughout the Budget approval process, designated meetings are held and every effort made to engage the community at large.

h. General Administration

Compliance in respect of general administration has been exceptionally well handled, which has undoubtedly also contributed towards the unqualified Audit Report.

Accordingly the following areas achieved compliance in respect of legislation:

- The Annual Report and Oversight Report were achieved within the legislated timeframes;
- Compliance was achieved in respect of the manner in which both the Annual Report and the Oversight Report were submitted.
- SDBIP reporting is an area for improvement although the mid-year performance reporting was conducted. The revised SDBIP report format required refinement before final approval from Council.

i. Organisational Restructuring and Management

As per the strategic objectives the following performance targets were required to be achieved and were managed as detailed:

- Annual Organisational Review (Structure)

The organisational structure (although requiring formal approval from Council), has been reviewed and designated changes have resulted in the establishment of the Strategic and Development Unit within the Municipal Managers Office and a few

other changes between departments i.e. the move of GIS to the Technical PMU's office and the move of Housing to the Technical Services Department.

The changes are being effectively applied.

Funding to fill approved vacant posts remains a challenge especially when coupled with the challenge of scarce skills. It must be noted that following the restructuring process and after application to SALGA regarding the grade of Senqu, a determination was made to place Senqu Municipality in a Grade 6 Municipality as opposed to the previous Grade 3 status. In terms of the Bargaining Council Salary Structures, staff are now remunerated on a Grade 6 Municipality.

- Scarce skill and Retention Strategy

A Retention Strategy has been formulated together with a Scarce Skills Policy and the ongoing challenge remains the retention of staff with required skills, and creating conditions where those areas of scarce skills are managed by staff development and packages to attract staff.

- Job Evaluation

While Senqu Municipality has submitted Job Descriptions to the Job Evaluation Committee, and received an initial Performance Outcomes Report, the facts remain and this means that seven years down the line, there has been no implementation, due to the salary/wage curve not having been approved in line with the TASK System of Job Evaluation.

Subsequently, Organograms have changed and therefore so too the Job Descriptions; Senqu Municipality has been moved from a Grade 3 to a Grade 6 Municipality, and positions over time, regardless of structure, have changed dramatically.

After an investigation and establishing that the new salary scales with a Grade 6 level, would not necessarily be beneficial to Senqu Municipality, a proposal to move forward with this process has been made to Council – which would have benefit to all parties.

- Capacitation

Every effort is being made to ensure that staff are capacitated in terms of their Personal Development Planning. This has not occurred successfully, and a limited budget has prevented many training needs being addressed although this is not to imply that no training has taken place as effective applications of the Skills Development Plan has occurred.

- Contracts, Agreements, Policies and Plans

As per legal prescriptions, all reviews have been concluded for the update and/or creation of contracts, agreements, policies and plans.

- Employment Equity

Compliance has been achieved as the Employment Equity report was submitted to the Equity Registry within the required timeframes.

All staff appointments have met the Employment Equity prescriptions in terms of appointments and related policies although full compliance has not yet been achieved.

- WSP

All requirements in respect of the compilation of the WSP and reporting requirements (Implementation Plans and the like), have been met.

j. Financial Management

The award of the lean and unqualified audit report bears testimony to the sound financial management and the positive progress towards ensuring financial viability.

As per the legislative requirement the following, financial management strategic objectives and targets were met;

- Annual overview on Risk Management and an Implementation Plan
- Monitoring of financial viability re- debt coverage and expenditure control.
- Implementation of Revenue Management Strategies to enhance Revenue.
- The organization is fully GRAP compliant.
- Financial Policies were developed as required.

2.1 (b) CORPORATE SERVICES

The performance highlights and service delivery achievements for the Corporate Services Section will be unpacked further within a number of sections as follows:

Administration and Council Support

a. Support Services

Corporate Services as an overall function is required to administer all support services to Council and Exco meetings. This supportive function is performed really well and Corporate Services provides the necessary advice and support and all administrative requirements relating to logistics, recording minutes and ensuring that the agenda and related documents are sent out as required.

The electronic equipment acquired for document management has not proved very effective or efficient.

Recording and printing equipment for Exco committees (re- agendas and minutes in an effort to reduce paper) has been fully installed, but this is not very efficient in terms of quality. Efforts have been undertaken to upgrade the printing equipment to reduce downtime and to increase output. This is in place currently.

b. By-Laws

By-laws are required to be both developed and gazetted. While it is acknowledged that a procedure to guide public liability claims has been completed and implemented, it is also acknowledged that there is a general lack of capacity to implement these by-laws effectively.

c. Document Management System

Some success has been achieved in that a File Plan was developed and approved by Provincial Archives and Council.

Notwithstanding, the greatest challenge still remaining amounts to the setting up of a functional electronic document management system – ensuring effective and efficient communication.

d. Human Resources Filing System

Provincial Archives has introduced a new filing system for Human Resources and this was fully implemented during the year under review. It is noted that this new HR system is fully functional and it appears that this has reduced the number of Audit queries relating to Personnel issues.

e. Telephones

An effective and efficient communication infrastructure remains a challenge. However, a new telephone systems was acquired and this will certainly lead to improved communication networks.

The ultimate challenge relates to staff who abuse this system. In an effort to manage this issue, private call costs are recovered through the payroll system.

f. Skills Development

The Workplace Skills Plan for 2009/2010 was submitted timeously (30 June 2008) together with the Skills Development Report for 2008/2009. Quarterly reports were submitted to SETA, monthly skills reports to the Corporate Standing Committee and Executive Committee – all timeously as per prescriptions.

The Training Committee meeting occurred quarterly as required, although dates were required to change due to the challenge of availability of both the Speaker and Councillors.

The Training Committee Terms of Reference was received and approved by Council.

g. Occupational Health and Safety

All Committee meetings occurred quarterly although at times the dates were required to change to accommodate staff availability.

The OHS Committee Terms of Reference was reviewed and approved by Council.

Monthly Reports were provided to the Corporate Standing and Executive Committees.

After compliance checks from the Department of Labour (re Occupational Health and Safety Act regulations), it was established that there are still non-compliance issues and while challenging have cost in terms of fines.

Signs required by the DOL have not been purchased as funding remains an issue.

h. Labour Forum Meeting

The Labour Forum meetings have occurred as required and there remains a good relationship that has been fostered, between management and labour. Shop stewards

have been trained on disciplinary issues have been trained on disciplinary issues – thereby ensuring a common understanding.

Labour meets regularly (monthly) with staff and in this manner a good communication flow is achieved – intending to minimise strike action and disciplinary enquiries.

Monthly Labour Forum Reports are submitted to the Corporate Standing and Executive Committees.

i. Performance Agreements

Performance Agreements hence only been concluded with 57 staff due to a lack of capacity.

j. Employment Equity Report

The Employment Equity Report was updated and submitted timeously.

k. Human Resources Policies

The Turn Around Programme (TAP) was initiated by the Provincial Department of Housing and Local Government, Bhisho – to conduct policy reviews. This was however never realised.

l. Organogram Review

The organogram was extensively reviewed by consultants and effectively the grading of the municipality moved from a Grade 3 to a Grade 6. Notwithstanding, it is felt that this organogram requires additional work in order to reflect the functional needs of the organisation.

m. Property Transfers

One property was transferred from Ukhahlamba District Municipality due to delays from the Deeds Office. All existing Title Deeds are listed and filed in the Security File. Transfers continue to proved a challenge.

Due to the fact that most of the government properties belong to the Department of Public Works, Senqu Municipality is no longer able to charge rates and taxes and this results in loss to the municipality.

n. Assets

Every effort has been made to verify and to list all the assets which may belong to the municipality.

o. HR System Implementation

Implementation has not been achieved due to budget constraints. Plans are ahead for the 2009/2010 financial year.

p. Clocking System

The clocking system has not been achieved due to the inefficient budget. This will be acquired during the next financial year.

q. Annual Report

The departmental annual report was submitted timeously.

r. Schedule of Council Meetings

Council meeting schedules (depicting deadlines for submission of reports, rotation of meetings and deadlines for distribution of agendas/notices has been completed.

The electronic equipment acquired for document management has not proved very effective or efficient.

Recording and printing equipment for Exco Committees (re – agendas and minutes in an effort to reduce paper) has been fully installed, but this is not very efficient in terms of quality. Efforts have been undertaken to upgrade the printing equipment to reduce downtime and to increase output. This is in place currently.

2.1 (c) Community Services

Senqu Municipality is required to provide a wide range of services to its community.

In certain instances this is done independently, and in others it is done together with other organisations; spheres of government; businesses; and/or non-governmental organisations.

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

a. Library Services

It is required that Community Services provides reading and study material to communities and to promote the culture of reading amongst the youth.

Library material purchased this year included computers for Sterkspruit, Lady Grey and Barkley East.

Book fares are arranged by the department of Sports, Arts and Culture for purchasing of books.

During this period visits were done to rural areas to distribute books. but the lack of vehicles in the library is a challenge.

Difficulties experienced:

- Books not circulating between libraries. These become old and stagnant.
- Funding not received from Department of Sports, Recreation, Arts and Culture.

b. Community Halls & Facilities

New facilities are required to be provided in rural areas and existing facilities are required to be maintained.

During this period two Community Halls were completed i.e. Majubanek and Tapoleng.

Challenges remain:

- Handing over of completed multi purpose centres
- Completion of multi-purpose centres.

c. Sports Fields

This section is required to provide basic sports and recreation facilities within the whole of Senqu and to upgrade existing sportsfields.

Challenges remain:

- Vandalism of Patrick Shibane sports complex at Sterkspruit.
- Vandalism at the Barkly East sports field
- Sportsfield in Barkly East being affected by storms
- Equipment not being available for maintenance of sports fields
- Insufficient budget to cater for needs

d. Cemeteries

This section is required to clean cemeteries, ensure effective records of burials, provide pauper funerals and to establish a new cemetery at Barkley East.

Provision has seen:

- 105 645 m2 grass cut including cemeteries and side walks.
- The development of electronic register
- Drown victims being assisted in March, and
- An EIA done and an application to MIG for funding.

Challenges:

- No dedicated staff for cemeteries
- No funds available to develop the register
- Demands for burial assistance from some people who died during that period
- No funds available to establish new cemetery.

e. Waste Management

Solid Waste sites are required to be maintained, the Waste Management Delivery Plan is required and so too the development of Waste Minimisation Projects.

Achievements:

- Record keeping of waste delivered to waste disposal sites Plan developed adopted by Council
- Link projects to LED
- 105 240 cm2 of waste collected

- Plan developed adopted by Council
- Link projects to LED
- 105 240 cm² of waste collected

Challenges:

- No weigh bridges to measure the waste to waste site.
- Integrated waste management plan requires review
- Waste recycling projects not adequately regulated
- Placed 1st position in the cleanest town competition district wide

f. Health

The provision of effective Primary Health care is required by achieving:

- Effective HIV/Aids programme
- Prevention of mother to child transmission
- Training of health care workers

Achievements:

- Monthly and quarterly reports to Province and Council
- Clinic committee meetings

Challenges:

- Clinic committee not functioning adequately
- Inadequate funding from Province
- Inadequate staff

g. Public Safety

The purpose is to ensure animal control and the development of pounds.

Successes:

- Removal of stray animals from public roads, and
- Impounding of animals

Challenges:

- Pound developed in Sterkspruit
- Funds insufficient to develop pounds in Lady Grey and Barkly East

h. Commonages

It is required that commonages and correctly managed:

Achievements:

- Repairs of fence in commonages
- Agreements drawn with leasers of commonages

Challenges:

- Communities not sticking to agreed management of commonage resulting in overgrazing
- Assisted by department of Agriculture to manage commonages
- Fence being stolen by residents of RDP houses.

i. Public and Open Spaces

It is required that public and open spaces are maintained and cutting of grass on side walks occurs as scheduled.

Achievements: include:

- Discouraging illegal dumping in open spaces.
- 105 645 m2 of grass cut
- Community awareness in maintaining surroundings
- Pruning of trees on side walks and open spaces

Challenges:

- Tendency to dump at open spaces still rife in townships
- Awareness programmes started in Barkley East

2.1 (d) Technical Services

Background

The provision of water and sanitation services is in the urban areas only, as a Water Services Provider appointed until 31 January 2009 by the Ukhahlamba District Municipality, who are the Water Services Authority. The final Water Services Provider contract is still under finalization but the services for water and sanitation are still being rendered on an informal basis.

Senqu is licensed by the National Energy Regulator of South Africa to supply electricity in the towns of Sterkspruit, Lady Grey and Barkley East.

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

All aspects of the housing programme, administration to construction, have now also been delegated to the Technical Services Department for implementation. In the case of all new projects, the Department of Housing is the developing agent, assisted by Senqu.

Road signage was transferred from the Corporate Services Department to the Roads Department.

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) and allocations from the Department of Housing.

Achievements include:

a. Electricity and Street Lighting

Objectives were:

- Provide electricity to 1 730 residential and commercial consumers
- Provide public lighting to Sterkspruit, Lady Grey & Barkly East & Herschel
- New connections done on request in licensed areas
- Ongoing maintenance of existing networks
- The rural areas of Senqu Municipality are within the licensed area of ESCOM and will remain so in the foreseeable future
- Maintenance of existing public lighting

The following was achieved:

- 17 new connections done on request as there is currently no backlog in licensed areas
- 312 Electricity faults reported and dealt with.
- Conventional electricity meters serviced/replaced - 22
- Service Level Agreements are in place with ESCOM
- 622 street lights repaired
- Ongoing Operation and maintenance
- Purchase of 1 x LDV

Challenges:

- Electricity losses – 8,6 MW (due to theft ,poor metering, poor networks and incorrect accounts)
- Percentage losses: Average 35.53%; Technical loss 10% - **Total; loss 25.53%**
- Sterkspruit loss: , 37.81%; Lady Grey Loss: 31.02%
Barkly East loss: 37.75%

b. Street Lighting

Objectives:

- Maintenance of existing public lighting
- Extension of public lighting systems
- Maintenance and renewal of public buildings electrical installations, when required
- Reduction of electricity losses

Achievements:

- Minor tool purchases
- Electricity purchased from ESCOM-
22,3 MW
- Total Kwh billed – 13,75 MW
- 12 x monthly reports submitted
- 8 x Transformers safe guarded
- Installation of 54 bulk metering points (will only be operational once service provider has programmed)
- 27 Transformers properly earthed
- The Section 78 (1) process with regard to REDs has been completed
- 12,080 rural households receive Free Basic Electricity.
- An Electrical Superintendent has been appointed.
- 2 temporary jobs created.

Challenges

- Ageing infrastructure
- Insufficient funding for recapitalization
- No capital funding for network extensions
- Insufficient maintenance funding
- HR issues within the department

- Electricity backlogs in the rural areas (specifically non-grid areas)
- Supply Chain Management impractical
- Adhoc maintenance is being achieved despite challenges.
- Lack of workshop & storage space
- Insufficient funds to obtain full staff complement
- Lack of performance management system

c. Roads

Objectives:

- The maintenance and reconstruction of gravel and surfaced roads
- Maintenance of road furniture
- Purchase of plant
- Planning and design of new projects

Achievements:

- Construction & rehabilitation of roads in Ward 10 – 7.340 km –Senqu Team
- Construction & rehabilitation of roads in Ward 14 – 34.9 Km – Senqu Team
- Construction & rehabilitation of roads in Ward 11 – 17 km – Senqu Team
- Construction & rehabilitation of roads in Wards 7, 8, 9 & 12(Ph2)
 - 16 km - MIG
- Construction & rehabilitation of roads in Wards 4, 5 & 6 (Ph1)
 - 16 km-Senqu
- 143 temporary jobs created – Senqu Team
- Ongoing general Operation & Maintenance
- Potholes repaired-582
- Cost estimates on various future projects done
- Roads master plan data completed
- 100 road signs replaced.
- Council formed a committee for street and other names.

Challenges:

- Insufficient funds for reducing the access road backlog (MIG)
- Resurfacing of Dept of Transport roads within towns
- Supply Chain Management impractical
- The roads classification system needs to be completed
- Insufficient plant/operators
- Gravel shortage in rural areas require alternative construction methods
- Distances to borrow pits becoming excessive.
- Access roads need to be sealed (should alternatives not be available) with lined storm water channels.
- Tribal and community problems around borrow pits.
- Borrow pits need to be formalized, in conjunction with all other users, in order to meet all required criteria.
- Road plant needs to be replaced (especially trucks).
- More plant is required.

d. Stormwater

Objectives:

- The construction of sidewalks
- The construction of storm water systems
- The construction of bridges and river crossings
- Planning and design of new projects

Achievements:

- The Kwezi Naledi Storm Water Project (Ph 2) completed
- Paving in Lady Grey project completed (Ph2)
- (MIG/Senqu)
- Paving in Barkley East 70% completed as contractor withdrew.(MIG)
- 68 m of new storm water crossings installed in rural areas
- 144 temporary jobs created

Challenges:

- Urban renewal needs to be done to encourage LED (paving)
- Staff need to be employed as the Senqu area is too large
- Plant & equipment need to be purchased
- A storm water master plan for the entire Senqu area needs to be developed
- Kwezi Naledi still has a huge internal storm water problem requiring more funds
- Nkululeko requires storm water upgrade as does Fairview.
- Sterkspruit requires storm water upgrade in the lower residential areas.
- Supply Chain Management impractical

e. Water

Objectives:

- The Senqu Municipality was appointed Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until end of January 2009, although Senqu is still currently providing the service, to date.
- Water purification undertaken at Lady Grey, Barkley East & Rhodes
- Bulk water is supplied to Lady Grey, Barkley East, Rhodes and Rossouw
- Sterkspruit water is supplied by Amatola Water but reticulated by Senqu within the town
- Potable water is reticulated to approximately 6916 H/Hs within the Senqu area of jurisdiction
- New connections are done upon application
- Infrastructure and capital is the responsibility of the Water Services Authority
- Rural areas fall under Amatola Water who were appointed by the Ukhahlamba District Municipality
- Maintenance of purification works and reticulation systems in the appointed area

Achievements:

- The Senqu Municipality was appointed Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until end of January 2009, although Senqu is still currently providing the service, to date.
- Water purification undertaken at Lady Grey, Barkly East & Rhodes
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- New connections are done upon application
- Infrastructure and capital is the responsibility of the Water Services Authority
- Rural areas fall under Amatola Water who were appointed by the Ukhahlamba District Municipality
- Maintenance of purification works and reticulation systems in the appointed area

Challenges:

- Permanent water Treatment Works in Barkly East
- Upgrade of Lady Grey WTW
- Implementation of the Lady Grey bulk water supply as a matter of urgency
- Capacitating staff
- No Superintendent in Barkly East
- Water backlogs in the rural area
- Rehabilitation of the Barkly East & Rhodes reticulation networks
- Compilation of a water master plan for all areas
- Supply Chain Management impractical
- Installation of section & bulk metering metering for water balance
- Replacement of vehicles
- Bulk supply to be established for Rossouw, serious water shortage.
- Bulk supply to be rehabilitated for Rhodes
- Lady Grey dam silt weir and extraction line to be repaired and replaced
- Installation of sufficient fire hydrants (all towns)
- Pressure & storage problems in Lady Grey
- No movement on the Orange River Macro Water Scheme project
- Installation and upgrade of telemetry
- Pressure problems in Rhodes
- No capital funding for network extensions
- Dam safety inspections not done
- Training & safety equipment
- No capital funding for spares purchases such as pumps, motors etc.
- Fencing of dams and water source protection
- Land problem in Sterkspruit with regard to reservoir construction encroachment
- WSP/WSA contract needs to be finalized
- Organogram to be revised and staffed with competent operators
- Insufficient communication between WSA and WSP
- Purchase of test equipment

f. Sanitation

- The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority(Ukhahlamba District Municipality) until January 2009 in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit
- The rural areas fall directly under 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 in the delegated area although a large percentage are below RDP standards
- Maintenance of ponds, conservancy tanks and reticulation systems
- Waterborne households served estimated at 2345
- Buckets and below RDP standard estimated at 2 013
- Conservancy tanks - 189
- Urban VIP's -257
- 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

Achievements:

- Bucket eradication program in Barkley East formal areas completed
- Ongoing Operation and Maintenance
- Complaints reported and attended to were 1161
- Sewer blockages were 293
- VIP's serviced: 1221
- New connections: 1019 (Includes bucket eradication in Barkley East)
- Bacterial inoculants purchased
- In process of formalizing sites in Kwezi - Naledi
- Herschel Reticulation complete with exception of 1 x pump station (power challenge)
- 72 temporary jobs created

Challenges:

- Rural sanitation backlogs
- Bucket eradication in un-formalized areas
- Sanitation ponds needed in rural areas
- Tractor replacement URGENTLY required
- LDV,s for maintenance required
- Waterborne sanitation in Kwezi Naledi
- Herschel waterborne sanitation Eskom connection issue
- Supply Chain Management impractical
- Old ponds in Barkley East need upgrading
- Old ponds in Lady Grey need upgrading
- Urgent upgrade of the disposal works in Sterkspruit
- No measuring flumes installed
- Bacteriological inoculants used in VIPs and oxidation ponds

- Supervisor required in Barkley East (as in Water)
- Organogram needs to be reviewed & staffed with competent operators
- No funding for network extensions
- Pump system required for “new” ponds in Barkley East
- Upgrade of last ponds in Barkley East (leaking)
- Obtain sufficient ground for irrigation of effluent in Sterkspruit.
- No capital available for purchase of spares i.e. pumps etc.
- WSP/WSA contract needs to be finalized
- Safety & security upgrade at all WWTW

g. Town Planning and Building Control

Objectives :

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

Achievements:

- Building plans received & approved:4
- Rezoning applications received and approved:0
- Subdivision applications received and approved:3
- Consolidation applications received and approved:0
- Draft Subdivision policy approved
- Survey of informal sites in Kwezi Naledi was started

Challenges:

- Separate budget for town planning and building control required
- Zoning maps needed for Herschel, Rhodes and Rossouw
- Community land issues need to be legally solved
- More land for development required in Sterkspruit
- Government departments not liaising with the municipality before developments are implemented
- No building control officer resulting in un-controlled building & land occupation
- Land invasion

h. Housing

Objectives

- Senqu LM is the developer for the following housing projects:-
 - Herschel 700 units
 - Hillside 1000 units(Ph2)
 - Lady Grey 1000 units
- Other projects:-

- Town Register / Title Deeds
- Land Audit-Sterkspruit
- Survey-Voyizana (Ph1 & 2)

Achievements

- 802 units in Barkley East are out for tender under the Department of Housing (as the developers) for services installation.
- 86 units completed at Hillside (Ph 2) due to late approval of funds by the Department of Housing.
- Rectification of old RDP houses in Rhodes have been approved by the Department of Housing and rectification will be undertaken by the Department.
- Additional land was identified for residential sites.
- The Sterkspruit Land Audit was completed and council now need to rectify the various issues
- Voyizana Survey (Ph 1 & 2) were completed
- Town Register Extension 2, Sterkspruit, Fairview and Zakhile, Rhodes were completed.
- Town register for Extension 4 in Sterkspruit is still in process due to legal process.
- 65 Title Deeds are still at the lawyer because of late township registration.
- 250 title deeds in Nkululeko & Fairview and a further 66 still at the lawyer.
- 69 title deeds only transferred in Transwilger due to poor service provider performance.
- Land transferred to Senqu LM from the Ukhahlamba DM but too late to establish a town register in order to facilitate title deed transfers.
- 194 Edgar units now being done by the Department of Housing as the developer.
- A housing award was received from the Department of Housing, to Senqu LM, for Service Delivery Excellence, in housing.
- Lady Grey 1000 units completed
- 505 units completed in Herschel (land invasion preventing construction of 195 units

Challenges:

- No repairs & maintenance budget for vehicle
- No training budget
- Poor performance of service providers, especially legal (title deed transfers)
- Land invasion (Sterkspruit & Herschel)
- Delay in court cases (legal processes)
- No approved Housing Sector Plan or funding therefore.
- Cannot invite developers for 76 middle income erven in Sterkspruit due to insufficient bulk services.
- Organogram needs to be re-viewed to incorporate building control and town planning into the housing unit.
- The Department of Housing needs to support the housing unit financially (a possible % of the total value as is done by MIG)
- Problems are caused on the SDBIP by putting on title deed transfers before town registers are complete, leading to various delays regarding legal processes.
- Supply Chain Regulations impractical
- Late funding approvals by the Department of Housing

- The Senqu LM now has to rely on the Department of Housing in order to facilitate new housing projects as they are now the official developers leading to unnecessary delays.
- Delays are un-avoidable in order to meet personally with beneficiaries and land owners in order for documentation to be completed correctly.
- SLA with lawyers was turned down by Council and need to be re-done.
- Title deeds for transfer are long legal processes thereby causing long delays. (Sterkspruit deeds submitted but no response)
- Poor roads in rural area making it difficult to deliver materials.
- In-consistent water supply making it difficult to construct units in rural areas.
- Departmental late funding approvals causing un-necessary delays in project implementation.

i. Technical Finance and Administration

Objectives:

- Ensure effective, efficient and economic technical management and administration for :-
 - Electricity
 - Street Lighting
 - Water
 - Sewerage
 - Roads
 - Storm Water
 - Housing
 - Building Control
 - Town Planning
- Technical policy development
- Ensure service delivery across all technical service departments
- Strategic planning
- Co-operation with the Water Services Authority
- Assist in LED projects
- Co-operation with the Department of Housing
- Co-operation with Eskom and EDI

Achievements:

- Extension as Water Services Provider till January 2009, but continuing to supply service in interim until agreement completed.
- Draft vehicle Management and Subdivision Policy approved but only on 2 July 2009 due to late council meeting
- 10 Standing Committees held
- 5 Housing Standing Committees were held and then were combined with the Technical Standing Committee
- 12 x month SDBIP reports submitted to Technical Standing Committee
- 4 SDBIP reports submitted to Council

- 12 x monthly technical reports submitted to Technical Standing Committee and Council
- Only 1 full management meeting was achieved due to the difficulty of getting all the relevant personnel together.
- Equipment purchased for establishment of a call center after entering in a Service Level agreement with the Ukhahlamba DM.
- Progress was achieved on the NDGP with the start of a social/economic study in the Sterkspruit area.
- The youth LED project, Senqu Plastics Industry, was begun in Lady Grey with funds from Dedeia. Plant ordered from China & training of beneficiaries
- A PMU data capturer / secretary was appointed (contract post)
- Monthly reports submitted to MIG on expenditure
- 2 x LDV's purchased
- Annual stock take and asset verification done in conjunction with finance department
- Annual report submitted for the 2007/2008 year.

Challenges:

- No mechanic employed due to insufficient funding leading to plant & equipment down time
- Electrical accounts system needs to be re-viewed and corrected in order to facilitate a drop in electrical losses as a matter of urgency.
- It is proposed that split phase pre-payment metering be utilized on all possible consumers.
- Efficient middle management an asset to Senqu
- Efficient PMU an asset to Senqu
- No vehicle tracking system resulting in vehicle abuse.
- Legal issues stalling the Sterkspruit Taxi Rank and Solid Waste Site projects.
- Land invasion stalling housing projects
- Poor performance of service providers, especially in transfers of title deeds
- Slow progress on the NDGP.
- Insufficient funds for the Senqu Plastics Industry LED project.
- No movement on the Orange River Project due to lack of funding and interest.
- Supply Chain Regulations are impractical.
- Staff incentives for performance need to be considered.
- The Performance Management System needs to be cascaded to all staff urgently.
- E-mail/internet extremely slow and unreliable.
- Escalation needs to be added to project costs on the MTEF capital programme.

2.1 (e) Budget & Treasury

Senqu Municipality is governed by a Council that continues to provide unwavering support and commitment towards sound financial management and the maintenance of a sound economic base.

a. Information Technology

IT support provision for the implementation of an electronic document management system. Corporate Services manage this function

Achievements:

- Ongoing process
- IT support provision
- File Plan developed and approved by Provincial Archives and Council
- Effective website (www.senqu.gov.za)
- Strategy completed
- Successful Upgrade of the financial systems software and hardware
- Roll out and implementation of IT Strategy - ongoing
- Electrical infrastructure and sewerage infrastructure – ongoing but with financial constraints

Challenges:

- IT support provided in keeping with progress on the system.
- Progress on the implementation on an electronic document management system slow
- IT support effectively provided but financial constraints remain ongoing challenge
- Maintenance of GIS System an ongoing challenge
- Skills development and software obtaining sufficient staff to meet requirements remain a major challenge
- Capacity of staff remain a constraint
- Update valuation information – ongoing challenge due to :
 - Effective hardware & software
 - Effective IT Support Services
 - Phase II implemented
 - Funding and Capacity of staff remain a constraint

b. Revenue Collection / Income Generation

- Annual reconciliation of Valuation Roll.
- Annual reconciliation of Assessment Rates
- Annual billing of Assessment Rates
- Do survey of infrastructure & services on farms
- Monthly updating & maintaining accurate & reliable consumer database
- Data Cleansing

Achievements

- Reconciliations conducted within constraints of available infrastructure
- Reconciled Valuation Roll
- Annual billing of assessment rates
- Accurate and complete Valuation Roll enabling factors to collect consumer and capture data that did not appear on the billing system – thereby enhancing revenue collection
- Achieved comprehensive, reliable and accurate consumer database
- Accurate & reliable consumer database – enhance revenue management
- Planned monthly maintenance

c. Credit Control & Debt Collection

- Effective Credit Control & Debt Collection procedures
- Implement innovative strategies/enhance revenue

Challenges

- Capacity Issues

d. Financial Policies & By-Laws

- Maintain & implement financial policies By-Laws and procedures
- Free Basic Services & Indigent Subsidy Support
- Tariff
- Rates
- Updated & Implemented financial policies, by-laws & procedures
- Updated Policy and Procedure
- Reviewed financial policies/tariffs/rates as per legislation
- By Laws/Policies in place require proper implementation and monitoring
- Capacity building of staff
- Improved operational efficiency and Fiscal control

e. Free Basic Electricity

- Roll out free basic electricity to 7 500 consumers
- Monitor mechanisms and put in systems to correct deficiencies as they occur
- 90% target to be reached by 2009
- Update database and status

Challenges:

- Unreliable data/information

d. Pre-paid Electricity & prevent theft & meter tampering

- Selling & control pre-paid

- Electricity
- Visit pre-paid electricity meters

Challenges:

- Theft of electricity & meter tampering remains a challenge
- Ongoing occurrence - difficult to prevent
- Implement By-Laws - Implement fines
- Tampering/theft of electricity

f. Water & Electricity meters

- Accurate monthly reading of Water & Electricity meters as per process and readings themselves

Challenge:

- Although a 100% correctness of meter readings and consumer accounts is expected, the possibility exists that there might be errors – AG Report indicates Electricity losses of 9 million kilowatts (R3 million).

g. Monthly Consumer Accounts

- Accurate & correct delivery of monthly consumer accounts
- Maintenance of an efficient billing system
- Implementation of innovative strategies to enhance revenue

h. Revenue

- Daily receipting of all revenue
- Daily banking of all revenue
- Secure all revenue collected
- Control/reduce risk
- Secured daily revenue collected
- Improved operational efficiency and Fiscal control

i. Comply with Municipal Finance Management Act, No 56 of 2003 requirements

- Compliance with Municipal Finance Management Act, No 56 of 2003 requirements relating to revenue collection

Challenges:

- Capacitation of staff
- Effective Internal controls

j. Comply with Local Government Municipal Property Rates Act, No 6 of 2004 requirements

- Municipal Property Rates Act requirements met
- Community consultations held.
- Policy implemented
- Implementation in progress
- Compliance required

k. Reconciliation & payment of Creditors

- Monthly reconciliation & payment of creditors
- Accurate and correct payment of Creditors.
- Non-adherence to payment within 30 days prescription. Payments delayed
- Accurate and correct record of creditors payments
- Control of expenditure
- Adherence to timeous payments of creditors
- Interventions on turnaround plan to improve expenditure

l. Control Expenditure

- Monthly controlling of purchases & expenditure
- Interventions on turnaround plan to control and improve expenditure
- Monthly/quarterly cash flow statements

Achievements

- Application of Supply Chain Management in respect of the Bid Committees (Adjudication and awards)
- Record keeping
- Monthly reporting

Challenges:

- Unauthorized expenditure (R2.3 million) due to failure to follow internal controls
- Supply Chain Management compliance

m. Process Payroll

Achievements:

- Monthly updating, reconciliation and processing of Payroll
- Correct processing of Payroll
- Accurate and correct payroll Compliance with procedure

n. Maintain Existing Loans

Achievements:

- Maintained and updated loans
- Implemented loans & contractual agreements policy
- Policy in place
- Maintained loans and contractual agreements

o. Maintain Insurance Portfolio

- Updated Insurance Portfolio
- Implemented Insurance & Asset Management Policy
- Legal compliance and updated maintained insurance portfolio

p. Maintain Investments

Achievements:

- Monthly updating & maintaining Council's investments
- Review and implement cash management, investment and banking policy
- Reduced risk and losses
- Assets protected
- Investment policy
- Sound financial management

q. Implement Supply Chain Management

- Review and implement Supply Chain Management Policy
- Establish Service Provider database
- Legal Compliance
- Policy in place and reviewed annually

Challenges

- Implementation of Supply Chain Management Policy not entirely correct resulting in R1million irregular expenditure and unauthorized expenditure of R2.3 million.
- Training and support of staff
- Funding

r. Comply with Municipal Finance Management Act, No 56 of 2003 requirements

- Comply with Municipal Finance Management Act, No 56 of 2003 requirements related to expenditure
- Legal Compliance
- Sound financial management and operational efficiency

Challenges:

- Not entirely compliant. Risk management and internal control issues have resulted in costs being unnecessarily incurred
- Training and support
- Funding

Budget and IDP

a. Planned Budget Process

- Compile & publish Budget & IDP Time schedule
- Establish & publish Committees & Consultation forums
- Review Budget & IDP Policy
- Planned IDP and Budget process completed by 30 September 2008

b. Strategized Budget Process

- Outreach programme to all 16 wards
- Review existing IDP, Service Delivery Agreements, Entities, Organogram, Delegations & Budget related Policies
- Strategize budget process
- IDP Reviewed
- Process completed by 30 November 2008
- Outreach programmes to 16 Wards

c. Preparing Budget & supporting documents

Review & prepare draft:

- Integrated Development Plan (IDP)
- Service Delivery Agreements
- Entities
- Organogram
- Delegations
- Budget Related Policies
- Operational & Capital Budget
- Proposed Rates & Tariffs
- Cash Flow Budget
- Consult with established committees & forums
- Legal Compliance
- SDBIP preparation
- Timeous finalization of Budget
- Monitoring Mechanisms to ensure planning and timeous expenditure on projects.
- Co – operation and support from all managers
- Input timeously received

d. Tabling Budget & Supporting Documents

Table draft :

- Integrated Development Plan (IDP)
- Service delivery agreements
- Entities
- Organogram
- Delegations
- Budget-related Policies
- Operational & Capital Budget
- Proposed rates & tariffs
- Cash Flow Budget

e. Approving Budget & Supporting Documents

Approve :

- Integrated Development Plan (IDP)
- Service Delivery Agreements
- Entities
- Organograms
- Delegations
- Budget-related policies
- Operational & Capital budget
- Proposed rates & tariffs
- Cash Flow Budget

f. Finalizing Budget Process

- Budget & Supporting documents to:
 - National Treasury
 - Provincial Treasury
 - Publish & Website
- Service Delivery & Budget Implementation Plan (SDBIP)

Challenges:

- Finalization of personnel budget depends on timely salary negotiations between SALGA/SAMWU/IMATU/SALGBC

g. Comply with Municipal Finance Management Act, No 56 of 2003, requirements

- MFMA prescriptions re- budget achieved
- Legal Compliance
- Sound financial management principles
- Ongoing process

Accounting and Reporting

a. Reconcile and maintain accounting records

Achieved:

- Daily & monthly updating & maintaining of accounting records
- Legal Compliance
- Fiscal control and operational efficiency
- Completed within 10 working days

b. Financial Reports as required in terms of Municipal Finance Management Act, No 56 of 2003

MFMA required reporting to:

- National Treasury;
- Provincial Treasury;
- Auditor-General
- Accounting Officer
- Finance Standing Committee, Executive Committee and Council

c. Supporting registers

Monthly reconciliation of supporting registers:

- Funds
- Loans
- Assets
- Banks
- Investments
- Debtors
- Creditors
- Income & Expenditure

Achievements:

- Monthly reconciled -supporting registers
- Sound financial management
- Financial control

Challenges:

- Capacity constraints

d. Annual Financial Statements

- 2008/2009 Financial Statements compiled

e. Compile Annual Report – Department: Budget & Treasury Service

Achieved:

- Compiled 2008 / 2009 Annual report for Department: Budget & Treasury Service by 31 December 2007
- Legal requirement
- Completed by 31 December – 1st draft approved by 31 January – August 2008
- Accurate complied annual report

Challenges:

- Capacity Constraints

f. Annual audit of financial records

- Assisted AG with financial records although staff not always available as required
- Legal Compliance
- Audited financial records by 30 November
- Improved Audit report
- Audit Plan/interventions and strategies to deal with adverse audit report

Challenges:

- Capacity Constraints

g. Comply with Municipal Finance Management Act, No 56 of 2003 requirements

- Meet Municipal Finance Management Act requirements
- Legal Compliance
- Ongoing process

Challenge

- Capacity building of staff

h. Finance Standing Committee meetings

- Monthly Finance Standing Committee Meetings
- Submission of Financial reports
- Attendance as scheduled

i. Budget & Treasury staff meetings

- Budget & Treasury staff meetings
- Submission of Financial reports
- Commitment & attendance as scheduled

Assets and Stores

a. Comprehensive Assets Register

- Effective computerized marking & recording of all movable assets.
- Asset Management and Insurance Policy approved.
- Comprehensive assets register in compliance with GRAP achieved

Challenge

- non co-operation from HOD's

b. Inventory Lists of loose assets

- All loose assets accounted for in departmental inventory lists
- Maintenance of assets for inventory list
- All loose tools accounted for in inventory lists

Achievements

- All assets re-valued
- Legal compliance
- Required for conversion to GRAP
- Value of assets

Challenges:

- Capacity

c. Conduct annual stock-takings

- Verified stock lists and assets register

Motor Vehicle Licensing

a. Motor Vehicle Registration Facilities operational

- Available Motor Vehicle Registration facilities - Operational motor vehicle registration facilities in Barkly East & Lady Grey
- Operational Traffic Test Station in Barkly East

Challenges

- Staff Challenges

b. e-NaTIS Motor Vehicle Registration facility at Sterkspruit

- Functional Motor vehicle registration facility & driving license testing centre in Sterkspruit

A large crowd of people is seated on bleachers, likely at a sports event or a public gathering. Many individuals are wearing bright yellow t-shirts. In the center-right of the crowd, a person is wearing a large, green, frog-shaped mascot costume. The scene is filled with people of various ages and ethnicities, creating a diverse and lively atmosphere. The text is overlaid on this background.

CHAPTER 3.
HUMAN RESOURCES
AND
OTHER
ORGANISATIONAL
MANAGEMENT

3. **EXISTING AND NEW DELIVERY MECHANISMS**

Senqu Municipality was established during December 2000 and this resulted in the amalgamation of a number of smaller local authorities and towns, namely:

- Lady Grey (including Transwilger and Kwezi Naledi);
- Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- Sterkspruit; and portions of Wodehouse (Dordrecht) and Indwe
- Rhodes (including Zakhele); and
- Rossouw.

Included in this area are the farms and villages of the magisterial districts of Barkly East, Lady Grey, Herschel, Rossouw, Sterkspruit, Rhodes and portions of Wodehouse (Dordrecht) and Indwe.

While substantial progress and development has been made in order to restructure and align all smaller units into the larger established “Senqu Municipality”, this has not been without significant challenge. Successful progression requires **transformation**, not only in terms of the re-organisation that led to the amalgamation, but also in terms of new legislation and a new and innovative ways in which work is done.

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. These ideals and practices are to be found 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 Senqu Municipality takes the correct steps towards achieving excellence in the fields of human resources and other organisational management generally.

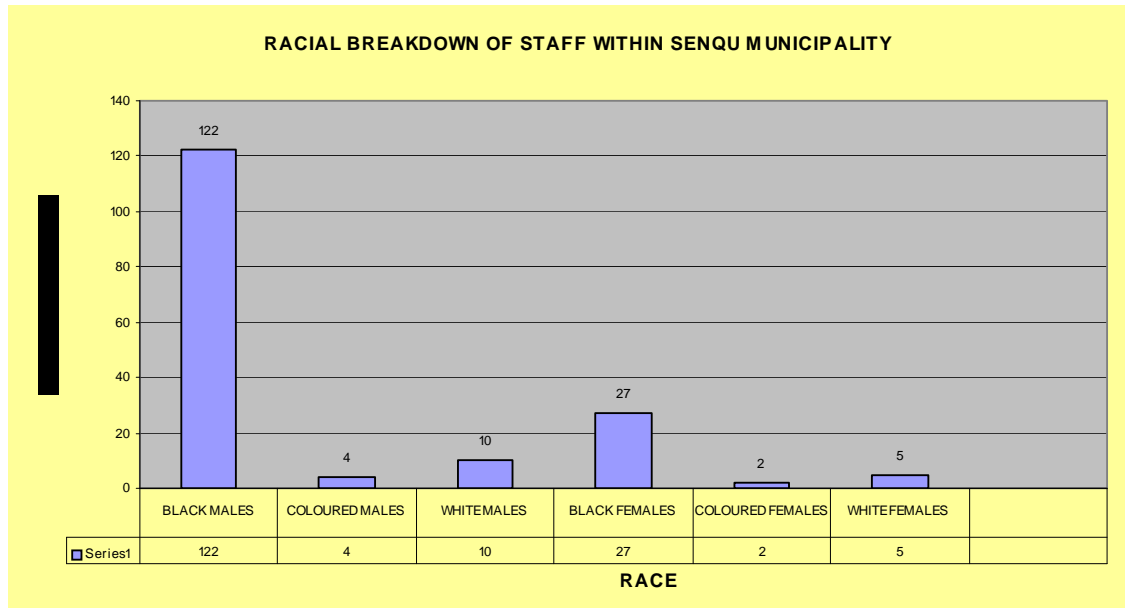
3.1. **Institutional Development**

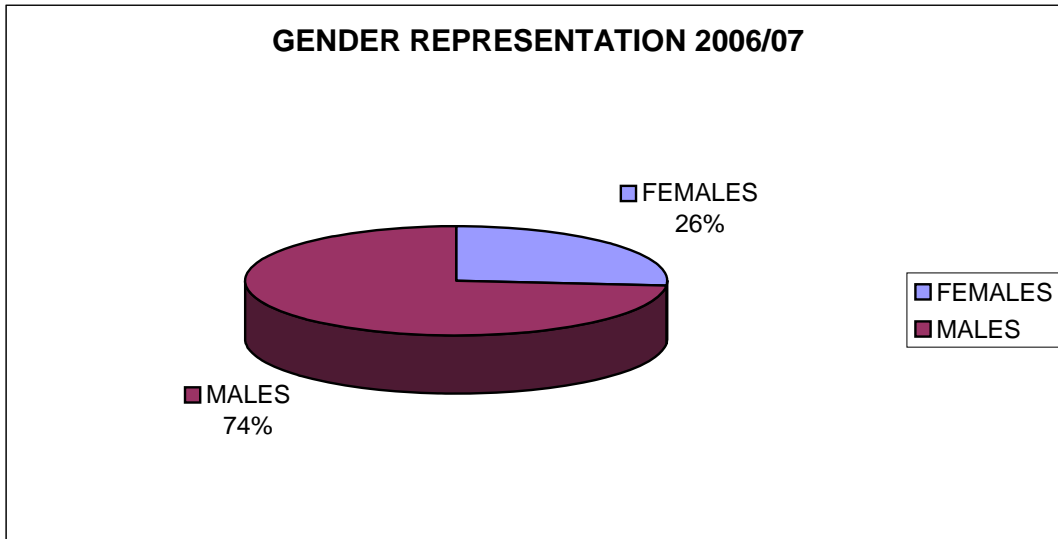
3.1(a) Senqu Municipality has an overall staff complement of 209 employees, which are broken down as follows:

GENDER / RACE ANALYSIS OF FILLED POSTS

Department/ Function	Black Male	Coloured Male	White Male	Black Female	Coloured Female	White Female	TOTAL
<i>Council & Executive</i>	18	1	2	23	1	1	46
<i>Corporate & Support Service</i>	3	0	0	7	0	0	10
<i>Budget & Treasury Service</i>	7	3	0	8	2	2	22
<i>Community & Social Service</i>	59	0	0	9	1	0	69
<i>Technical & Engineering Service</i>	54	1	6	1	0	1	62
Total	140	5	8	48	4	4	209
Percentage	66.99%	2.39%	3.83%	22.97%	1.91%	1.91%	100.00%

RACIAL BREAKDOWN OF STAFF WITHIN SENQU MUNICIPALITY





3.1(b) Organisation Structure

The organogram for Senqu Municipality is in place and to date 62% of the posts are occupied. The municipality has an overall staff complement of 442 posts of which 104 relate to the Water Services Authority (WSA) functions that will be transferred to the Ukhahlamba District Municipality once required agreements have been finalized. An analysis of posts during the year under review are broken down as follows:

Department / Function	Posts Filled	Posts Funded but vacant	Posts Unfunded	Total Number of Posts
<i>Council and Executive</i>	6	1	7	14
<i>Corporate & Support Service</i>	14	5	22	41
<i>Budget & Treasury Service</i>	18	2	9	29
<i>Community & Social Services</i>	58	13	84	155
<i>Technical & Engineering Service</i>	74	6	123	203
Total	170	27	245	442
Percentage	38.46%	6.11%	55.43%	100.00%

The organogram is reviewed annually during the budget process and all members of the budget Technical Committee participate in this process. Reviewing the organogram annually ensures that the Municipality takes into account the demands placed on it by the IDP.

3.1 (c) Job Evaluations

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) File Management

The Municipality has submitted a reviewed file management plan to Provincial Archives, which was approved and also approved by Council. Plans are in place to introduce an Electronic document management system, which will result in less paper being used in the municipality. The Provincial Archives has advised us to keep to paper based filing system in place as back-up in case of electronic challenges, which is very possible. As we have been using a filing system that was not approved by Provincial Archives, all the current files will have to be closed and re-opened on the new approved filing system.

The records management function currently conforms to the Standards set by the Archives Act.

The administration of Council and Executive Committee meetings has shown tremendous improvement, with Council agendas and minutes being provided accurately and correctly. This facilitates Council decision-making and it is worth mentioning that this process has not been queried by the Auditor-General in respect of the quality of decision-making and the signing of minutes by both the Mayor and the Speaker. With the establishment of the Internal Audit Committee, its role cannot be over-emphasised.

The Annual Audit Report supports the notion that positive work is being done in respect of the operations of the Municipality and the fact that within this area we are operating within clear policies and procedures and in accordance and compliance with prescriptive legislation.

A Remuneration Committee has been elected by Council and constitutes:

- Honorable Mayor (Mr Z Dumzela)
- Cllr Kuse
- Cllr Mafilika

Purpose of Committee: To ensure that payment of salaries for Managers occurs in terms of Council resolutions, after negotiations are concluded between Managers and Council. This committee has also been very effective during the performance management reviews for section 57 managers.

The audit committee should also form part of the Performance Reviews Committee.

3.2(b) Policies Adopted

The under mentioned policies are required to be reviewed and adopted by council on an annual basis.

- Free Basic Services and Indigent Subsidy Support Policy
- Integrated Development Plan and Budget Policy;

- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and Rates Policy.

Human Resource Policies – an advert was placed during the year under review for the under mentioned policies to be reviewed. This process was cancelled due to the intervention of the Provincial Department of Local Government and Housing by introducing a Turn Around Program to all municipalities in the Eastern Cape to enhance services delivery. This program started well initially, but was then halted by the Department due to inconsistencies in the Supply Chain process within the Department. This resulted in the policies not being reviewed.

The policies that were to be reviewed were the following:

- Recruitment and Selection Policy
- Subsistence and Travelling Policy
- Telephone usage policy
- Remuneration Policy

3.2(c) Internal Audit

The function has assisted in ensuring that the organisation operates within legal bounds and considerations.

3.2(d) Register of Interest

This register was formally adopted by Council 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. This process is co-ordinated by the Internal Auditor.

3.2(e) Human Resources

Procedures were developed and formal training provided to relevant staff members. The implementation phase requires to be monitored by management

3.3 Transformation and Change Management

3.3(a) Performance Management

The Performance Management System has been effected for top management (s57's). During 2005/2006 it was introduced to middle management, this has not as yet been implemented 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 has been put out to tender during 2006/2007 financial year.

This performance management system (implemented at s57 Manager level) has ensured that service delivery was implemented based on targeted dates that were approved by Council

This Performance Management System was linked to the Service Delivery and Budget Implementation Plans (introduced by the Municipal Finance Management Act, 2003), which were developed in line with budget and operational plans, in order to ensure that the IDP objectives were met.

Individual performance assessments for the individual 557 managers have been completed by an independent Committee, which was constituted by executive committee 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 order to comply with the spirit of Corporate Governance and regulation 14(1)(a). The performance reviews of the 557 managers are being performed annually and not quarterly as intended. The Municipality are currently not complying with regulation 28(1) as detailed in the Audit Report of the Auditor General.

The reports are submitted to Council to assist Council to evaluate performance and to make the necessary interventions when these are identified

3.3(b) Skills Development

The Skills Committee meets monthly and this committee is comprised of officials, Councillors and Labour Union representation.

In addition to skills development Senqu 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.

The internship programme is a process of empowering and capacitating future employed staff. Identified students/ graduates from recognised institutions, were engaged to work for the Budget & Treasury Department, for a set term of three months.

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.

HELP SENQU PUT A
STOP TO FRAUD
NOW!

CHAPTER 4.

Report all fraud and
corruption incidents to
these bodies:

**BUDGET & TREASURY
AND RELATED FINANCIAL INFORMATION**

National hotline: 0800 701 701

Municipal Manager/ Mayor:

AUDITED FINANCIAL STATEMENTS

Audit Committee

Chairperson: 0516338000

Fax: 0866172374

OR

ANY OTHER MANAGER!

REPORT NOW!

Budget & Treasury Department

1. Budget and Treasury Department: Structure and Functions

Introduction

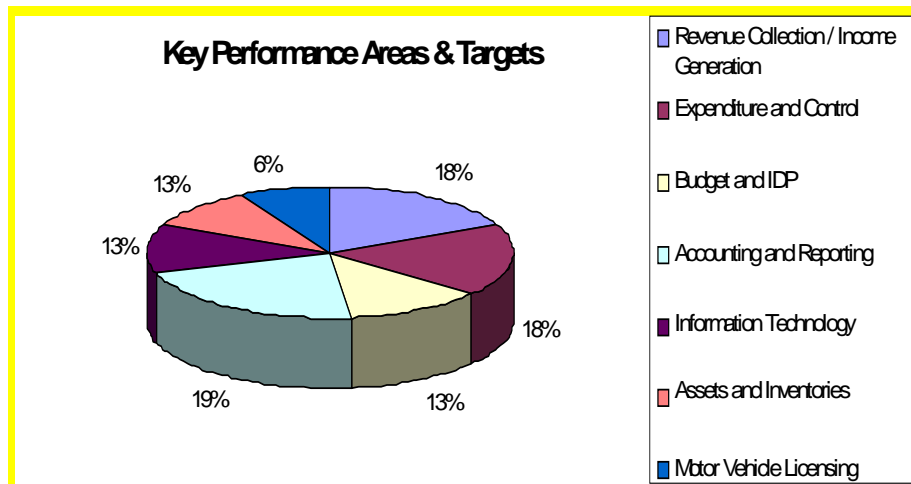
1.1 Key Performance Indicators and Focus areas

The following focus areas have been set achievable targets as set out below:

- Revenue and Collection / Income generation 18%
- Expenditure and control: 18%
- Budgeting and IDP: 13%
- Accounting and Reporting: 19%
- Information Technology: 13%
- Assets and Stores: 13%
- Motor Vehicle Licensing: 6%

1.6 Key Result Areas / Key Performance Indicators and Targets

With this dedicated staff component the following functions (Key Performance Indicators and Targets) were set, performed and maintained with great success during the 2008/09 financial year:



Key Performance Indicators

These will be examined under each subsection as follows :

- Revenue Collection/Income Generation

Within the Revenue Collection/Income Generation division it is required that the processing of monthly consumer accounts and the receipting of all revenue is undertaken at three of the towns that fall within the jurisdiction of Senqu municipality, namely Barkly East, Lady Grey and Sterkspruit.

The villages of Rossouw, Rhodes and Herschel are serviced by staff situated in Lady Grey, Barkly East and Sterkspruit respectively. All these functions are supervised and supported from Lady Grey from where meter readers servicing the water and electricity meters are controlled.

- **Expenditure and Control**

This function is situated in Lady Grey 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 the compilation of annual financial records and statements.

The Key Performance Indicators are:

- Monthly reconciliation & payment of all creditors.
- Interventions and strategies/turnaround plan to improve on expenditure (Levels and quality)
- Monthly controlling of purchases.
- Monthly processing of payroll.
- Annual updates & maintenance of Council's insurance portfolio.
- Monthly updating & maintenance of Council's investments.
- Updating & implementing financial policies and procedures:
- Supply Chain Management;
- Loans & Contractual Agreements;
- Asset Management & Insurance;
- Cash Management, Banking & Investments.
- Supply Chain Management (including Tender and Bid Processes)
- Implementation of the Municipal Finance Management Act, No 56 of 2003 requirements relating to Expenditure.

- **Budgeting**

It is incumbent upon this department to compile the Council's operational and capital budget. It is also the responsibility of this department to provide 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 is monitored to date monthly against Council's approved budget and reports are submitted monthly to all other departments informing them of their expenditure to date.

The Key Performance Indicators are:

- Compile & publish budget time schedule
- Establish & publish committees & consultation forums.

- Outreach programme established for all wards.
- Review & prepare:
 - Integrated Development Plan (IDP);
 - Service Delivery Agreements;
 - Delegations;
 - Budget Related Policies;
 - Operational & Capital Budget
- Determine Rates & Tariffs.
- Consult with established committees & forums
- Table budget & supporting documents.
- Approve budget & supporting documents
- Budget & Supporting documents submitted to:
 - National Treasury;
 - Provincial Treasury;
- Publishing and website
- Service Delivery & Budget Implementation Plan (SDBIP)

Accounting and Reporting

- Daily & 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.

Information Technology

Although not yet fully functional, this function is located in Lady Grey. All computer hard and software used at all three administrative units are supported and maintained at this point. The implementation and maintenance of Council's Geographical Information System is also part of this function.

The Key Performance Indicators are:

- Maintain & upgrade of computer hard and software
- Secure computer hard and software services.
- Training for all staff in utilizing IT systems effectively.
- Development of Information Technology policies.
- Update of General Plans (GP's)
- Update of Ownership / Title Deed information
- Update of Valuation information
- Update of Road & Street infrastructure
- Update of Geographical information
- Update of ESKOM infrastructure
- Update of electrical infrastructure
- Update of water infrastructure
- Update of sewerage infrastructure
- Update of solid waste infrastructure.
- Daily & monthly processing of records when required by other departments.
- Developed & maintained municipal Website.

Assets and Stores

The existing manual assets register as well as the inventory lists are now in the process of being computerized by means of bar coding for all movable assets.

The Key Performance Indicators are:

- Recording & Marking (bar-coding) of all assets.
- Updating & maintaining a comprehensive assets register
- Compiling, updating & maintaining of inventories.
- Revaluing of fixed assets.
- Preparing for conversion to GRAP – Legal requirement by 2009

Motor Vehicle Licensing

Roadworthy of Vehicles, Licence Testing and the like are performed at the fully functional Grade A Traffic Test Station situated in Barkly East. Council also renders the NATIS motor vehicle registration facility service on an agency basis for the Department of Transport in Lady Grey and Barkly East. It is intended to extend these facilities to the Sterkspruit administrative unit.

The Key Performance Indicators are:

- Provision of facilities for the licensing of motor vehicles.
- Provision of the National Traffic Information System (NaTIS) on behalf of the Department of Transport
- Establishment of a Motor Vehicle Registration facility in Sterkspruit – awaiting approval from Department of Transport
- Training of staff to operate the Natis System

2. OPERATING AND CAPITAL BUDGET 2008/2009 FINANCIAL YEAR

2.1. 2008 / 2009 Budget Report

The requirements for Municipal Budgets are clearly set out in Chapter 4 (Section 15 to 33) of the MFMA and all steps were taken to ensure that the Municipality meets these requirements. The municipality has as far as possible compiled the 2008/2009 MTREF Budget in the format prescribed by National Treasury in terms of Circular 28 and the related regulations.

2.2. Capital Expenditure (Table 2 – Capital Programme)

Council's MIG (Municipal Infrastructure Grant) allocation increased from the R 8 234 000 to R14 971 525 for the 2008/2009 financial year. It is anticipated that some of the MIG allocation would be used finance the following projects:

Integrated Development Plan	R 50 000
Valuation Roll	R 400 000
Led Plastic Products	R 3 000 000
Call Centre	R 565 000

An amount of R26 899 300 Capital Expenditure Ex Revenue was budgeted to fund the following projects:

Roads Masterplan	R 800 000
Upgrading Access Roads	R 5 250 000
Extension Offices	R 6 000 000
Tools and Equipment	R 300 000
Vehicles, Plant & Equipment	R 920 000
Furniture and Office Equipment	R 325 000
Driver Licence Training Centre	R 130 000
Pounds	R 598 646
Community Halls	R 1 000 000
Internet / Communication	R 300 000
Khwezi Stormwater Channel	R 1 436 250
Formal Cemeteries	R 243 340
Sterkspruit Solid Waste Site	R 2 619 720
Construct Roads Wards 7,8,9 & 12	R 5 750 000
Paving Lady Grey	R 495 911
Community Centres	R 780 433

It is anticipated that R 15 219 965 would go towards the completion of existing housing projects.

Council further intends to take up a loan to finance the completion of the office complex. It is foreseen that R 1 241 000 during the 2008 / 2009 would be required.

2.3. **Operational expenditure (Table 1)**

There is a need to highlight the following in council's operational budget:

- Councillors remuneration amounts to R 6 373 045 of which R 1 315 000 is financed by a special allocation to be received from the national government;
- Personnel costs vs. total operational expenditure are 37.99%. The Organogram provides for 442 posts of which 170 are filled, 27 are vacant and funded and 245 are unfunded. Amongst others the following expenditure was provided for:

Performance management system & agreements – <i>legal requirement</i>	2007	R 300 000
Valuation Roll	2027	R1 147 370
Plastic Products	2034	R3 000 000
Neighbourhood Development Partners	2011	R2 000 000
Agriculture Rural Commonages	2014	R 100 000
Repairs to rural sport fields	3210	R 200 000
Brick Making	2021	R100 980
Tourism – Support to Senqu Tourism Organisation	2248	R 700 000

- R 8 168 140 (previous year R 6 983 893) would go **directly** to provide services to the (indigent) poorest of the poor as per council Free Basic Service and Indigent Subsidy Support Policy.

2.4. **Rates and Tariffs**

Extensive consultation within the budget executive and budget technical committees has resulted in probably the most transparent and fair budget-related policies this council have seen. During the consultation meetings held on council's new rates policy as required in terms of the new Municipal Property Rates Act, No 6 of 2004, community participation exceeded all expectations. One can proudly say council's policies are the community's policies.

The following budget-related policies have also been reviewed during 2008/2009.

- Integrated Development Plan and Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and
- Rates Policy.

An increase of 6.0% on all water, sanitation and refuse removal tariffs have been budgeted for. The rates tariff will increase by 6.0% and to encourage development of vacant property the rates tariff on vacant properties would be charged at a rate in the rand of R0.0378 on the total valuation of the property. With the help of ESKOM council's electricity tariffs have been redesigned to reflect a cost related tariff.

2.5. **Conclusion**

The challenge now is to conclude the 2008 / 09 budget process by dealing with:

- The finalization of the cash flow statements;
- The finalization of the measurable performance objectives;
- The finalization of the service delivery and budget implementation plan (SDBIP); and the finalization of performance management scorecards and agreements for the sect 57 managers and middle managers, before 30 June 2009 – S57 process fully implemented although went beyond planned dates of implementation. The performance management scorecards and agreements for middle management has not as yet been implemented 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 has been put out to tender during the period under review. Tenderers were invited by the Tender Adjudication Committee to present their PMS system to Management and Executive Committee. The presentations took place, but management were not happy with the systems that were presented as they were looking for a fully computerized system. This issue has thus not been finalised – it is planned to be completed by June 2009/2010 financial year.

3. **BUDGET RELATED RESOLUTIONS**

As required by the Municipal Finance Management Act, No 56 of 2003, and to reflect the legal form of the budget, the draft resolutions to be considered upon approval of the budget after the consultation process would be:

1. Council resolves that the annual budget of the municipality for the financial year 2008 / 2009; and indicative for the two projected outer years 2009 / 2010 and 2010 / 2011 be approved as set-out in the following schedules:
Operating revenue by source reflected in **Schedule 1**;
Operating expenditure by vote reflected in **Schedule 2**;
Operating expenditure by GFS classification reflected in **Schedule 2 (a)**;
Capital expenditure by vote reflected in **Schedule 3**;
Capital expenditure by GFS classification reflected in **Schedule 3 (a)**;
Capital funding by source reflected in **Schedule 4**; and
Council resolves that multi-year capital appropriations by vote and associated funding reflected in **Schedules 3, 3(a) and 4** be approved.
2. Council resolves that property rates reflected in council's Tariff Structure – See **Annexure 1** and any other municipal tax reflected in council's Tariff Structure – See **Annexure 1** are imposed for the budget year 2008 / 09.
3. Council resolves that tariffs and charges reflected in council's Tariff Structure – See **Annexure 1** are approved for the budget year 2008 / 09.
4. Council resolves that the measurable performance objectives for revenue from each source reflected in **(to be done)** are approved for the budget year 2008/ 09.
5. Council resolves that the measurable performance objectives for each vote reflected in **(to be done)** are approved for the budget year 2008 / 09.
6. Council resolves to adopt the Integrated Development reflected in **Annexure 2**.

7. Council resolves that the amended policies for credit control, debt collection and indigents as reflected in **Annexure 3 - 7** are approved for the budget year 2008 / 09.
8. Council resolves that the other amended budget related policies reflected in **Annexure 3 - 7** are approved for the budget year 2007 / 08.
9. Council notes the SDBIP (Service Delivery and Budget Implementation Plan) tabled with the budget for subsequent approval by the Mayor.

When the budget is tabled for approval, the approval should be based on these or amended resolutions.

4. **THE BUDGET**

Steps were taken to ensure that the requirements of the Municipal Finance Management Act, No 56 of 2003, especially Chapter 4 (section 15 to 33), as well as any MFMA Circulars from National Treasury, were met.

4.1. **Executive Summary**

As required the Budget Executive committee met for the first time in August 2008 during which council's previous year's (2008 / 09) budget process was evaluated through the BEC (Budget Evaluation Checklist). At the same meeting the Schedule of Key Deadlines were compiled and the budget executive committee, budget technical committee, budget local consultation forum and budget technical consultation forum were established. The Schedule of Key Deadlines, as approved by council in August 2008, as well as an invitation to participate in budget local consultation forum were duly advertised and circulated.

During October to November 2008 the Budget Executive committee, with assistance from ward councillors and ward committees engaged into an outreach program to assess the needs of the community in all 16 wards. All needs recorded were later prioritised and included in council's Integrated Development Plan.

The budget technical committee has in the addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the 2008 / 2009 Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;

- Prioritise community needs in the IDP.

During January 2008 the draft budget and supporting documents were tabled to the budget executive committee for consideration, discussion and approval.

5.2. **Budget Schedules**

Schedule 1 – Revenue by source.

Council's realistic anticipated revenue of **R 122 221 195**, of which the national contribution is R 70 245 355, is set out on Schedule 1. Provincial and district contributions are not yet available.

Schedule 2 – Operating expenditure by vote (functional area / department).

Schedule 2 (a) – Operating expenditure by GFS (Government Finance Statistics) classification.

Detail of this budgeted expenditure of **R 80 129 245** is reflected on **Table 2**

Schedule 3 – Capital expenditure by vote.

Schedule 3 (a) – Capital expenditure by GFS classification.

Schedule 4 – Capital funding by source.

5.3. **Budget Related Charts and Explanatory Notes**

Table 1 – Revenue by Source.

Table 2 – Operating Expenditure by Vote.

Table 3 – Capital Expenditure by Vote.

Table 4 – Capital Funding by Source.

Table 5 – Summary Revenue & Expenditure by Vote.

Table 6 – Operating Expenditure by Type

5.4 **SUPPORTING DOCUMENTATION**

The numerous number of documents required as supporting documents in terms of section 17 (3) of the Municipal Finance Management Act, No 56 of 2003, are either included as schedules, tables or annexure into this budget or circulated separately. The documents are also available at the Barkly East, Lady Grey and Sterkspruit administrative units and on council's web-site – www.senqu.gov.za.

5.5. **Budget Process Overview**

The MFMA Circulars 10, 13, 14, 19, 27, 28 and 41 issued by the National Treasury was used as a guidance mechanism during the 2007 / 08 budget processes. From this council has developed an IDP (Integrated Development Plan) and Budget policy to guide the established Budget Executive and Budget Technical committees.

The Budget Executive committee consists of the Mayor, Speaker, council's five executive committee members, the Municipal Manager (as Accounting Officer) and all senior managers. This committee provides the necessary political oversight to the Budget Technical committee, which consists of the Municipal Manager, all senior managers and senior staff from the different departments – Corporate and Support, Budget and Treasury, Technical and Engineering and Community and

Social services. Staff from the Budget and Treasury department, under guidance of the Chief Financial Officer, acts as secretariat to both committees. Budget Technical committee meetings are held when required to meet the deadlines stipulated in council's Schedule of Key Deadlines and report back to the Budget Executive committee every second month or when required. The Mayor and Municipal Manager act as chairperson to the Budget Executive and Budget Technical committee respectively.

The Schedule of Key Deadlines issued by National Treasury was also used as guideline for council to develop its own Schedule of Key Deadlines, which takes effect once council has approved it during August. A summarized version thereof is then advertised in the local newspapers and placed on council's web-site. Interest groups and stakeholders are annually invited to register and form part of council's Local Budget Consultation Forum. Council's IDP and Budget policy provides guidelines as to how this forum and the Sector Budget Consultation Forum should be established. Amongst others, has council ensured that at least two members of each of its sixteen ward committees are represented on the Local Budget Consultation Forum. All relevant national and provincial departments, as well as the district municipality – Ukhahlamba district municipality – forms part of the Sector Budget Consultation Forum. Council meets at least two times during the budget process and once after the draft budget has being tabled with these forums.

The Budget Executive committee, with the involvement of the ward councillors and ward committees, annually engage itself in an Outreach Programme during which community meetings are held in all sixteen wards. This has proved to be a very fruitful exercise as the community uses this opportunity to inform council of their needs. All needs / problems discussed, whether local, district, provincial or national are recorded, prioritised and summarized in a report for follow-up or inclusion into council's IDP. Non-local issues (national, provincial and district) raised are discussed at the Sector Budget Consultation Forum, whilst local issues are prioritised by the Local Budget Consultation Forum for inclusion in council's IDP.

Any matter needing a broader political overview is discussed with the full council by the Mayor and brought back to the Budget Executive committee. Council treats its IDP and budget process as one process and is always discussed at the same time at committee and forums.

Once the draft budget is tabled by the Mayor in March, the budget and required supporting documents are made available for representation and / or comments. It can either be viewed in hard copy at one of council's administrative units or on council's web-site – www.senqu.gov.za. The tabling and invitation to submit representation / comments are also advertised in locally circulated newspapers and on municipal notice boards.

The Budget Executive committee keeps record and deals with all representations and comments received. Any adjustments resulting there from are done before the budget is submitted for approval towards the end of May.

5.7. Alignment of Budget with Integrated Development Plan

Council's reviewed Integrated Development Plan (IDP), as discussed at various committee and forum meetings, is attached as **Annexure 2** and is also available on council's website. A hard copy thereof is available at council's three administrative units.

The following Supporting Tables would reflect council's ability to finance the priorities identified in its IDP:

Supporting Table 1 – Reconciliation of IDP and Budget – Revenue;

Supporting Table 2 – Reconciliation of IDP and Budget – OPEX (Operational Expenditure);

Supporting Table 3 – Reconciliation of IDP and Budget – CAPEX (Capital Expenditure).

5.8. Budget Related Policies Overview and Amendments

Council's budget related policies are attached as:

Annexure 3 – Budget and Integrated Development Plan (IDP) policy;

Annexure 4 – Credit Control and Debt Collection policy;

Annexure 5 – Free Basic Service and Indigent Subsidy Support policy;

Annexure 6 – Tariff policy; and

Annexure 7 – Rates policy.

Apart from the new Rates policy, the existing policies were reviewed by the Budget Executive and Budget Technical committees and no amendments thereto were required. A new Rates policy as required by the Municipal Property Rates Act, No 6 of 2004, was developed through a consultation process.

5.9. Budget Assumptions and Funding the Budget

Schedule 1 – Revenue by Source

Schedule 4 – Capital Funding by Source

Supporting Table 4 – Investment Particulars by Type;

Supporting Table 4 (a) – Investment Particulars by Maturity;

Supporting Table 5 – Government Grants and Subsidies – Allocations;

Supporting Table 6 – New Borrowings.

5.10 Disclosure on Allocations Made by the Municipality

Council has entered into the following Service Delivery Agreements

Annexure 8	ESKOM	Bulk Electricity Supply to town of Barkly East	R 0
Annexure 9	ESKOM	Bulk Electricity Supply to town of Lady Grey	R 0
Annexure 10	ESKOM	Bulk Electricity Supply to town of Sterkspruit	R 0
Annexure 11	Electoral Commission	Establishment of Electoral Unit	R 0

Annexure 12	ESKOM	Free Basic Electricity to Rural consumers	R 2 2127 918
Annexure 13	Department of Transport	Registration and Licensing of motor vehicles	R 0
Annexure 14	Department of Health	Primary Health Care	R 512 000
Annexure 15	Senqu Tourism	Tourism Function	R 700 000
Annexure 16	Water Service Authority	Water & Sanitation Services	R 5 936 785
Annexure 17	DBSA	Local Government Network	R 0
Annexure 18	BERTA	Management Barkly East Caravan Park	R 0

Supporting Table 7 – Grants allocations.

a. Disclosure on Salaries, Allowances and Benefits

Council’s detailed Organisational Structure is attached as **Annexure 19**.

Supporting Table 8 – Disclosure of Salaries, Allowances and Benefits;
Supporting Table 8 (a) – Summary of Total Salaries, Wages, Allowances, etc;
Supporting Table 8 (b) – Summary of Personnel Numbers.

b. Monthly Cash Flows by Source

c. Measurable Performance Objectives

d. Disclosure on Implementation of MFMA and Other Legislation

• **Budgets and SDBIPs – Departmental / Functional**

• **Budgets and SDBIPs – Entities and Other External Mechanisms**

• **Summary of Detailed Capital Plans**

5.7.7. Budgeted Financial Statements

6. **Integrated Development Plan (IDP) – 2008 / 2009**

6.1 **Review Process**

Outreach programme to all wards by the executive council of Senqu Municipality during the months of October and November 2008 to identify new priorities.

Local Consultation Forum / Budget meetings were held at Lady Grey (January 2009), Sterkspruit (January 2008) & Barkly East (February 2009).

Review of the IDP strategic objectives and strategies by the Budget Technical Committee in December 2008.

Determination of projects to meet objectives and strategies.

Alignment with the Ukhahlamba District Municipality and Sector Departments in February 2009.

Public participation in February 2009.

Service Level Agreements put into place and proposed budget and service delivery plans taken to Council (March 2009).

IDP and Budget published for comment (April 2009).

Consultation with Sector Departments (February / March 2009).

Revise IDP and Budget if necessary (April 2009)

Public hearings and Council Debate on IDP and Budget (May 2009)

Amendments to IDP and Budget.

Final approval end June 2008.

IDP Document submitted to MEC of Department of Provincial and Local Government for comment.

2008/2009 IDP annual review starts in August 2009 in conjunction with budget processes.

6.1.2. **2008 / 2009 Priority Issue Areas**

The following priority issues were identified during the community outreach programme and community consultations with the executive committee and management. It takes into account issues also raised during the needs analysis of the original IDP and have not changed that significantly since the original analysis:

- Institutional capacity building;
- Institutional restructuring;
- Water and sanitation;
- Addressing HIV/Aids;
- Stimulation of the economy with special emphasis on agriculture;
- Roads and storm water;
- Electricity provision; and
- Housing provision and the acquisition of land

6.1.3 Strategic Development Objectives

OBJECTIVES	STRATEGIES
To support the increase in the economic growth of the area by at least 3% by end June 2008.	<ul style="list-style-type: none"> • Procurement Policy to support skills transfer • Initiate Job Creation Programme • Establishment of sustainable agricultural and tourism projects • Maximise natural resources • Promotion of local employment • Opening up economic opportunities • Increase Public Private Partnership • Market the potential of the area • Accelerate the establishment of SMME's • Implement Black Economic Empowerment Policy • Implement the Expanded Public Works Programme\add value to production
To develop skills base for the community of Senqu municipal area by December 2010	<ul style="list-style-type: none"> • Introduce Capacity Development Programmes (internal and external capacity) • Lowering the illiteracy rate • Establish accessible ABET centre • Support the Department of Education in their endeavours to educate people • Training programmes to be biased towards women, youth and disabled • Training programmes on municipal projects are coordinated and have a special focus in the area of technical and financial skills.
To mobilize community for the reduction of crime and divert youth from criminal activities by the end June 2008	<ul style="list-style-type: none"> • Consolidation of community policing forums and mobilisation of key role-players in crime prevention • Support for diverse recreational and sport facilities • Safety and security awareness programmes for the community • Local Economic Development
To improve public access to social services by the end of December 2014	<ul style="list-style-type: none"> • Lobby key service providers, especially banking, telephone, television, transport and home affairs. • Improving the transportation system of the area • Municipal performance
To upgrade access roads and ensure that they are maintained sufficiently by end June 2008	<ul style="list-style-type: none"> • Suitable storm water reticulation installed • Accessible roads are constructed • Maintenance and monitoring systems are developed and implemented • Increase capacity of Senqu Municipality to perform functions related to roads • Source funding in line with the roads function • Purchasing of paint and equipment • Roads Maintenance Plan • Illima Programme • Expanded Public Works Programme • MIG Programme
To provide clean water to all residents by end December 2008	<ul style="list-style-type: none"> • Lobby Water Services Authority (Ukhahlamba District Municipality)

OBJECTIVES	STRATEGIES
To increase access to adequate sanitation to all residents by end December 2014	<ul style="list-style-type: none"> • Lobby Water Services Authority (Ukhahlamba District Municipality)
To ensure that more households have access to reliable electrical services by end December 2006	<ul style="list-style-type: none"> • Lobby Eskom • Upgrading existing reticulation • Establishment of REDS
To ensure that more than 15 000 inhabitants have access to formal housing by end of December 2014	<ul style="list-style-type: none"> • Registration of housing applications • Utilization of government housing programmes • Lobby Department of Land Affairs for access to land • Coordinated service provision • Ensure correct town planning and zoning procedures are followed • Ensure sole security of tenure • Establishment of Housing Sector Plan
To ensure that all towns have access to registered solid waste sites by end December 2010	<ul style="list-style-type: none"> • Establish registered solid waste sites • Develop solid waste management plan
To increase access to health services to all residents by the end of December 2014	<ul style="list-style-type: none"> • Lobby District Municipality and Department of Health to improve health facilities. • Engage the Provincial Government on the Provincial hospitals • Aids education in schools is improved through agreements with the Departments of Education and Health • Aids education is also provided for people not at school through the use of trained and qualified local AIDS counsellors • Establish basic services and infrastructure
To improve communications with all stakeholders	<ul style="list-style-type: none"> • Access to information • Institute systems to improve communication with institutions • Intergovernmental Forum • Establish communications strategy
To increase the revenue base of the municipality by at least 3% per annum	<ul style="list-style-type: none"> • Revise the current tariff structure • Identify and diversify sources of revenue – enhance revenue management - implement revenue management plan / strategies • Comprehensive Valuation Roll • Comprehensive data base • Increase service delivery • Pre-paid electricity systems • Implementation of the Municipal Finance Management Act
To develop a Disaster Management Programme by the end of June 2008	<ul style="list-style-type: none"> • Lobby Ukhahlamba district municipality. • Compile a local disaster management plan
To integrate and implement new by - laws and update as need requires	<ul style="list-style-type: none"> • Update by-laws on regular basis

OBJECTIVES	STRATEGIES
To improve community lighting in all towns and identify areas for installation by 2008	<ul style="list-style-type: none"> • Installation of streetlights in towns • Installation of community lighting in villages on a phased approach • Liaise with Eskom
To improve institutional capacity	<ul style="list-style-type: none"> • Human Resource Development Strategy • Implementation and compliance with all Local Government Legislation • Improve administrative capacity • Implementation of Retention strategies / policies • Finalization of job evaluation • Revisit Organogram
To ensure Consultative community participation	<ul style="list-style-type: none"> • Outreach Programme/Public participation • Comply with all Local Government Legislation • Attendance of Council, Budget and IDP meetings
To improve access to community facilities by 2014	<ul style="list-style-type: none"> • Construction of community halls • Construction of shearing sheds • Construction and rehabilitation of sports grounds • Construction of clinics
To ensure additional office space in 2008/2009 financial year	<ul style="list-style-type: none"> • Extension of Municipal Offices
Address housing challenges	<ul style="list-style-type: none"> • Develop a turnaround strategy • Develop a housing policy

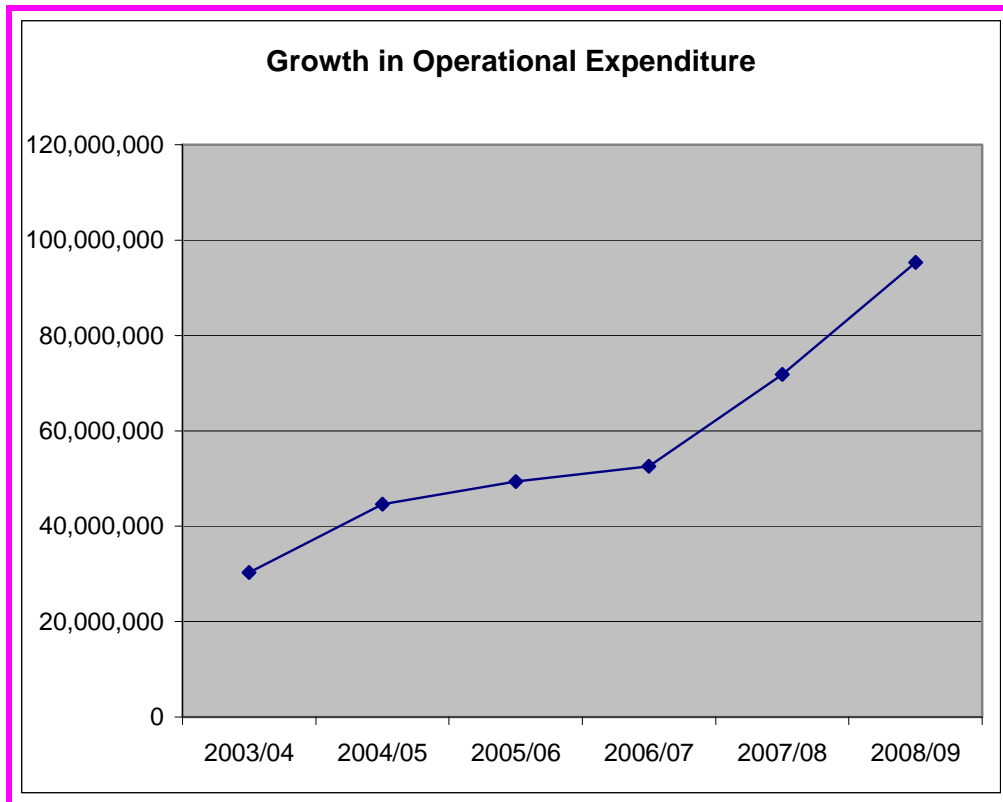
6.1.4. Operational Expenditure

The R 95 349 210 (R 122 155 220 less R 26 806 010 – capital expenditure ex revenue) budgeted for operational expenditure is **32.73%** (R 23 511 238) more than the previous year, but only **R 10 995 816** (13%) more than the approved 2007/ 2008 Adjustment Budget of **R 84 353 394**, which is within the limit set. This amount includes services rendered on an agency basis on behalf of:

Water (WSA Ukhahlamba District Municipality)	R 5 936 785
Primary Health Care (Department of Health)	R 512 000

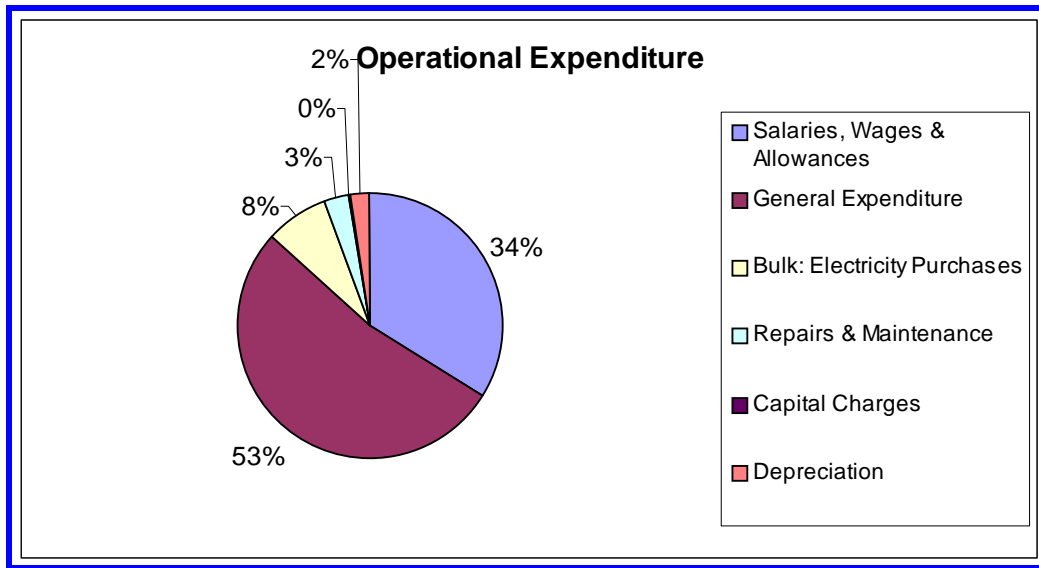
Growth in Operational Expenditure

Financial Year	2008 / 09	2007 / 08	2006 / 07	2005 / 06	2004 / 05	2003 / 04
Amount	95 349 210	71 837 972	52 589 227	49 389 882	44 155 072	29 990 615
Percentage Increase	32.73%	36.60%	6.47%	11.86%	47.23%	3.54%



Operational Expenditure Analysis:

	2008/09 Budget	2007/08 Budget	Variance Previous Year	Variance %	% of Total Expenditure	% of Operational Expenditure
Salaries, Wages & Allowances	32 389 105	27 291 710	5 097 395	18.68%	26.51%	33.97%
General Expenditure	50 166 380	35 620 357	14 546 023	40.84%	41.07%	52.61%
Bulk: Electricity Purchases	7 549 165	5 717 500	1 831 665	32.04%	6.18%	7.92%
Repairs & Maintenance	2 881 460	3 045 305	(163845)	(5.38%)	2.36%	3.02%
Capital Charges	163 100	163 100	0	(0.0%)	0.13%	0.17%
Contributions to Capital Outlay	26 806 010	17 839 690	8 966 320	50.26%	21.94%	
Depreciation	2 200 000	0	2 200 000	(100%)	1.80%	2.31%
BUDGETED EXPENDITURE	122 155 220	89 677 662	32 477 558	36.21%		
Less Contr. to Capital Outlay	26 806 010	17 839 690	8 966 320	50.26%		
OPERATIONAL EXPENDITURE	95 349 210	71 837 972	23 511 238	32.73%	100.00%	100.00%



6.1.5. Personnel Expenditure

Although the need for additional staff in all departments are huge, council's greatest challenge is to try and operate within the norm of 30.0 - 35.0% set by the National Treasury, Department of Provincial and Local Government and SALGA by reducing the current personnel expenditure of 33.97%.

6.1.6. General Expenditure

The General expenditure (excluding Bulk: Electricity Purchases of R 7 549 165) has increased by **40.84%** (R 14 546 023) to **R 50 166 380** which is **52.61%** of the total operating expenditure.

The following aims directly to address projects identified as priorities in Council's Integrated Development Plan:

Performance management system & agreements – <i>legal requirement</i>	2007	R300 000
Valuation Roll	2027	R1 147 370
Plastic Products	2034	R3 000 000
Neighbourhood Development Partners	2011	R2 000 000
Agriculture Rural Commonages	2014	R 100 000
Repairs to rural sport fields	3210	R 200 000
Brick Making	2021	R100 980
Tourism – <i>Support to Senqu Tourism Organisation</i>	2248	R 700 000

Free Basic Electricity would continue to be rolled out throughout the municipal area during the 2008/2009 financial year and Eskom was requested to make this available to all consumers currently using 20 Amp or smaller meters. **R 2 400 000** of Council's equitable share allocation has been earmarked for this project that would now be rolled out to Transwilger in Lady Grey and Nkululeko in Barkly East. This programme would be extended during the financial year.

6.1.7. Repairs & Maintenance

Council's intention to maintain its infrastructure and assets is clear with the amount of **R 2 881 460**, allocated to repairs and maintenance.

6.1.8. Capital charges / loan commitments

An external loan in the amount of R 1 241 000 was taken up for Extensions to Offices (Development Bank) during the 2008/09 financial year.

6.1.9. Contributions to Capital Outlay

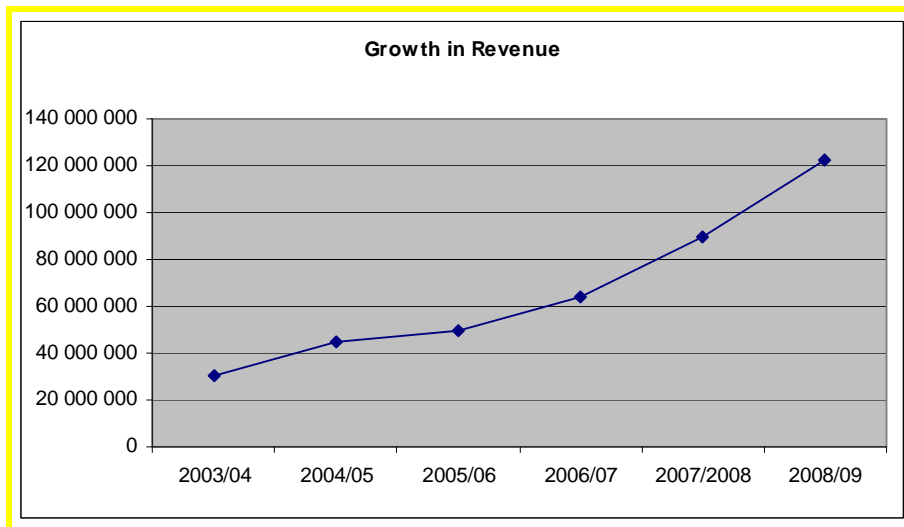
The **R 26 806 010** (21.94% of total operational expenditure) made available for Capital expenditure from Revenue would go directly towards projects identified in council's Integrated Development Plan and is **50.03%** more than the previous year's allocation of **R 17 839 690**.

7. Operational Income

The realistic anticipated revenue of **R 122 221 195** is **36.11%** (R 32 426 308) more than the previous financial year and resulted in an estimated surplus of R65 975. It includes all sources of income e.g. own revenue, grants, subsidies, agency receipts, donor funds, trust funds, etc.

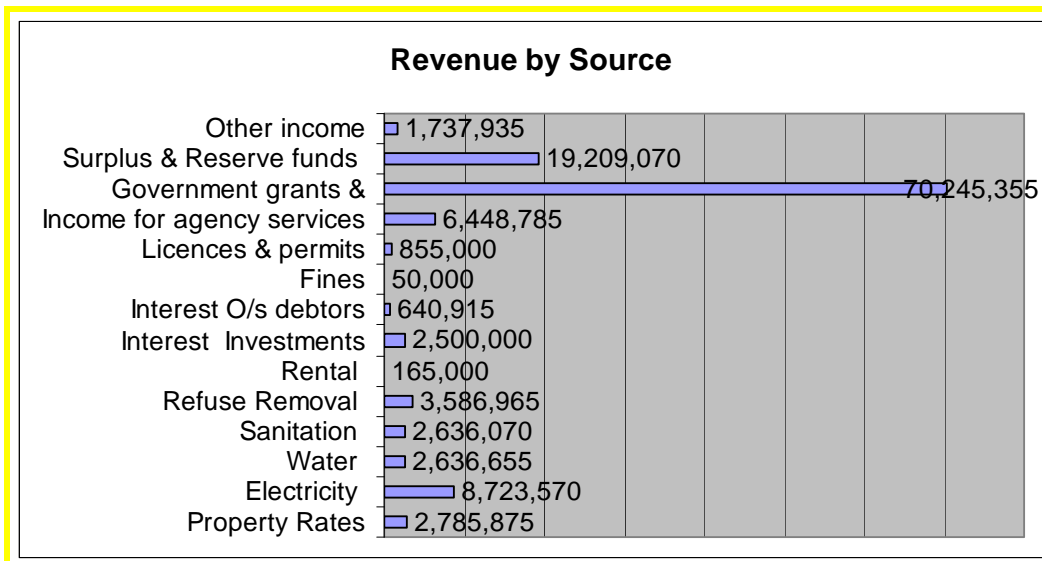
Growth in Operational Income

Financial Year	2008/09	2007/08	2006 / 07	2005 / 06	2004 / 05	2003 / 03
Amount	122 221 195	71 837 972	64 288 508	49 425 965	44 654 512	30 303 486
Percentage Growth	36.11%	36.60%	30.07%	10.69%	47.36%	4.19%



An analysis of Council's revenue sources is as follows:

REVENUE BY SOURCE	2008/2009 R	2007/2008 R
<u>Operating Revenue by Source</u>		
Property Rates	2,785,875	2,379,740
Property Rates - penalties imposed & collection charges	-	-
Service charges - electricity revenue from tariff billing	8,723,570	6,835,560
Service charges - water revenue from tariff billing	2,636,655	1,633,270
Service charges - sanitation revenue from tariff billing	2,636,070	2,158,180
Service charges - refuse removal revenue from tariff billing	3,586,965	2,780,540
Service charges - other	-	-
Rental of facilities and equipment	165,000	115,000
Interest earned - external investments	2,500,000	700,000
Interest earned - outstanding debtors	640,915	552,750
Dividends received	-	-
Fines	50,000	150,000
Licences and permits	855,000	500,514
Income for agency services	6,448,785	6,156,425
Government grants and subsidies	70,245,355	54,164,028
Surplus & reserve funds appropriated	19,209,070	3,465,880
Other income	1,737,935	8,203,000
Public contributions & donated or contributed PPE	-	-
Gain on disposal of property, plant & equipment	-	-
TOTAL	122,221,195	89,794,887



7.1. **Equitable Share**

Council's Equitable share allocation was increased by **29%** (R 9 059 178) from **R 31 230 447** to **R 40 289 625**, which includes R1 315 000 as a contribution to the increase in Councillor's remuneration and remains Council's major source of income.

The following demographic data (from the 2001 Census statistics) was used for calculating council's equitable share and MIG allocations:

	2008/09
Population	135 141
Number of households (71% Formal and 28.9% Informal)	34 051
Number of households earning less than R800 per month	25 049
Number of households earning less than R1 600 per month	29 950
Water Backlog	21 169
Sanitation Backlog	34 188
Electricity Backlog	12 723
Refuse Backlog	34 192
Housing Backlog	1 453
Estimated Poverty Rate	88%

7.1.2 **Growth in Equitable share allocation:**

Financial Year	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
Basic Services	38 974 625	30 087 268	18 970 381	17 587 990	21 951 611	17 879 436
Free Basic Electricity			2 802 722	2 802 722	2 268 064	1 864 011
Free Basic Services			4 519 732	3 302 046	2 348 805	1 758 511
Add Councillor Support	1 315 000	1 143 179	1 356 800			

Total Allocation	40 289 625	31 230 447	27 649 635	23 692 758	26 568 480	21 501 958
% Growth	29.00%	12.95%	16.70%	(10.82%)	23.56%	21.41%

7.1.3. Other external income / grants / allocations

It is anticipated that the following external income / grants / allocations would be received during this financial year:

National Government

- **R500 000** for the implementation of the Municipal Finance Management Act;
- **R2 000 000** for Neighbourhood Development Partnership
- **R400 000** for Municipal Systems Improvement Grant.

District Municipality

- **R5 936 785** for rendering auxiliary support services for water and sanitation.

7.1.4. Own income

Council's sound financial management since establishment during December 2000 has lead to the stage where various activities and projects could be financed from its own income, reserve funds and accumulated surplus funds. Own income is based on the actual income received during the first six months of the 2008 / 2009 financial year.

7.1.5 Occupational Income Analysis

REVENUE BY SOURCE	2008/09 R	2007/08 R
<u>Operating Revenue by Source</u>		
Property Rates	2 785 875	2 379 740
Property Rates – penalties imposed & collection charges	-	-
Service Charges – electricity revenue from tariff billing	8 723 570	6 835 560
Service Charges – water revenue from tariff billing	2 636 655	1 633 270
Service Charges – sanitation revenue from tariff billing	2 636 070	2 158 180
Service Charges – refuse removal revenue from tariff billing	3 586 965	2 780 540
Service Charges – other	-	-
Rental of facilities and equipment	165 000	115 000
Interest earned – external investments	2 500 000	700 000
Interest earned – outstanding debtors	640 915	552 750
Dividends received	-	-
Fines	50 000	150 000
Licences and Permits	855 000	500 514
Income for agency services	6 448 785	6 156 425
Government grants and subsidies	70 245 355	54 114 028
Unspent conditional grants & reserve funds appropriated	19 209 070	3 465 880
Other income	1 737 935	8 203 000
Public Contributions & donated or contributed PPE	-	-
Gain on disposal of property, plant & equipment	-	-
TOTAL	122 221 195	89 794 887

7.2. Water Service Authority (WSA)

The estimated expenditure for rendering the water and sanitation services have been forwarded to the WSA: Ukhahlamba district municipality. The tariffs were increased during 2007/2008. The tariffs increased by 100% - it now becomes very costly to purchase water. The WSA was again requested to honour Council's Free Basic Services and Indigent Subsidy Support Policy.

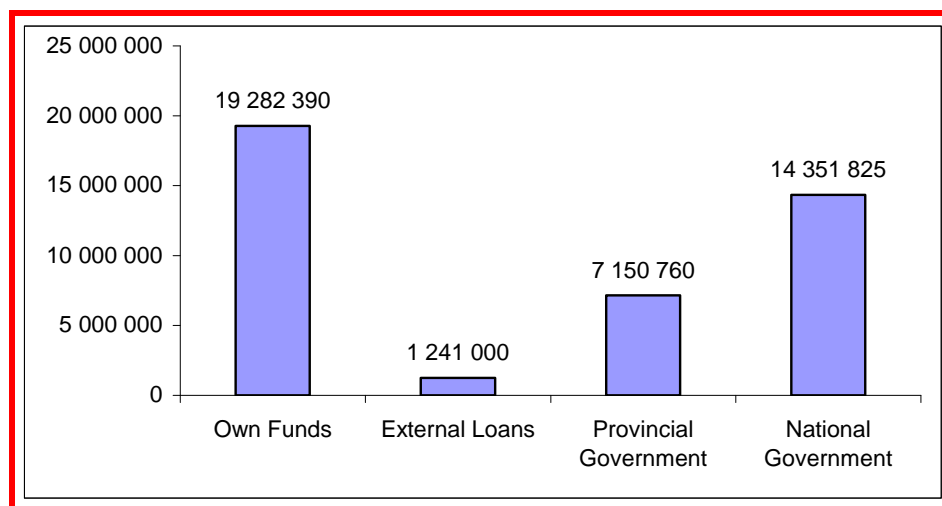
A service delivery agreement between the WSA: Ukhahlamba district municipality and WSP (Water Service Provider): Senqu municipality has been entered into during 2006/2007 however; this arrangement is on a more informal basis and a more relevant legalized document is being developed by UKDM to be signed during 2008/2009 financial year. Currently the rendering of these services continues uninterrupted, notwithstanding the extensive challenges that have faced the water-related targets, and notwithstanding the overall poor quality of water (having improved).

7.2.1. 2008 / 2009 Capital Budget

The Municipality's Three-Year Capital Infrastructure Programme:

INFRASTRUCTURE ASSETS	2008/2009	2009/2010	2010/2011
Electricity	0	0	0
Roads	11,750,000	9,961,801	14,424,803
Sewerage/Waste	9,119,885	5,262,008	2,144,179
Water	0	0	0
COMMUNITY ASSETS			
Buildings	1,780,435	2,094,640	6,123,600
Recreational Facilities	450,000	0	0
Security Measures	0	0	0
Cemeteries	243,340	47,500	0
OTHER ASSETS			
Buildings	1,829,270	6,940,601	651,668
Office Equipment	461,080	291,500	308,990
Bins & Container	0	0	0
Emergency Equipment	0	0	0

The R 42,025,975 is funded as follows:



8. 2008/ 09 FINANCIAL RESULTS

8.1. 2008 / 09 Financial Statements

The Annual Financial Statements for the period ended 30 June 2009 was compiled and submitted to the Municipal Manager on 24 August 2008, where after it was reviewed in terms of section 166(2)(b) by the audit committee. On 25 September 2008 the statements was presented to, discussed and approved by the municipal council of Senqu Municipality. Signed approved copies were thereafter forwarded to the National Treasury, Provincial Treasury and Auditor-General.

A copy of these statements is attached hereto as **Annexure A**.

8.2. Operational results

The Municipality estimated a revenue budget of R122.22 million in the 2008/09 financial year. However, due to the global economic crisis and the ongoing implementation of improving the billing system together with the credit control policy, only 71.54% of the estimated budget was achieved. The provision for bad debts has increased to R7 483 568.97. The Municipality only managed to spend 47.86% of its Operating expenditure Budget.

- **Employee Related costs**

A savings of 24.17 % of the employee related costs is due to funded vacant posts. The Municipality has experienced major difficulty in attracting suitable qualified personnel.

- **Repairs and maintenance**

In the financial year ending 2008/9 the municipality has expensed 63.13% of its repairs and maintenance budget. An action plan has been drawn up to execute a well-planned programme for repairs and maintenance in the 2009/10 financial year. The municipality has embarked on a stringent maintenance campaign of its infrastructure assets.

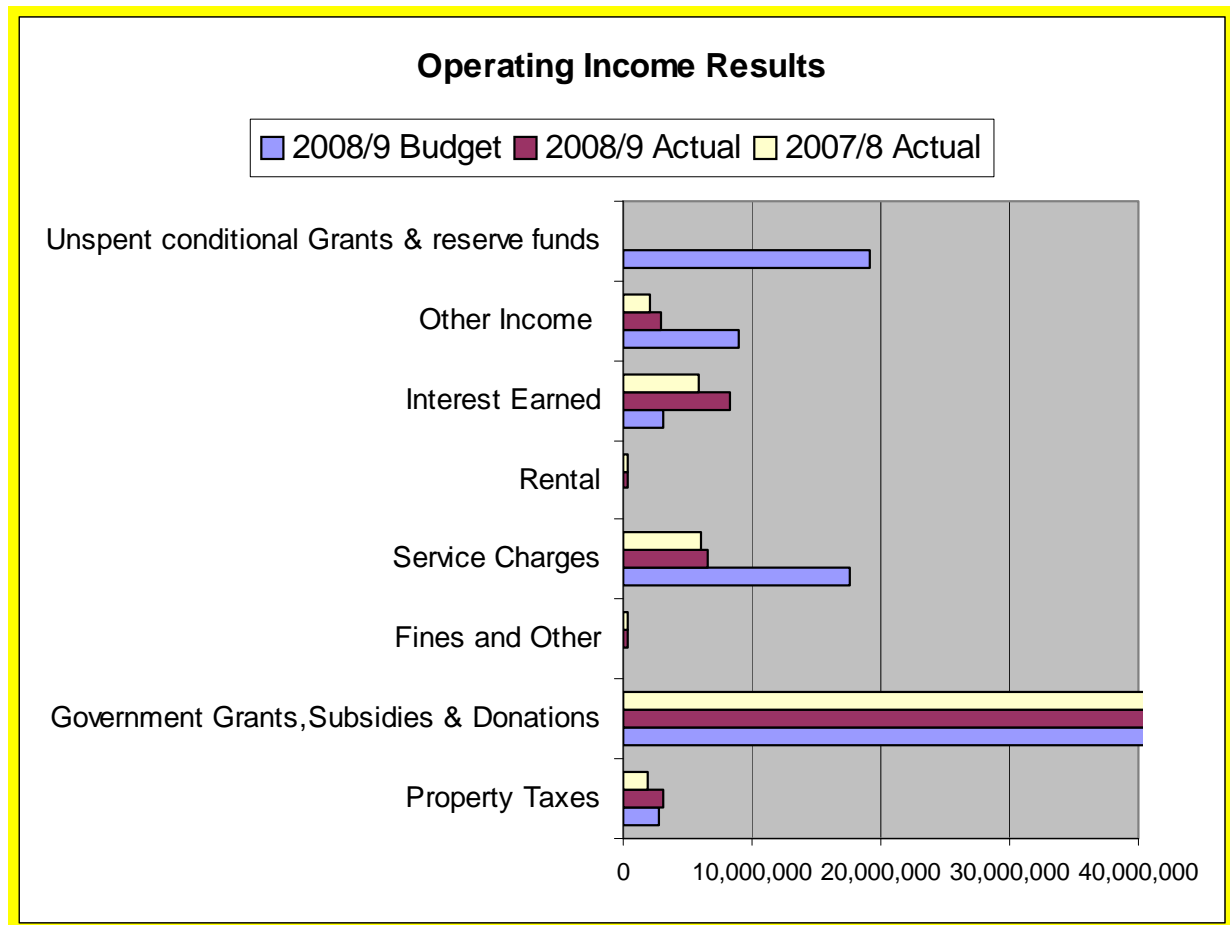
	2008/2009 Budget	2007/2009 Actual	% Variance	2007/2008 Actual
REVENUE				
TOTAL REVENUE	122 221 195	87 442 353	-28.46	60 579 076
TOTAL EXPENDITURE	122 155 220	63 690 038	47.86	43 378 511
OPERATING SURPLUS	65 975	23 752 315		17 200 565

8.3 Operating Income Results

Analysis of Operating Revenue & Expenditure for year ended June 2009

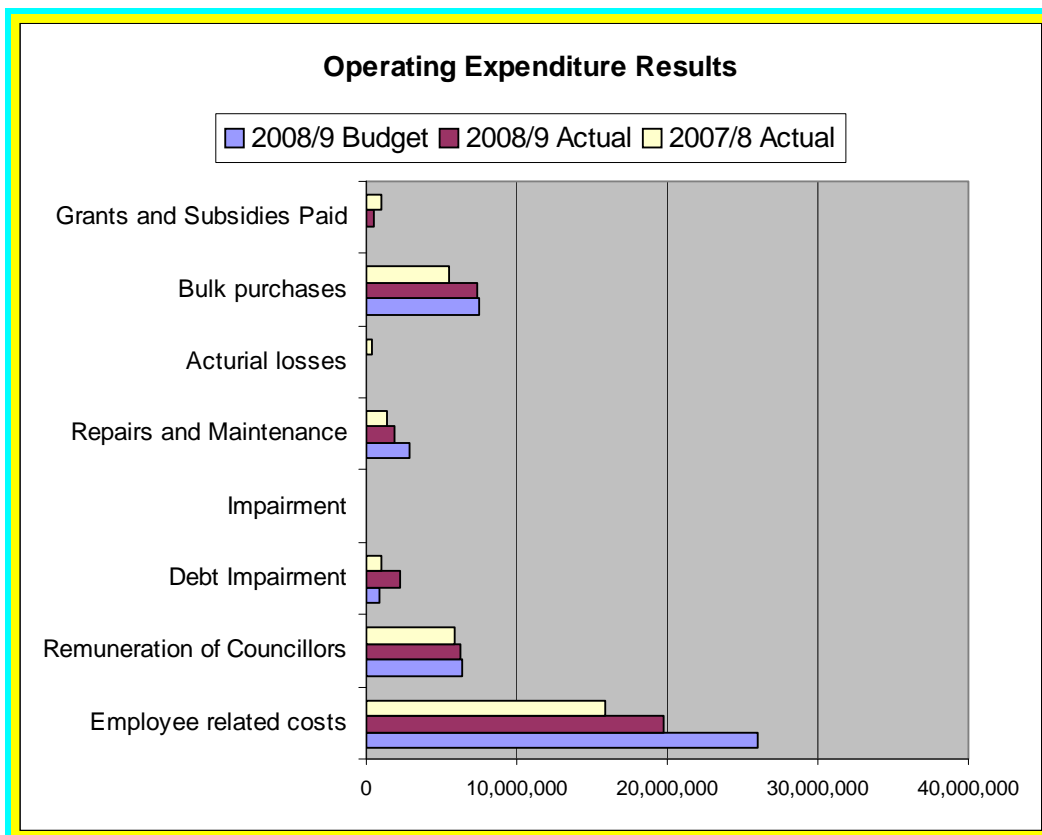
8.3.1 Operating Revenue Results

	2008/2009 Budget	2008/2009 Actual	% Variance	2007/2008 Actual
REVENUE				
Property Taxes	2 785 875	3 146 669	12.95	1 897 450
Government Grant, Subsidies & Donations	70 245 355	65 904 756	-6.18	44 143 684
Fines & Other	50 000	309 206	518.41	302 055
Service Charges	17 583 260	6 595 493	-62.49	6 067 706
Rental	165 000	301 361	82.64	280 274
Interest Earned	3 140 915	8 288 512	163.89	5 851 976
Other Income	9 041 720	2 896 355	-67.97	2 035 931
Unspent conditional grants & Reserve funds appropriated	19 209 070	-		-
TOTAL REVENUE	122 221 195	87 442 353		60 579 076



8.3.2 Operating Expenditure Results

	2008/2009 Budget	2007/2009 Actual	% Variance	2007/2008 Actual
EXPENDITURE				
Employee related costs	26 016 060	19 726 900	24.17	15 849 797
Remuneration of Councillors	6 373 045	6 238 713	2.11	5 886 387
Debt Impairment	884 600	2 308 504	-160.97	995 135
Impairments		7 999	0.00	-
Repairs and Maintenance	2 881 460	1 818 923	36.87	1 347 399
Actuarial losses	-	-	0.00	370 964
Bulk Purchases	7 549 165	7 362 124	2.48	5 522 173
Grants and Subsidies Paid		560 337	0.00	999 155
Operating Grant Expenditure	15 863 725	14 397 383	9.24	4 747 462
General Expenses	36 424 915	11 269 154	69.06	7 660 040
Capital Expenditure	26 162 250		24.17	
TOTAL EXPENDITURE	122 155 220	63 690 038		43 378 511
OPERATING SURPLUS	65 975	23 752 315		17 200 565



8.3.2 Capital expenditure and financing

The expenditure on assets occurred during the financial year amounted to **R19 223 279**, R9 490 846 more than the previous years expenditure of R9 732 433. The actual expenditure is 45.74% of what was budgeted for (R42 025 975) and consists of the following:

		2008 / 09	2007 / 08	2006 / 07
Land and Buildings	Land			24 334
	Buildings	1 995 609	449 747	2 469 254
Infrastructure Assets	Electricity			
	Roads, Streets and Storm Water	14 825 337	5 088 378	3 812 629
	Sewerage & Solid Waste	233 148	145 144	
	Water			
Community Assets	Buildings		2 234 521	3 583 808
	Recreation grounds	335 372		
	Cemetery	228 856		
Other Assets	Buildings			
	Office Equipment	251 858	435 116	261 470
	Furniture & Fittings	64 462	35 478	80 569
	Bins & Containers			
	Motor Vehicles	830 422	434 232	1 051 525
	Plant and Equipment	119 116	909 817	1 003 429
	Computer Equipment	141 615		
	Computer Software	197 485		
		19 223 279	9 732 433	12 287 018

R3 355 745 of the budgeted R15 219 965 (22.05%) was spent on three housing projects currently in progress. The Department of Housing, Local Government and Traditional Affairs finance all three housing projects.

8.3.3 Funds and reserves

Full detail of Council's Statutory Funds, Reserves and Trust Funds are reflected as Appendix E on page 44 of the enclosed Annual Financial Statements – see **Appendix E**

The following contributions were made towards council's Funds and Reserves:

Trust funds	Equitable Share	40 290 326
	Prov Gov Housing (Lady Grey)	3 322 950
	Prov Gov Housing (Hillside)	5 770 214
	Municipal Finance Management	500 000
	Prov Gov – Valuation Roll	400 000
	Municipal Infrastructure Grant	14 722 000
	Municipal Systems Improvement	400 000
	Herschel People's Housing	446 701
	Health Subsidy	512 005
	IEC Elections	180 598
	Ukhahlamba DM – Plastic Products	3 000 000
	Ukhahlamba DM – District Call Centre	354 613
	Ukhahlamba DM - IDP	50 000

All Council's Funds and Reserves are cash backed by investments and / or cash in the bank.

8.4. Assets and liabilities

8.4.1. Investments and cash

Council's primary bank account is held at Standard Bank, Lady Grey. The existing signatories on all bank and investment accounts are:

- M M Yawa Municipal Manager
- C R Venter Chief Financial Officer
- C N Sbukwana Accountant: Expenditure/SCM
- A K Fourie Budget & Treasury Officer

Required that any two of the above-mentioned signatories authorize any payment or transfer from any of Council's bank or investment accounts.

Only one bank account is maintained:

Standard Bank, Lady Grey (Acc No 28 063 130 8)

	<u>2009</u>	<u>2008</u>
Opening Balance	R 909 098	R1 302 209
Closing balance	R 2 011 290	R909 098

Cash advances are restricted to the minimum and is only available to Cashiers:

Lady Grey Administrative Unit	R 100.00	R 100.00
Barkly East Administrative Unit	R 100.00	R 100.00
Sterkspruit Administrative Unit	R 200.00	R 200.00
Barkly East Traffic Department	<u>R 500.00</u>	<u>R 500.00</u>
	R 900.00	R 900.00

During this financial year council earned interest on its investments which amounted to **R53 220 732**. This amount is invested over different periods:

	<u>2009</u>	<u>2008</u>
Short term / call deposits	R 6 580 442	R 9 925 243
Medium term / 32 days	R 35 555 691	R 40 195 062
Long-term	<u>R 11 084 599</u>	<u>R 12 285 208</u>
	R 53 220 732	R 62 405 513

Investments are held at:
Standard Bank, Lady Grey; and
StanLIB, Queenstown.

8.4.2 Long-term debtors

Council has policies in place, which entitle Section 57 employees and full-time councillors (Mayor and Speaker) to apply for housing and motor vehicle loans financed from Council's Revolving fund. These loans are repayable over a period of five years (60 months) at an interest rate of 8.00%. Details are as follows:

Debtor	Purpose	Outstanding as at 30 June 2009	Outstanding as at 30 June 2008	Outstanding as at 30 June 2007
J van Rensburg	Housing	45587.83	59304.49	71720.94
TOTAL		45587.83	59304.49	71720.94

It is anticipated that 13716.00 of this loan would be recovered during the 2009/10 financial year.

8.4.3 Trade debtors

The following trade debtors were due to council as at 30 June 2009:

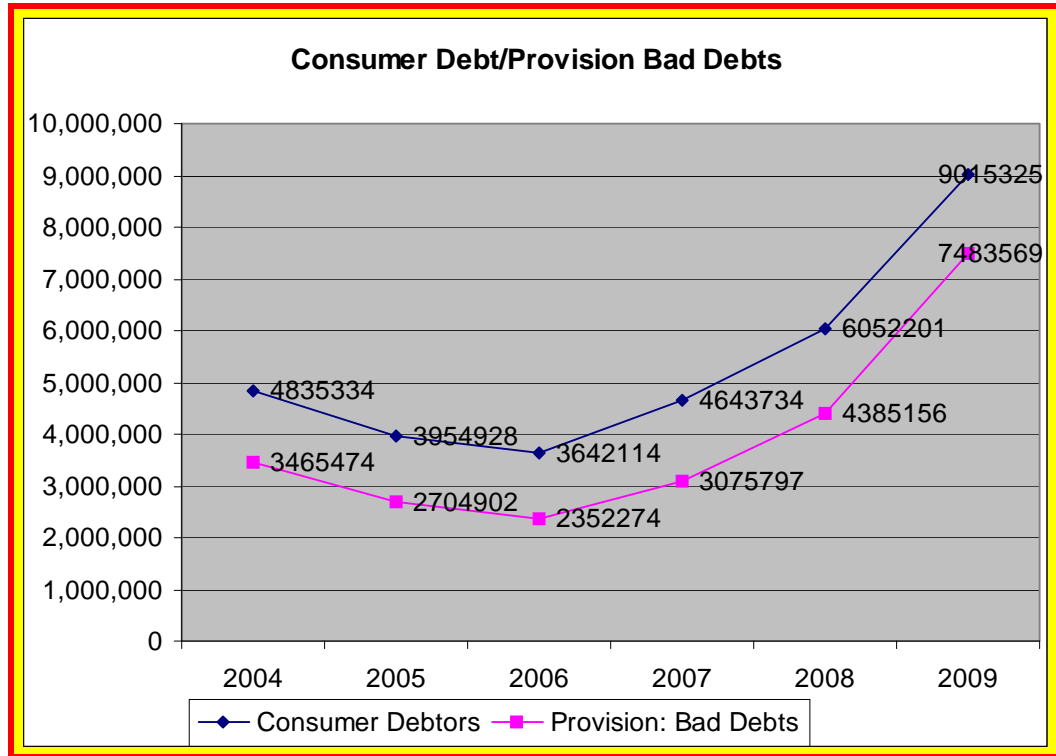
Debtor	Purpose	Amount
Gariep Municipality	Advance	650 903
Ukhahlamba District Municipality	WSA Services rendered	5 880 291
TOTAL		6 531 194

8.4.4. Consumer debtors

Council's outstanding consumer debtors have again increased by **94.14%** (R 4 3715 90.30) from R **4 643 734.97** to R **9 015 325.27** during this financial year and the age-analysis thereof are as follows:

Service	Balance at 30 June 2009	Current	30 days+	60 days +	90 days +	120 days+
Water	1335827.01	143155.24	62806.54	60110.20	52351.40	1077513.83
Electricity	1782849.06	576236.04	244894.70	166484.05	193237.89	768480.43
Miscellaneous	16098.00					16098.00
Sewerage	1248478.92	78703.11	42268.12	29090.45	32786.95	1094720.74
Refuse removal	1627807.55	155559.84	77127.38	53854.69	55377.30	1339743.03
Rates	2874615.92	41602.78	77281.86	44108.06	50318.83	2705412.45
Encroachments						
Rentals	129648.81	791555	24205.39	2947.30	3218.75	94309.12
Building Clause						
	9015325.27	1003172.56	528583.99	356594.75	387291.12	7096277.60

Provision was also made for bad debt for the all consumer debt exceeding 90 days:



8.4.5. Provisions

At year-end the following provisions were made for expenditure that would incur during the 2008/9 financial year:

Service Provider	Purpose	Amount
Auditor-General	Audit Fees – 2008/9	494 225
Bad Debts	Consumer Debtors	7 483 569
	Leave	1 510 541
	Performance Bonuses	1 853 082
	Post Retirement Benefits	118 474
	Long Service Awards	93 237
	Compensation for Injured on Duty	284 070

8.4.6. Trade creditors

An amount of R 645 639 had not been paid to various trade creditors at year end.

8.4.7. Consumer deposits

An amount of **R 379 158** (30 June 2008 – R 369 858) is held as deposits on water and electricity services rendered to consumers.

9. AUDIT REPORTS AND CORRECTIVE ACTIONS

The auditing of the financial statements for the period ended 30 June 2009 has commenced during August 2008 and the Report of the Auditor-General of Senqu Municipality for the Financial Year ended 30 June 2009 is attached hereto – see **Annexure B**.

9.1. **Corrective Actions**

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

10. CHALLENGES

The following is seen as the challenges that need to be accomplished during the 2008/09 financial year:

- Compliance and implementation of the **Municipal Finance Management Act (MFMA)**
- Compliance to GRAP - Compliance Achieved
- Implementation/conversion to GRAP. Senior financial staff continue to 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;
- Various new and existing **policies will be compiled/reviewed** and the all stakeholders will be consulted as required;
- **Training** of staff within the finance department would continue and is already underway. Capacity building within the finance department is council's and management's first priority;
- Implementation of a comprehensive **Information Technology (IT) system** has been completed and further development so to enable council to be as independent as possible from external service providers;
- All **assets** are bar-coded and listed as required for the implementation of GRAP
- GRAP compliant Assets register in place
- Compliance with Audit queries raised in the above regard and in respect of
- Finalization of Cash flow statements;
- Finalization of Measurable performance objectives
- Departmental SDBIP'S for 2008/2009 completed, monitor, evaluated and report on implementation during 2008/2009;

- Population of Performance Scorecards and Agreements for 557 has been completed for 2008/2009 FY.
- Population and Finalization of Performance Scorecards and Agreements for 25 middle management posts 2008/2009.
- To correct deficiencies in the risk management and internal controls - and the maintenance of effective, efficient and transparent systems of financial and risk management and internal control.
- Develop strategies /plans to address Audit Queries raised in the Budget & Treasury Department.
- Develop a strategy to deal with sound financial management and expenditure control and means to increase revenue and external funding

11. **CONCLUDING REMARKS**

In concluding, it must be acknowledged that whilst a qualified audit opinion was obtained, which is highly regrettable, it is of some comfort to acknowledge that the issues raised and highlighted above can and will, be resolved and remedied within the next financial year.

First and foremost is the establishment of Audit Plan to ensure insight and compliance at every level. As a critical area, formal commitment is provided to addressing these issues as a top priority and to prevent reoccurrence.

12. **CONCLUSION**

The 2008/2009-year has yet again provided the Budget & Treasury department many challenges.

Challenges are regarded as opportunities for growth and development, without which Senqu Municipality would not be able to meet the communities' needs and be given the opportunity to develop.

- Implementation of the Municipal Finance Management Act and its implementation has placed many requirements on the municipality. This has resulted in management, senior staff and all the Executive Committee members being trained in terms of the requirements of the Act (now implemented).
- The implementation and conversion to GRAP has been our challenge and the department has to ensure training of senior financial staff in terms of implementation and to obtain assistance from external service providers should where deemed necessary.
- Training has been undertaken in respect of the challenges of the MFMA and new Supply Chain Management regulations, Performance Management and, IT.
- The IDP (Integrated Development Plan) has been reviewed and the SDBIP's (Service Delivery Budget and Implementation Plans) have been developed and assessed as required on a quarterly basis, in order to target and manage

performance within the organization Infrastructure development has been a constant challenge from a financial and resource point of view but we remain remains focused, and development has occurred in many areas.

- 2008/2009 has been a challenging period in respect of the SDBIP structure itself. Not only did its function moved from the Budget & Treasury Department to the Office of the Municipal Manager and it took on a “new face”. It was also established that the SDBIP required re-formatting so as to ensure that it took on more “qualitative” reporting as it was of the opinion that the initial SDBIP was more quantitative than qualitative.
- Accordingly a new reporting structure was established and the new SDBIP provided for approval to Council. At this point Council did not approve the SDBIP as there were concerns around the manner in which this reporting had taken place. At this point Council had concerns around the structure of the report and in terms of the content provided. While this report had been structured around the National Indicators the reported information did not appear to be of the desired quality and the report was sent back for amendment and re-submission. Correct quarterly reporting in the manner prescribed remains a challenge, notwithstanding the progress to date.

In conclusion, I wish to place on record my sincere thanks and appreciation to all the departmental heads and support staff in the Finance Department that have contributed and assisted this department in achieving our goals and objectives during 2008/2009.

I further wish to place on record my sincere thanks and appreciation:

- ◇ To the honourable Mayor, Mr Z. I. Dumzela for his ongoing support, and for the guidance from the Executive Committee.
- ◇ To the members of the Finance Standing Committee your support, is appreciated.
- ◇ To the Municipal Manager and other Heads of Department, your support, encouragement and co-operation contributed to the successful results this department is able to table. It is a privilege to be part of such a supportive management team.
- ◇ To the Honourable Mayor, Speaker and Councillors, on behalf of the management team and Finance Department of Senqu municipality, herewith the annual report for the period ended 30 June 2009 of the Budget & Treasury Department of Senqu Municipality.

C R VENTER
CHIEF FINANCIAL OFFICER

AUDITED FINANCIAL STATEMENTS
Attached as Annexure A

**Report of the Auditor General -- attached as
Annexure B**

Response to the Auditor General's Report

Senqu Municipality's Response to the Auditor General's Report on Consolidated Financial Statements for the year ended 30 June 2009

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 audit report, be included in the annual report of the Municipality.

Detailed below are the comments in response to the Auditor-General's Report

Notwithstanding the fact that Senqu Municipality received an unqualified report, certain issues relating mostly to internal controls and risk management were identified as requiring remedial action.

Accordingly, 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
 - Risk Management
 - Assignment of roles and responsibilities to ensure reporting compliance and;
 - Compliance to legislative prescriptions

Detailed below are the more specific comments in response to the Auditor-General's Report, with specific reference to the numbering that appears within the Auditor-General's Report (detailing the appropriate action that has or will be taken).

Emphasis of Matters

9. Investigations are ongoing to determine the reasons for electricity losses so that appropriate action can be taken.
10. Internal controls will be reworked and more strictly monitored and applied so as to ensure that unauthorized expenditure is eradicated.
11. Investigations into distribution losses are required in order to be able to minimize these and this remains an ongoing issue.
12. Supply Chain Management processes and procedures will be strictly enforced.

Other Matters

Non-Compliance with MFMA

14 payments to suppliers will be paid within the 30 day period.

Governance Framework

16 Key Governance responsibilities :

1. Information will be provided as required and timeously
2. The financial statements will be amended as per audit requirements
3. The Annual Report must be submitted prior to the tabling of the Auditors Report.
- 4 & 5 Key officials will be made available , and this availability will be treated as a matter of extreme urgency.
6. The Audit Committee will be required to be fully operational, working strictly in compliance with their terms of reference, and meeting responsibilities as per s.166 (2) of the MFMA.
7. The internal audit functions as per z 165 (2) of MFMA will be strictly monitored by the Municipal Manager/ Chief Financial Officer in terms of responsibilities and this process will be managed.
- 8 & 9 Every effort will be made to address design issues as they appear in the internal controls in order to minimize risk and non-compliance with principles of financial and risk management, and all applicable laws and regulations.
11. Risk assessments will be conducted regularly as scheduled and the Risk Assessment Strategy will be applied and include the Fraud Prevention Plan.

Follow up of audit findings

13. Any outstanding audit findings for the 2007/2008 period will be resolved and reported on.
14. Oversight Resolutions will be strictly addressed.

Issues relating to the reporting of performance

Information

15. The information systems (SDBIP reporting and Sebata) are being addressed (administratively and in terms of the Sebata module for performance management) in order to ensure accuracy of reporting.
16. Control processes will be strictly applied and designed and implemented as required.
18. Attention will be applied to the operation of the performance management system. However, in terms of policy it must be noted that Senqu Municipality has applied the system correctly in terms of performance agreements, assessments and the formal assessment and bonuses were paid only with strict adherence to system prescriptions. The only area requiring attention is the phasing to lower levels and the implementation of the personal development planning areas for development.

17. Risk management compliance and internal controls will be implemented as detailed.
18. Efforts will be made to capacitate staff.
19. As detailed key staff will be made available to assist audit personnel.
20. Strict monitoring of performance will be conducted to ensure that the Internal Audit Section action in accordance with all prescriptions.
26. The Performance Report will be submitted as required and timeously in future.
27. The PMS system will, in future, be adopted prior or during the same time that KPI's and targets relating to the IDP are being set.
 - Here non-compliance is queried as Senqu Municipality does indeed have mechanisms in place to monitor and review the PMS.
 - As indicated the SDBIP issue is currently being addressed and any revisions must be approved by Council following the approved adjustment budget.
 - Performance is being reviewed by various systems and incorporated into the SDBIP's quarterly. This can be improved, but in essence, this reporting is being completed.

As indicated, it is our intention to address these issues at our earliest opportunity and the Internal Audit section will be responsible for developing the respective Internal Audit Plan as part of the Audit Committees Report which is to be included in Chapter 4 of this Annual Report.

REPORT OF THE INTERNAL AUDIT COMMITTEE



**REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE COMMITTEE AND COUNCIL OF
THE SENQU MUNICIPALITY -- TO FOLLOW – INCLUDED WITH FINAL DRAFT ANNUAL 31
MARCH 2010**

CHAPTER 5.

FUNCTIONAL AREA



SERVICE DELIVERY REPORTING



A comprehensive account of the functional areas of Senqu Municipality, including overviews of functions and strategic objectives. These objectives all tie back to the IDP and are translated into the SDBIP.

5.1. COMMUNITY SERVICES DEPARTMENT



Ms Gologolo

COMMUNITY SERVICES MANAGER

Departmental Objective

To ensure efficient and effective services to the community.

VISION

To provide social services, promote social development thus creating a better lifestyle for the people of Senqu.

MISSION STATEMENT

The Community and Social Services Department promotes social development by providing primary health services, community services and facilitates development of local economic development.

DEPARTMENTAL FUNCTIONS

This department is responsible for the following functions:

- Library Services
- Community Halls and facilities
- Cemeteries
- Sport and Recreation facilities
- Parks and Public Open Spaces
- Health: Robert Mjobo Clinic
- Public Safety
- Local Economic Development
- Commonages/Pounds

This Department is further broken down into sections and each section will be further elaborated on in the detail which follows:

COMMUNITY AND SOCIAL SERVICES SECTION

Within the Community and Social Services section a number of critically important functions are performed. The key issues under each will be examined further:

a. LIBRARIES

The overall objective of the provision and maintenance of Libraries is to ensure that the community have access to reading material (and in so doing to broaden their knowledge and insights) and to ensure that the youth have access to reading and studying material.

Section Objectives (2008/2009)

- The supply of library material;
- Purchasing appropriate and required books from the book fare;
- Promotion and participation in the library week activities; and
- Promotion of libraries in the rural areas.

Nature and extent of library facilities provided

LIBRARY	NO. OF FACILITIES	USERS	CIRCULATION OF BOOKS
Rhodes	1	55	3984
Rossouw	1		This Library remained closed.
Barkly East	1	808	9708
Lady Grey	1	890	5227
Sterkspruit	1	110	4120

b. Community Halls

The overall objective of this function is to provide new community hall recreational facilities in the rural areas and to maintain all existing facilities.

Strategic Objectives

- Handover of the completed community halls in Tapoleng and Majuba;
- Handing over of completed multi purpose centres in Magadla and Rakhusu

Nature and extent of facilities provided

Location	Facilities
Barkly East	3 facilities
Lady Grey	3 facilities
Sterkspruit (town)	1 facility
Sterkspruit (rural area)	12 facilities
There are 72 multipurpose centres (inclusive of rural areas).	

c. Cemeteries

The overall objective of this function is to facilitate the process of burials in order to ensure compliance with the Health Act. This will involve all processes relating to the provision of land/cemeteries, and the control, maintenance and administration relating to burials and cemeteries.

Strategic Objectives

- The development of multiple cemeteries within Senqu Municipality; and
- Control and maintenance of cemeteries

Nature and extent of cemetery facilities provided

Location	Service Provision
• Barkly East	3 facilities and 124 burials
• Lady Grey	3 facilities and 112 burials
• Sterkspruit (urban)	1 facility and 3 burials
• Rhodes	2 facilities and 9 burials

d. Sport and Recreational Facilities

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

Strategic Objectives

- Repairs and maintenance to existing buildings at sportsfields within Senqu Municipality;
- Levelling and planting and cutting of grass at Lady Grey – 145 645 square metres; and grass cut including sidewalks; and
- Upgrading of rural sports fields.

Nature and extent of Sport and Recreation facilities provided

<u>Location</u>	<u>Facility Status</u>
• Barkly East	2 facilities
• Lady Grey	3 facilities
• Sterkspruit (urban)	1 facility
• Sterkspruit (rural)	46 facilities

e. Parks and Public Open Spaces

The overall objective of this function is to provide and maintain parks and open spaces so as to create a pleasant environment for the related communities.

Strategic Objectives

- The pruning of the trees along municipal streets within Senqu; and
- Regular cutting of grass on sidewalks and open spaces.

f. Commonages

The overall objective of this function is to ensure that commonages are managed within Senqu Municipality.

Strategic Objectives

- To maintain and repair fencing on commonages at Barkly East and Lady Grey;
- To try and get farms for Barkly East commonage users as it is over grazed; and
- To enter into formal agreements with people leasing commonages.

WASTE MANAGEMENT: SOLID WASTE SECTION

a. Refuse Removal

Strategic Objectives

- Regular refuse removal to all households once a week;
- Regular refuse removal at commercial businesses twice a week;
- Daily street cleaning;
- Maintenance of vehicles and implements; and
- Maintenance of the solid waste disposal sites.

Nature and extent of facilities provided

TABLE: Number of households receiving regular removal services, and frequency and cost of service.

Service	Facilities
<ul style="list-style-type: none">Remove by Municipality at least once a weekRemove by Municipality less oftenClearing of illegal dumping in open spacesOwn refuse dump	8002 cubic metres 5

TABLE: Total and projected cubic meters of all refuse disposed

	Current	Future
Domestic / Commercial	58 549	65 000
Garden	46 691	50 000

TABLE: Total number, capacity and life expectancy of refuse disposal sites

	Current	Future
Domestic / Commercial (5)	8 000m ³	20 years
Garden (5)		20 years

NOTE: Only 2 sites are legal sites

TABLE: Anticipated expansion of refuse removal services

	Capacity	R(000s)
Domestic / Commercial (1000 new households)	1000	20 years

TABLE: Free Basic Services Provision

	Capacity	R(000s)
Quantity (number of households affected)	2609	R 85.50 pm
Quantum (value to each household)		

Performance Indicators for Refuse Removal, street sweeping, solid waste and maintenance.

The following performance indicators have been identified as performance standards against which actual performance will be measured and managed within this section:

- Regular refuse removal to all households once a week
All households are provided with regular refuse removals once a week in urban areas
- Regular refuse removals at commercial businesses twice a week
- Daily removal during the December holidays in commercial businesses particularly Sterkspruit
- Daily street cleaning

- Streets are being cleaned daily with assistance of volunteers
- Maintenance of vehicles and implements
Vehicles and implements are maintained in good order
- Establish one registered solid waste site in Sterkspruit
Future action has been planned.

HEALTH (CLINIC) SECTION

Background

Effectively this service and function exists in order to ensure that Clinic Services are provided at the Robert Mjobo Clinic located in Lady Grey.

Senqu Municipality administers the provision of community health clinics within the municipality as follows:

- Agency relationships are created with the Provincial Department of Health in the Eastern Cape;
- Unit management and in-service training is provided to staff which is facilitated by the provision and update of the following statistics:
 - Reporting daily activities
 - Monthly reports/statistics
 - Quarterly reports

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

Within this section the following overall objectives are applicable in ensuring successful outcomes:

Strategic Objectives

- Ensuring optimal primary health for all citizens;
- 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;
- Training of HIV/AIDS peer educators;
- Water quality monitoring program by the Ukhahlamba District Municipality and the provision of required reports;
- Inspection of business premises to ensure food preparation is done within health requirements. This requires action by the Municipal Health District Municipality and the provision of required reports;
- Promotion of the development of existing strategic sites within the municipality by ensuring marketing of these to developers; and
- Formulating an informal trading policy and promoting trading facilities.

MIG GRANT FUNDING

COMMUNITY AND SOCIAL SERVICES: THREE YEAR + CAPITAL PLAN (OWN FUNCTIONS) MIG As at June 2009

Project Name	Status	Total value
Senqu Cemeteries	70%	4,000,000
Solid Waste Site-Sterkspruit	0%	2,736,000
Establishment of pounds-Senqu (Design complete)	5%	650,000
Upgrading of Sport Facilities in Sterkspruit	0%	3,568,656
Construction of 4 Community Halls	0%	5,000,000
Construction of Solid Waste Sites (Rhodes & Herschel)	0%	2,311,639
3 x Community Centers	0%	1,000,000
Construction of 12 Community Centers (2nd Application)	0%	815,073
Upgrade of Sterkspruit Disposal Works	0%	6,000,000
Construction of MPCC at Coville	0%	259,623
Construction of 15 shearing sheds-Phase 2-Herschel rural	0%	3,200,000
Construction of 6 community centers (Ph2)	0%	1,500,000
Construction of 10 community centers(ph3)	0%	3,000,000
Construction of 16 Community Halls	0%	6,000,000

It should however be noted that the above is evaluated yearly and may change dependent on circumstances.

5.2. CORPORATE SERVICES DEPARTMENT



M. L. THERON
CORPORATE SERVICES MANAGER

Departmental Objective

The overall objective of the Corporate Services Department is to provide effective & efficient Human Resources support, Administrative and Logistical support and to Manage and co – ordinate Employment Equity and Skills Development

VISION STATEMENT

To promote a service-oriented culture that focuses on providing professional support services across the various municipal business units/departments.

MISSION

To be a dynamic, professional, effective, efficient and results-oriented department that through integrated efforts continually contributes significantly to the successful attainment of Senqu Municipality's vision.

ROLE AND FUNCTION: KEY FOCUS AREAS

- To provide Human Resources support and maintain sound labour relations.
- To provide Administrative and Council Support
- To provide legal support, contract and property management services
- To co-ordinate and manage Employment Equity issues, Skills Development and Training

Human Resources

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

Objectives (2008/2009)

- Effective and efficient implementation of recruitment and selection processes and procedures to enhance optimal recruitment;
- Develop & implement the HR Strategic Plan;
- Develop strategies to deal with scarcity of skills and reducing staff turnover;
- Annually review organisational structure to enhance organizational efficiency to enable Senqu Municipality to achieve its strategic objectives;
- To finalize submission of any new, revised, uncompleted job descriptions to 2nd round job evaluations to PJEC (Region 2);
- Educate all unit supervisors as to the Employee Assistance Programme.
- Strengthening of internal campaign to educate employees re HIV/AIDS;
- Management and maintenance of policies and research; and
- Provide management support.

Employment Profile

The following table projects the number of new recruits who were employed during the year under review.

Employment Category	Race								Age Category			
	A		C		I		W		21-30		31-40	
	M	F	M	F	M	F	M	F	M	F	M	F
Legislators	1										1	
Directors	1	2									1	2
Professionals												
Technicians & Trade Workers												
Community and Personal Service Workers												
Clerical and Admin Workers	7	10	2	1					8	12		
Machine Operators and Drivers												
Labourers	9	2									6	5
Apprentices												

Medical Aid and Pensions

The table below project number of employees who belong to medical aid and pension funds.

Names of Pension Funds	Number of Members	Names of Medical Aids	Number of Members
Cape Joint	130	Bonitas	69
SALA	29	Samwu Med	34
SAMWU Provident Fund	6	LA Health	
		Munimed	1
		Keyhealth	1
Total No. Pension Members	165	Total numbers for Medical Aid	105

Medical Aid Continued Membership

Senqu Municipality has five Continued Members on different Medical Aids for whom the municipality still pays a contribution.

Labour/Employee Relations

Strategy 2008/2009

In expending every effort to ensure that the implementation of the Labour Relations policy and practices occurs in a manner that is considered to be just and fair, the following performance targets have been set:

- The development of a strong focus and commitment to the development, growth and capacitation of both staff and management;
- Capacity-building to enable effective Chairing/Presidency of disciplinary matters – with emphasis on the roles of prosecuting, formulating charges for disciplinary enquiries, handling conciliations and matters of arbitration.

Setting Up of Legal Units

The Municipality does not currently have a designated legal unit. Notwithstanding it currently utilises the services of Legal Personnel from the Ukhahlamba District Municipality when requiring assistance in Disciplinary and Legal issues.

In cases of a far more complex nature external service providers are and have been used. Situations where this has occurred include: land disputes and legal opinions on service delivery issues. Within this period Messrs Douglas and Botha in Aliwal North have been used.

Management of Litigation

Litigation cases during the year under review were as follows:

- The Herschel Land Dispute. In this instance Senqu Municipality vs Herschel Tribal Authority were in dispute over land ownership. This case remains ongoing.
- Dispute between Senqu Municipality and Parkies for land which the municipality bought for the purposes of a Taxi Rank in Sterkspruit. This case remains current.

Kirchmann's Attorneys have been used for legal opinions relating to Human Resource disputes within the municipality. Accordingly Kirchmann's handled and resolved the high profile case of the previous Corporate Services Manager.

During the year under review an additional 4 cases involving dismissals and terminations were successfully managed.

Skills Development

This function ensures that the planning and execution of the skills development process occurs in a manner that enables the successful implementation of the Workplace Skills Plan.

During the year under review the following figures are applicable:

- Total Training budget R620 513.00.
- Levies paid to LGWSETA R7807.42 and reimbursements of R89 000.00.
- Mandatory grant funds that were received during the year under review amounted to R6,411,520.00. The total spent on training for the year under review was R6,500,520.00.

Training Objectives 2008/2009

The following training priorities were highlighted:

- Train and develop staff and Councillors
- Develop the Workplace Skills Plan 2008/2009
- Implement Learnerships/Internships/In-Service programmes
- Develop skills base and develop capacity building programmes
- Submission of Implementation Plan (June and September)
- Implement further training implementation --- GAMAP (further grant received from LGWSETA)
- Progress with ABET programme and establish accessible ABET Centres (numeracy and basic communication in English)
- Implement learning programmes that will further enable employees to acquire skills and qualifications to enhance their performance, whilst optimising Senqu's functioning.
- Improve the capacity of senior staff to manage Labour Relations (handling of disciplinary enquiries, conciliation and arbitration)
- Ensure that training deliveries are well received.
- Provide training on OHS Compliance

Internship Training

Training was structured as follows:

Corporate Services	Core Admin	1
	HR and Training	2
	IT	1
Financial Services	Client Services	4
Municipal Planning	LED/IDP/Urban Planning	2

Unemployed People were given the following structured work experience

Municipal Planning	Land Use Management (14 Male and 31 female):	45
Technical Services	Water supply and waste water (11 male and 18 female)	29

Beneficiaries of ABET Programme

ABET Level 1

23 African males and 1 African female received ABET training during the year under review.

ABET Level 2

2 African males and 2 African females received the above training.

ABET level 3

1 African male qualified in Abet Level 3.

A certificate ceremony was held where all the above learners received their ABET Certificates in the different categories.

Notwithstanding the real successes achieved, certain real challenges remain:

- Challenges in ongoing commitment to ensure attendance of ABET classes.
- Access to accessible ABET facilities/centres.

Training Providers

The municipality used the following training providers to provide training to our staff during the financial year under review. In order to ensure that these providers were suitably qualified, each was required to provide us with the appropriate documentation.

Accordingly the providers were all tested for quality assurance and to ensure that the required standards are met. In terms of this each training provider was required to provide us with an Accreditation Number before they are approved. The table below

depicts the training providers and skills areas under which our staff members were trained

Name of provider	ETQA	Accreditation number	Skills area
Fort hare University	Higher Education	N/A	Leadership and Management
Fort Hare University	Higher Education	N/A	Project Management
Fort Hare University	Higher Education	N/A	Local Government law and administration
Fort Hare University	Higher Education	N/A	Integrated Development plan
Fort Hare University	Higher Education	N/A	Community Based participation
Walter Sisulu University	Higher Education	0149/26/05/05	Entrepreneurship
Walter Sisulu University	Higher Education	0149/26/05/05	ICT
HDPSA	CDPSETA	ETDP2893	Executive skills for Pa's
Tripple E.	UMALUSI	2666	ABET
Tripple E.	UMALUSI	2666	Finance and Administration
Profounder Intelligency	HWSETA	CI450	First aid training
Walter Sisulu University	SERVICE SETA	0149/26/05/05	Event Management
Nelson Mandela Metropolitan University	Higher Education	N/A	Practical Labour
Fort Hare University	Higher Education	N/A	Management / leadership
Qabuka Yuka	Higher Education	N/A	Client service
Walter Sisulu University	Higher Education	0149/26/05/05	Social/community/economic development and planning
Name of provider	ETQA	Accreditation number	Skills area
UNISA	Higher Education	N/A	Financial
UNISA	Higher Education	N/A	Management / leadership
UNISA	Higher Education	N/A	Corporate, legal and support
Inkwenkwezi	Higher Education	N/A	ABET
Fort Hare University	Higher Education	N/A	Management and Leadership
Fort Hare University	Higher Education	N/A	Project Management
Fort Hare University	Higher Education	N/A	Local Government law and administration

Training for Unemployed and Employed Learners:

The following table project training that was done for Unemployed Learners as well as Employed Learners in the different categories. This program is funded by the Seta's.

Ninety-one unemployed learners and one hundred and eight employed learners were trained during the year under review.

Title	Type	Number of Unemployed learners	Number of Employed Learners
Certificate in NQF Level 2 Entrepreneurship	Skills Programme	16	1
Public Participation	Skills Programme		2
Water Reticulation	Learnership	15	
Water treatment	Learnership	15	
First Aid training	Skills Programme		28
Mixed Farming	Learnership	15	
Plant production	Learnership	15	
Animal Production	Learnership	15	
Certificate Programme in Management Development	Learnership		11
Client Services for general workers	Skills Programme		4
Project Management	Skills Programme		10
Policy Development	Skills Programme		6
Event Management	Skills Programme		1
Leadership and Management	Skills Programme		5
Executive office skills	Skills Programme		5
Senior Certificate for councillors	Skills Programme		19
Integrated development planning	Skills Programme		5
Local Government Finance	Learnership		1
Human Resource Management	Learnership		1
Local Government Law and Administration	Learnership		9

Employment Equity

All Employment Equity reports have been submitted in accordance with prescribed legislation.

Employment Equity is considered to be moving in the right direction.

Middle management is fairly represented in respect of designated groups and women.

At senior management level, the designated group dominates 60% of the positions: 2 African males – 1 African Female – 2 White males.

The Employment Equity report continues to show progress towards meeting the overall goals as highlighted within the Employment Equity Plan.

The municipality still lacks where the employment of Disabled people are concerned and this needs to be addressed as soon as possible.

EE Objectives for 2008/2009

- Employment Equity Plan and Report for 2008/2009.
- Analysis report of gaps in plan
- Review/Assess Employment Policies, Practices and Procedures.

Occupational Health & Safety

Ensuring compliance with the Occupational Health and Safety Act.

During 2008/09, no occupational injuries were reported.

OHS Objectives for 2008/2009

- Monitor usage of safety equipment and assessment of risk areas/.
- Health & Safety Committee Meetings held and functioning as required.
- Compliance/assessment reports are submitted

Challenges

Ensuring that safety compliance occurs and that this is implemented.

General Administration and Council Support

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

Objectives 2008/2009

- Application for approval File Management Plan from Provincial Archives
- Functional document. Management System that conforms to Archives Act.
- Application for disposal for outdated archives
- Improve efficiency and effectiveness of Council agendas and minute taking processes.
- Provision of logistical and administrative support to Council
- Establishment and functioning of 16 Ward Committees
- Capacity building/Training of Ward Committee members

PERFORMANCE MANAGEMENT

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

Objectives 2008/2009

- Performance Management System to be implemented effectively from top to middle management.
- Establish an independent performance audit committee to assess performance of Managers.

Challenges

- Funding & capacity
- Performance approvals/evaluations were not conducted in the first quarter.
- Phasing in the Performance Management System to middle management

Legal Services Contracts and Property Management

Provides legal support service, this includes but is not limited contract law, litigation, property law.

This service is provided directly and indirectly through a range of Law Firms contracted to the Municipality.

Challenges

Labour Law related and land related disputes.

5.3. TECHNICAL SERVICES



R. CROZIER **TECHNICAL SERVICES MANAGER**

Departmental Objective

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

Vision

Service delivery to the community in line with the powers and functions allocated to the Senqu Municipality, in accordance with the Integrated Development Plan.

Mission Statement

The Technical Services Department will improve the quality of life of the Senqu community through a sustainable maintenance and service delivery programme conducted within all applicable legislation.

Key Focus Areas

The Technical Services Department is required to exercise certain powers and functions within the designated service provision focus areas – in the efforts to address areas of technical services provision to the community. These Key Performance Areas are highlighted as follows:

- 1) Electricity distribution – licensed areas only
- 2) Street Lighting
- 3) Roads construction and maintenance – Municipal and access roads
- 4) Storm water and pavement construction
- 5) Town Planning – Building Control, zonings, consolidations, sub divisions, spatial development
- 6) Water Provision – Bulk, treatment and reticulation
- 7) Sanitation – Sewerage removal and treatment
- 8) Housing – Administration and Construction

Within this context the following issues must be noted:

- Water and sanitation services occur only within the urban areas.
- Senqu Municipality was appointed as a Water Services Provider until 31 January 2009 by the Ukhahlamba District Municipality, who are the Water Services Authority. The final Water Services Provider contract is still under finalization but the services for water and sanitation are still being rendered on an informal basis.
- Senqu Municipality is licensed by the National Energy Regulator of South Africa to supply electricity within the towns of Lady Grey and Barkly East.
- The Technical Department is responsible for the ongoing operation and maintenance of all of the above services, as well as capital projects undertaken under “own powers & functions”.
- Notwithstanding it must be noted that the water and sanitation capital projects fall under the Ukhahlamba District Municipality.
- Road signage was transferred from the Corporate Services Department to the Roads Department.



Funding

When considering the extent of service provision required within this department and the related maintenance and infrastructure costs involved, one can begin to appreciate the extent of financial commitment and resources required.

With this in mind it is noted that the operation and maintenance costs are funded through the municipalities internal funding, which is derived from service charges, equitable share allocations under the Division of Revenue Act and Rates and Taxes. Capital Projects are undertaken with internal resources and Municipal Infrastructure Grants (MIG conditional grants) and various allocations from the Department of Housing.

ELECTRICITY & STREET LIGHTING

Within this section the following service delivery objectives apply:

- Provision of electricity to 1 730 residential and commercial consumers
- Provision of public lighting to Sterkspruit, Lady Grey, Barkly East & Herschel
- New connections done on request in licensed areas (17) – connections are done on request
- Ongoing maintenance of existing networks
- The rural areas of Senqu Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future
- Maintenance of existing public lighting – 622 streetlight repaired - 312 faults attended to
- Extension of Public Lighting Systems
- Maintenance and renewal of public buildings electrical installations as required
- Reduced electricity losses.

ROADS AND STORMWATER

Section Objectives

Roads

- The construction of sidewalks
- The maintenance and reconstruction of gravel and surfaced roads
- Maintenance of road furniture
- Purchase of plant
- Planning and design of new projects

Storm water

- The construction of sidewalks
- The construction of storm water systems
- The construction of bridges and river crossings
- Planning and design of new projects

WATER

Section Objectives

- Senqu Municipality was appointed as the Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until end of January 2009. Notwithstanding, it is noted that Senqu Municipality is still providing this service, to date.
- Water purification undertaken at Lady Grey, Barkly East & Rhodes
- Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw
- Sterkspruit water is supplied by Amatola Water but reticulated by Senqu within the town
- Potable water is reticulated to approximately 6916 H/Hs within the Senqu area of jurisdiction
- New connections are to be done upon application
- Infrastructure and capital is the responsibility of the Water Services Authority
- Rural areas fall under Amatola Water who were appointed by the Ukhahlamba District Municipality
- Maintenance of purification works and reticulation systems is required within the appointed area.

SANITATION

Section Objectives

- The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until January 2009 in the delegated areas of Lady Grey, Barkly East and Sterkspruit
- The rural areas fall directly under 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 in the delegated area although a large percentage are below RDP standards
- Maintenance of ponds, conservancy tanks and reticulation systems
- Waterborne households served estimated at 2345
- Buckets are below RDP standard and are estimated at 2 013
- Conservancy tanks - 189
- Urban VIP's -257
- 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

TOWN PLANNING AND BUILDING CONTROL

Section Objectives

- Application of legislative issues
- Control of land use
- Building safety

- Environmental protection
- Spatial development enforcement

HOUSING

Prioritized areas:

- The following housing projects are earmarked for development:

Herschel 700 units
 Hillside Phase 2 (1000 units)
 Lady Grey 1000 units

Other Projects:

Town Register/Title Deeds
 Land Audit – Sterkspruit
 Survey: Voyizana (Phases 1 and 2);

THREE YEAR + CAPITAL PLAN (OWN FUNCTIONS) MIG

As at 30 June 2009

Funder	Project Name	Status	Total Project Value	Financial Year
SENQU	Town Registers and Title Deed Transfers	Ongoing	498 000	07/12
SENQU	Sterkspruit Land Audit	95%	300 000	08/09
Nat. Gov.	Survey at Voyizana (Ph 1 & 2)	100%	258 000	08/09
Dept. Housing	Herschel 700 Units	72%	42 000 000	04/12
Dept. Housing	Lady Grey 1000 Units	99.9%	55 000 000	99/09
Dept. Housing	Hillside 1000 Units	58%	55 000 000	06/12
MIG	Senqu Cemeteries	100%	4 000 000	08/09
SENQU	Rehabilitation/Construction of roads/storm water in Wards 1-14 Ongoing	100%+	4 587 927	08/09
MIG	Construction of access roads – Wards 7.8.9 & 12 (Ph 2)	55%	5 750 000	08/10
MIG	Construction of access roads – Wards 7,8,9 & 12 (Ph 3)	0%	14 500 000	09/11
MIG	Construction of access roads – Wards 1.2 & 3 (Phase 1)	0%	12 000 000	09/11
SENQU	Construction of Access Roads – Wards 4,5 & 6 (ph 1)	100%	5 200 000	08/09
MIG	Construction of access roads – Wards 4,5 & 6 (ph 2)	0%	7 500 000	11/12
SENQU	Installation of bulk electrical metering (54 points)	50% ins Funds	100 000	08/09
MIG	Storm water channel in Kwezi Naledi – Lady Grey (Budget adjustment – ph 2)	100%	1 500 000	08/09
SENQU	Safe Guard 10 Transformers	80% ins funds	100 000	08/09
MIG	Solid Waste Disposal Site Sterkspruit (Blocked – EIA issue)	13%	2 736 000	08/09
SENQU	Storm Water in Kwezi Naledi (Lady Grey) (ph 3)	0%	5 000 000	09/10
SENQU	Roads Master Plan	100%	800 000	08/09
MIG	Sterkspruit Taxi Rank-Phase (blocked-legal issue)	22%	5 000 000	07/08
MIG	Establishment of pounds – Senqu (Only Sterkspruit)	100%	480 000	08/09

MIG	Paving in Barkly East (ph 1)(Contractor off-site)	70%	4 500 000	08/10
MIG/SENQU	Paving Lady Grey (ph2)	100%	1 200 000	08/09
Funder	Project Name	Status	Total Project Value	Financial Year
MIG	Upgrading of Sport Facilities in Sterkspruit	0%	3 568 656	11/12
MIG	Upgrading of Sport Facilities in Barkly East	0%	3 500 000	11/12
Nat. Gov.	Free Basic Electricity to 12 080 households	100%	2 400 000	Ongoing
SENQU/DBSA	Upgrade of electricity metering to reduce losses	0%	5 000 000	09/10
MIG	Sportsfield lighting (BE & LG)	0%	2 000 000	11/12
MIG	Surfacing of bus/taxi rout to Moekhesi (Sterkspruit)	0%	4 050 000	09/10

Funder	Project Name	Status	Total Project Value	Financial Year
SENQU	Purchase of 2 x LDV- Technical Admin.	100%	200 000	08/09
SENQU	Purchase of LDV – Electricity Department	100%	200 000	08/09
MIG	Construction of 4 Community Halls	0%	5 000 000	11/12
SENQU	Surfacing of roads in Sterkspruit, Lady Grey & Barkly East	0%	19 000 000	09/11
MIG	Construction of Solid Waste Sites (Rhodes, Rossouw & Herschel)	0%	5 795 760	10/12
MIG	Construction of 12 Community Centres (2 nd Application)	100%	815 073	08/09
MIG	Project Management Unit (accumulative)	Ongoing	2 448 750	N/A

OTHER PROJECTS

Funder	Project	Status	Total Value	Financial Year
National Treasury	Neighborhood Development Grant Programme	5% (Estimate)	55,000,000	07/16
Senqu / Dedeia	Senqu Plastics Industry Youth Project	10% (Estimate)	54,000,000	08/16
Senqu / DBSA	Extension of municipal offices in Lady Grey	5% (Design)	20,000,000	08/11
DoRT	Submit Business Plans for roads-Musong, Manxeba and Holo Hlahatsi	Submitted	60,000,000	08/16
Ukhahlamba DM	Establishment of a call centre (Requires future funding from both municipalities)	100% (Equipment purchased)	565,000	08/10

CONCLUSION

As the head of the Technical Services Department, I would like to express my thanks and appreciation to all the staff in all the various departments, within my mandate, for their hard work and support throughout the year in order to ensure services to the community we serve. Thanks and appreciation are also given to the Mayor, Speaker, Political Portfolio Head, Standing Committee Councilors and members, all Councilors, the Municipal Manager and all the various managers and their staff for all the support to this department throughout the year.

To the public in general, it is understood that it is extremely difficult to keep each and every individual content at all times. Huge challenges exist in respect of service provision within all departments and these may relate to infrastructure, human resource needs and funding. While the application of the Supply Chain Management Regulations is intended

to assist, as with anything new this is only perfected over time. To some degree under our current status, these Supply Chain Management Regulations have resulted in complications and challenges relating to the insufficient pool of available suppliers, geographical challenges and distances required to obtain services (due to our location), non-registration on the database by suppliers, and the like.

Challenges of this nature all lead to service delivery delays or prevent essential critical works being done, (which in the case of sewerage, could lead to health problems). These prescriptions and difficulties experienced, may at times contribute towards the lack of Local Economic Development due to financial resources leaving the area. Further difficulties are experienced within the division of Powers and Functions within various levels of government (especially water and sewerage). In turn capital projects are determined by the Water Services Authority, and this in turn may lead to poor water quality or lack of supply, due to poor infrastructure.

Notwithstanding these issues the challenge within my department is to work around these issues in the most effective manner and to ensure effective service delivery of the highest possible level within the constraints and challenges faced. We are ever mindful and committed to service excellence.

5.4. BUDGET AND TREASURY DEPARTMENT



C. R. VENTER
CHIEF FINANCIAL OFFICER

Departmental Objective

‘The overall objective of the Budget and Treasury Department is the provision of Management Support and guidance to staff and Councillors, management of assets, management of the budget and management of revenue and collection of debtors.’



Vision Statement

“The financial management of the resources of Senqu Municipality in order to ensure sustainable and equitable service delivery to all the residents of the municipality”.

Mission Statement

“The sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Senqu Municipality”.

Key Focus Areas for this Department:

- ◇ Revenue Collection/Income Generation
- ◇ Expenditure
- ◇ Budgeting
- ◇ Accounting and Reporting
- ◇ Information Technology
- ◇ Assets and Stores
- ◇ Motor Vehicle Licensing
- ◇ Compliance with MFMA Act 56 of 2003

It remains the overall objective and intention of this department to improve and refine functioning within each of these areas in order to ensure not only legislative compliance but to ensure ongoing financial viability.

Key Performance Indicators

Each of the Key Performance Areas and their respective priorities 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 at three of the towns that fall within the jurisdiction of Senqu municipality, namely Barkly East, Lady Grey and Sterkspruit. The current structure is established so that the villages of Rossouw, Rhodes and Herschel are serviced by staff situated in Lady Grey, Barkly East and Sterkspruit respectively. All these functions are supervised and supported from Lady Grey from where meter readers servicing the water and electricity meters are controlled.

The Key Performance Indicators are:

- Annual reconciliation of Valuation Roll
- Annual reconciliation of Assessment Rates
- Annual billing of Assessment Rates
- Complete General Valuation of Farms
- Valuation Board assessing objections
- Certification of the General Valuation Roll
- Implementation of the General Valuation Roll
- Survey regarding infrastructure & services on farms
- Monthly updating of the consumer database
- Maintenance & Implementation of the Credit Control & Debt Collection Policy
- Development and implementation of plans and intervention strategies in order to enhance revenue
- Maintenance and implementation of financial policies & procedures
- Free basic services and indigence subsidy support
- Tariff determination
- Rates determination
- Credit Control & Debt Collection
- Cash Management, Banking & Investments
- Appointment of Accountant Income
- Monthly selling & control of pre-paid Electricity
- Monthly reading of Water & 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 relating to Revenue collection
- Development / update Rates Policy;
- Consult community on Rates Policy;
- Implement Rates Policy;

- Develop & promulgate Rates Policy By-Law

Expenditure and Control

This function is situated in Lady Grey 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 the compilation of annual financial records and statements.

The Key Performance Indicators are:

- Monthly reconciliation & payment of all creditors.
- Interventions and strategies/turnaround plan to improve on expenditure (Levels and quality)
- Monthly controlling of purchases.
- Monthly processing of payroll.
- Annually update & maintain council's insurance portfolio.
- Monthly updating & maintaining Council's investments.
- Update & implement financial policies and procedures :
- Supply Chain Management;
- Loans & Contractual Agreements;
- Asset Management & Insurance;
- Cash Management, Banking & Investment.
- Implementation of the Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure.

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 & publish budget time schedule
- Establish & publish committees & consultation forums.
- Outreach programme to all wards.
- Review & prepare:
 - Integrated Development Plan (IDP);
 - Service Delivery Agreements;
 - Delegations;
 - Budget Related Policies;

- Operational & Capital Budget
- Determine Rates & Tariffs.
- Consult with established committees & forums
- Table budget & supporting documents.
- Approve budget & supporting documents
And submit to:
 - National Treasury;
 - Provincial Treasury;
 - Publish and website
- Input into Service Delivery & Budget Implementation Plan (SDBIP).

Accounting and Reporting

As an accounting and reporting function the following reporting is required:

- Daily & monthly updating of accounting records.
- MFMA required reporting to: National Treasury; Provincial Treasury; Accounting Officer; Executive Committee; and the 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.
- Implementation of the Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting.

Information Technology

Although not yet fully functional, this function is situated in Lady Grey from where all computer hard- and software used at all three administrative units is supported and maintained. The implementation and maintenance of Council's Geographical Information System is also part of this function.

The Key Performance Indicators set are:

- Maintenance 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.
- Update General Plans (GP's)
- Update Ownership / Title Deed information
- Update Valuation information

- Update Road & Street Infrastructure
- Update Geographical information
- Update ESKOM infrastructure
- Update electrical infrastructure
- Update water infrastructure
- Update sewerage infrastructure
- Update solid waste infrastructure.
- Daily & monthly processing of records when required by other departments.
- Develop & maintain municipal Website.

Assets and Stores

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 movable assets.

The Key Performance Indicators set are:

- Recording & Marking (Bar-coding) of all assets.
- Updating & maintaining a comprehensive assets register
- Compiling, updating & maintaining of inventories.
- Revalue fixed assets.
- Preparing for conversion to GRAP – Legal requirement by 2009

Motor Vehicle Licensing

Apart from the roadworthy's, driver's licenses, etc, performed at the Grade A Traffic Test Station situated in Barkly East, the NATIS motor vehicle registration facility service is also rendered by Council on an agency basis for the Department of Transport in Lady Grey and Barkly East. Plans are in place to extend these facilities to the Sterkspruit administrative unit.

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
- Establish Motor Vehicle Registration facility in Sterkspruit – Awaiting approval from Department of Transport
- Train staff to operate Natis System.



OVERSIGHT REPORT FOR 2008/2009

OVERSIGHT REPORT FOR THE PERIOD 2008-2009

1. **Background**

It is required of the Municipal Finance Management Act, Act 56 of 2003 that Council consider its Annual Report and based on the analysis and evaluation thereof, that it prepare and adopt an Oversight Report. The following Oversight Report is presented for the period 2008-2009.

2. **Analysis of the 2007-2008 Annual Report**

The information contained within the 2008-2009 Annual Report was duly examined, whilst taking cognizance of the Auditor-General's Annual Report. Following this discussion, the extent to which the strategic objectives of each department were met as against their limitations will be briefly discussed.

2.1. Auditor-General's Report on Annual Financial Statements (ending June 2009)

With no qualification in respect of the Annual Financial Statements, the AG highlighted certain information as follows:

9. As disclosed in note 22 to the financial statements, the municipality suffered a significant electricity loss of R9 million kilowatts amounting to R3 million. Investigations will be undertaken to establish the reason for these losses so that they can be remedied.
10. Unauthorized expenditure of R2.3 million is disclosed in note 35.01 to the financial statements. The unauthorized expenditure was incurred as a result of management's failure to effectively monitor the implementation of internal controls designed to prevent, detect and correct instances where expenditure exceeds the budget approved by the council. Every effort will be made to ensure that internal controls are applied.
11. As disclosed in not 34 to the financial statements, fruitless and wasteful expenditure to the amount of R5,5 million was incurred largely due to the excessive distribution loss experienced by the municipality. It is hoped that investigations will reveal both cause and solution.
12. Note 35 to the financial statements disclosed irregular expenditure to the amount of R1 million relating to supply chain processes and procedures not being followed.
of action taken will be provided.

b) Other Matters

Internal Controls and improved Risk Management procedures and controls are required in order to improve information flow, record keeping and controls.

Non-compliance with the following pieces of legislation and activities have contributed towards audit qualifications and require immediate counter-action :

- Non-compliance re Sterkspruit disposal site;
- Non-disclosure of loss within financial statements;
- Failure to record and recover private telephone costs;
- Non-compliance re x53 and 70 of MSA on delegation of powers and duties and the Code of Conduct for staff;
- Non-compliance with Code of Conduct for staff and Councillors
- Non-adherence to Municipal Investment Regulations re prohibited investments and types of investments.
- Non-adherence to VAT Act re tax invoices.

It is fair to say that Senqu Municipality intends to deal with these issues through the appointment of an Audit Committee that will, in turn, drive the development and implementation of the Audit Plan, which will specifically focus on and address all issues highlighted within this report – ensuring compliance at every level.

Non-Compliance with applicable legislation

Non-Compliance with MFMA

14. Payments to suppliers were delayed beyond the 30 day receipt of invoice period as required by section 65(2)(b) and (c) of the MFMA. Every effort will now be made to ensure meeting of this time frame.

Other Matters

Governance Framework

15. The governance principles that impact the auditor’s opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance requirements addressed below:

Key Governance Responsibilities

16. The MFMA tasks the accounting officer with a number of responsibilities concerning financial risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities which I have assessed as follows:

No. Matter

Clear trail of supporting documentation that is easily available and provided in a timely manner

- 1 Significant difficulties were experienced during the audit concerning delays or the availability of requested information.

Quality of financial statements and related management information

- 2 The financial statements are subject to any material amendments resulting from the audit
- 3 The annual report was not submitted for consideration prior to the tabling of the auditor's report

Availability of key officials during audit

- 5 Key officials were not available throughout the audit process as required.

Internal Audit

- The internal audit function did not substantially fulfill its responsibilities for the year, as set out in section 165(2) of the MFMA
8. There are significant deficiencies in the design and implementation of internal control in respect of financial risk management.
 - 9 There are significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.
 - 11 A risk assessment was not conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(c)(i) of the MFMA

Follow up of audit findings

- 13 The prior year audit findings have not been substantially addressed
- 14 Oversight resolutions have not been substantially implemented

Issues relating to the reporting of performance information

- 15 The information systems were not appropriate to facilitate the preparation of a performance report that is accurate and complete.
- 16 Adequate control processes and procedures are not designed and implemented to ensure the accuracy and completeness of reported performance information.
- 18 There is not function performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.

As detailed by the Auditor: General :

17. Key management responsibilities, including the development and compliance with risk management and effective internal control have substantially not been implemented as reflected in the table above as the municipality had not timeously implemented the required systems to ensure adherence to key governance responsibilities. Timeframes, implementation will be conducted.
18. The capacity of the finance department is inadequate to effectively support, manage and perform the required financial functions as reliance is placed on specific individuals in the municipality. The impact of this was that material adjustments were effected to the financial statements submitted for audit purposes. Efforts will be made to capacitate staff and to attract scarce resources.
19. The unavailability of key staff during the audit was due to various governmental and training seminars being held during the critical
20. The unavailability of key staff during the audit was due to the following:
 - The internal audit function did not perform frequent and adequate risk assessments and advise management on performance management and compliance with laws and regulations nor prepare an annual internal audit plan to guide its operation. This will be required to be addressed post haste.

Audit findings (Performance Information)

Non-compliance with regulatory requirements

26. The municipality has not submitted a performance report for audit purpose as required by paragraph 4 of Government Gazette no. 29919 (Notice 646 of 2007) on Performance Information dated 25 May 2007.
27. During the audit performance information, it would appear that the municipality did not comply with the following regulations:
 - Municipal Supply Chain Management, Regulation 8 – The council did not adopt the Performance Management System before or at the same time as the commencement by the municipality of the process offsetting Key Performance Indicator's and targets in accordance with its Integrated Development Plan.
 - Section 40 of the Municipal Systems Act (No. 32 of 2000) – The municipality did not establish mechanisms to monitor and review the Performance Management System.
 - MFMA section 54 (1)(c), 71 and 72 – On receipt of a statement or report submitted by the accounting officer of a municipality in terms of section 71 or 72 the mayor must, *inter alia*, consider and, if necessary, make any revisions to the SDBIP, provided that the provisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget.
 - Municipal Systems Act, section 41; Regulation. 13 – Actual performance is monitored, measured and reviewed on a quarterly basis by council with regards to each of the development priorities and objectives and against the Key Performance Indicators and targets.

2.2 The extent to which Departmental Strategic Objectives have been met (2008-2009)

Each department will be examined with due reference to their success in making strategic objectives and this data will be summarized in the following order:

- Municipal Manager's Office
- Budget & Treasury
- Technical Department
- Community Services Department
- Corporate Services Department

a) Achievements of the Municipal Manager's Office

Whilst it is acknowledged that this department provides an overall picture incorporating successes and challenges from all other departments, it provides in effect, an overall summary of all pertinent issues.

The following issues are of particular note :

- Efforts have been made to engage with communities through Mayoral Outreach Programmes and programmes relating to IDP and budget reviews.
- A communication plan and strategy will facilitate good interaction between all parties.
- The IDP has been successfully reviewed and all related Budget Policy, SDBIP alignment and reporting processes and mechanisms have been satisfactorily completed. The SDBIP has taken on a more formal approach and aside from efforts to turn it into a more qualitative document, it is also intended to link this reporting to a financial information system model.
- Service Delivery has greatly improved and targets have generally been well achieved.
- The LED Strategy Implementation has not enjoyed huge successes and due to limited capacity it was decided to move LED to the Strategic Planning and Development Unit.
- The Housing Policy is being implemented and so too the provision of low-cost housing.
- Performance Management while successfully implemented at s57 Management level requires roll out to lower levels.,
- The PMS Audit Committee was established.
- The Internal Audit Committee has been established and is required to result in the development of the remuneration Policy and the appointment of a Remuneration Committee. A Register of Interest is formally completed by all staff and Councillors in order to declare expressions of interest.
- Codes of Conduct have been presented to staff and Councillors and this, together with the implementation of the roles and responsibilities of the Delegations Register are contributing towards improved organizational efficiency.
- Extensive efforts are under way to monitor debt coverage and expenditure control –Risk Management Plans have as a result to be development to manage the Fraud Prevention Policy and the Anti-Fraud and Corruption measures being adopted by Council.
- Public Participation remains a challenge and policy and controls are required to ensure improved application.
- In terms of general administration it must be acknowledged that the Annual and Oversight reports and Mid-Performance reports were submitted timeously.
- Organizational restructuring remains a challenge and the envisaged Turnaround Strategy that will address municipalities so as to structure and skills shortages and to deal with the exodus of skilled staff – appointment of scarce skills committee and implementation of the developed and approved skills policy and strategy
- Contract Management has been a great success and all contracts, agreements and plans are reviewed annually.
- Compliance in terms of EE Reporting, WSP, Appointments and Procurement have all been met.
- GRAP implementation and financial policy requirements have been met.

- Baseline service delivery has been met in respect of free basic services, updated databases and compliance with National Directives relating to Health, Water, Sanitation, Electricity, Solid Waste and Strategic Management.

Tourism

- Senqu Tourism was established from all local tourism associations for Barkly East, Lady Grey, Rhodes and Sterkspruit.
- Township tourism, funding and measurement of progress within disadvantaged communities remain a challenge.

Local Economic Development

- Whilst LED has experienced many challenges, the move to the Strategic Planning and Development section will provide a better platform to ensure that this area obtains the focus required.

Of particular note are the following projects:

- Rossouw Agricultural (Fencing and planting done)
- Pele Pele Poultry Project (poultry building completed)
- Lady Grey Commonages (more than 2 500 lucerne bales harvested)
- Lady Grey Plastic Project (machinery bought and electricity supply in progress)
- Brick making (overspend – funding required)
- Commonage (fencing required and water – however funding challenges remain)

b) Finance (Budget & Treasury)

From the financial perspective, 2008/2009 has been a very successful year which culminated in a clean and unqualified audit report.

However, in terms of meeting the strategic objectives, additional insight and observation will be made, as follows:

- As detailed within the AG Report, the Finance Department is experiencing under capacitated staff.
- Implementation of the MFMA has resulted in many challenges, not the least of which has been the need to capacitate staff. Accordingly, all management, senior staff and all the Executive Committee members have been trained in terms of the requirements of the Act (now implemented).
- Financial staff have been trained in respect of the challenges of the MFMA, the new SCM regulations, Performance Management and IT
- GRAP will be implemented fully during 2009 and all senior staff have been trained accordingly. Additionally, assistance has been obtained from external service providers, where this is deemed necessary.
- The IDP has been reviewed and SDBIP's have been developed and assessed quarterly as per requirements. Implementation reporting has been provided

- Cash Flow Statements were finalized.

Constant and remaining challenges relate to the management of interventions required to address issues raised within the audit report and the qualifications. In particular, emphasis and priority will be placed on improvement of risk management, financial management and internal controls. Additionally, strategies will be required in order to deal with sound financial management, expenditure control and easy and means to increase revenue and external funding.

Public Safety : Traffic Management/Law Enforcement and Related Functions

- Learners license figures have increased.
- Driver's license issues increased dramatically.
- Road Traffic signs were installed in the municipal area and
- The database was upgraded and maintained.
- Continued challenges relate to shortage of staff and funding for infrastructure and maintenance.

c) Technical Services Department

On the technical services front and notwithstanding the reflected on the Auditor-General Report regarding unaccountable electricity losses, there have been many achievements during the period under review. These will be elaborated on as follows:

Electricity

Efforts taken to minimize electricity and water losses resulted in the following activities, which are aimed at the rehabilitation of the metering and networks in order to reduce losses and meet with compliance :

- No backlog in new connections exists in licensed areas;
- Electricity faults are reported and managed;
- Electricity meters are serviced and replaced
- A SLA is in place with Eskom.
- 622 Streetlights repaired
- The purchase of a LDV

Street Lighting

- Repairs and maintenance
- 2 temporary jobs created
- Installation of bulk metering points, earthing of transformer properties, REDS

From the above it can be seen that while steps have been taken and great strides made, these are insufficient due to inadequate resources.

It must also be noted that a Strategic Electricity Plan for Senqu Municipality has been developed and this will, through implementation, result in a Turnaround for the management of electricity usage and energy

Water

With regard to the water, there is no accurate water balancing, as there are insufficient meters and the WSA is aware of this. They have requested lists of the required meters and have appointed a contractor to install them. Once this is done, water balancing and losses will become available. This is not unique to Senqu, but to the whole district. There are also large areas with no individual meters (basic charge only) that will still need to be addressed in order to get accurate water balance figures. As Senqu is the WSP only, this will have to be done through the WSA, as it is a capital project, of which they alone have control.

The Ukhahlamba District Municipality is currently over committed with their capital expenditure so it is unlikely that these meters will be installed soon.

Roads & Stormwater

- Construction and rehabilitation of many roads and bridges has occurred and this in turn has facilitated the creation of temporary jobs. Ongoing repairs and maintenance has occurred and a bulk storm water control has been installed in Kwezi Naledi. This storm water project is now at phase II.

144 temporary jobs have been created.

Whilst progress has certainly been made, insufficient funding prevents major reduction in the access road backlogs

Remaining challenges include :

The Roads Classification System needs to be completed. Gravel shortages in rural areas require alternative construction methods and access roads require sealing.

Sanitation

The following achievements require emphasis :

- The bucket eradication system has begun in Barkly East.
- Maintenance and operations are ongoing and are well handled.
- Limitations extend to financial and aged infrastructure e.g. old ponds in Barkly East requiring upgrading.

Town Planning and Building Control

- Building plans are received and processed, as are rezoning, subdivision and consolidation applications.

- A draft subdivision policy has been formulated for approval.
- Remaining challenges include :
 - Community land issues, additional land is required for development in Sterkspruit and Government departments do not appear to liaise with the municipality prior to the implementation of developments.

Housing Projects

Housing projects may be discussed separately as follows:

- Barkly East process for 802 housing units in Barkly East is out to tender.
- Hillside Housing Project Phase 2
Only 86 units completed due to late funding approval.
- Rhodes Renovation (30 RDP Units)
Approval for rectification received but will be undertaken by the Department.
- Renovation 200 RDP Units (Herschel/Orange Fontein)
All 200 houses have been rectified and only 31 transfers are still outstanding.
- Land identified for residential sites;
 - Sterkspruit land audit completed
 - Vuyizana Survey (ph 1 & 2 completed)
 - Town Register Ext. 2 & 4 completed.
 -

Title Deeds

- 65 Title Deeds delayed due to late township registration and 316 delayed for Nkululeko and Fairview due to the attorneys.
- Only 69 Title Deeds transferred in Transwilger due to poor performance
- Dept. of Housing developing 194 Edgar units
- Housing award from Dept. of Housing for Service Delivery Excellence.
- 1 000 units completed – Lady Grey.
- 805 units completed in Herschell (land invasion affecting construction of 195 units).
- Land from UKDM transferred but too late for inclusion in town register (for title deed transfer).

d) Community Services Department

This department and the achievement of strategic objectives will be reflected on independently within subsections.

Library Services

- Library materials have been purchased (computers for Lady Grey and Barkly East).
- Infrastructure upgrades remain a challenge.

Community Halls and facilities

- Two rural community halls at Majuba Nek and Tapoleng

- Multi-purpose centers have been completed.

Commonages

- These are being managed and lease agreements drawn up with leasers.

Sportsfields

- Ongoing repairs and maintenance of sportsfields is ongoing.
- Planting of grass and its leveling has occurred at Lady Grey and Barkly East.
- 104 012m² grass cut, including cemeteries and sidewalks.

Remaining challenges include : Vandalism at sportsfields and stadiums.
Assistance from the Sports Council remains inadequate.

Public Open Spaces

- Illegal dumping discouraged
- Community awareness campaigns
- Successful grass cutting and pruning of trees

Waste Management

- Record of waste delivered to waste disposal sites is maintained /updated
- Waste Management Plan developed
- Projects linked to LED

Primary Health Care

- Monthly and quarterly reports provided to Province and Council
- Clinic Committee meetings held
- Challenge: Committees not functioning adequately and staff and finances remain a challenge.

Generally financial issues and capacity of staff are areas that must be focused on for future development and growth.

c) Corporate Services Department

The Corporate Services Department has experienced a number of areas in which strategic objectives have been well met.

These include the following

Administration and support

- Various By-laws have been developed and gazetted,
- Provision of all support services for the Council and Exco meetings and the intro-departmental support and liaison functions.

- Legal agreements, contracts and all rental agreements are maintained and filed effectively, but this remains an ongoing exercise. A procedure to guide public liability claims developed.
- New telephone system introduced. The effectiveness and efficiency of the communication infrastructure remains a challenge and so too the abuse of the telephones .
- A new filing system introduced by Provincial Archives (fully implemented)
- Council approved meetings have been conducted as per schedule and the department must be commended on the effective and efficient manner in which minutes are taken and meeting agendas and notices distributed.
- A File Plan was developed and Provincial Archives and Council approved.

Human Resources

- Training has been effectively achieved through the development of the WSP and Implementation reported through Implementation Plans.
- Employment Equity Reports have been submitted and policy updated.
- Strategies are in progress to deal with scarcity of skills and staff shortages.
- The organogram has been reviewed although concerns have been expressed over functionality.
- A great number of policies have been reviewed and updated – require proper implementation.

Labour Relations

- Labour Relations Training has occurred and staff are better equipped to handle these issues.

Skills Development

- Workplace Skills Plan developed and implemented as per plan.
- Implementation of planned learnerships and internships in areas of Finance, Corporate & Municipal Manager's offices.
- ABET training has occurred.
- Councillor training has been conducted.

Occupational Health and Safety

- Whilst this remains a challenge due to lack of funding and ensuring compliance during 2007/2008, no occupational injuries were reported and Health and Safety meetings occurred as scheduled.

Performance Management

- Performance Management System effectively implemented for 557 staff, but not yet cascaded further.
- SDBIP's completed as required although the new format requires refinement.

- It is still required that Performance Management Reviews are conducted quarterly rather than annually.

Challenge

Move towards Sebata to develop PMS module for reporting.

3. **CONCLUDING REMARKS**

Having examined overall the degree to which the Annual Report reflects the issues and areas for correction raised during the Annual Audit, and the extent to which service delivery objectives are being met, this report is considered to be an accurate representation of events and issues that occurred during 2008/2009. As such it is recommended that Council adopt this Annual Report.

RECOMMENDED

That Council adopts the Annual Report for Senqu Municipality for the period 2008– 2009 as reflected in the Annual Report attached for this purpose.

CLOSING SUMMARY

From the detailed chapters in this Annual Report, Senqu Municipality was able to report on various aspects of organisational performance, by detailing Council priorities and goals and their ability as an organisation to achieve these, notwithstanding the highlighted challenges that prevail.

Each Chapter dealt with separate issues as follows:

Chapter 1 , an overview of Senqu's geographic and demographic profile, as well as socio-economic factors that influence life within this region.

Chapter 2 , 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 , The organisation structure and changes required to ensure that Senqu Municipality is able to fulfil its developmental Local Government objectives, through compliance at every level.

Chapter 4 , A detailed account of Senqu Municipality's financial health and wealth including all financial statements as public documents.

Chapter 5 , An analysis of the functional areas of Senqu 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.

Based on the detail provided it felt that the Annual Report does fully reflect the challenges facing all departments within Senqu Municipality

Whilst highlighting successes, challenges and distinct progress in all areas of service delivery, the Annual Report of 2008 - 2009 and the Oversight Report for the same period, provide an accurate record that clearly illustrates the progress, growth, and development of municipal services and performance of Senqu Municipality, for the period under review.

GLOSSARY

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

CREDITS

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

- **The Mayor and Councillors**
- **Office of the Municipal Manager**
- **Manager: Corporate and Support Services**
- **Manager: Community and Social Services**
- **Manager: Technical Services**
- **Manager: Budget & Treasury**
- **Special Mention: Charmaine van Schalkwyk Consulting**

