

INTSIKA YETHU LOCAL MUNICIPALITY



DRAFT ANNUAL REPORT 2016/2017

ACRONYMS

IYM	– Intsika Yethu Municipality
CHDM	– Chris Hani District Municipality
MM	- Municipal Manager
IDP	- Integrated Development Plan
SCM	- Supply Chain Management
RMC	– Risk Management Committee
KPI	- Key Performance Indicators
IGR	– Intergovernmental Relations
LED	– Local Economic Development
MIG	– Municipal Infrastructure Grant
ICT	– Information and Communication Technology
HOD	- Head of Department
POE	- Portfolio of Evidence
HR	– Human Resources
EXCO	– Executive Committee
BTO	– Budget and Treasury Department
SPU	– Special Programmes Unit
LAC	– Local Aids Council
LTO	– Local Tourism Organisation
SDF	– Spatial Development Framework
PMS	– Performance Management System
DIMAFO	– District Mayor’s Forum
Muninimac	- Municipalities and Members of the Council
POE	– Portfolio of Evidence
CBD	– Central Business District
CFO	– Chief Financial Officer

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: FOREWORD BY THE MAYOR



Hon Mayor: Jongumzi Cengani

It is great pleasure to present the 2016/17 Annual Report for Intsika Yethu Local Municipality. This is the final annual report for the current Council of Intsika Yethu Local Municipality. As a municipality, we continue to demonstrate a tireless commitment to making a difference in the lives of ordinary people; furthermore, we have also shown continuous progress over the past year with regard to reaching the set annual targets and building on a strong and effective administration.

It is always a daunting task to provide complete account on the responsibilities conferred upon us by the electorate. Most significantly, we do so being quite conscious of the fact that the general public deserves its rightful place at the pinnacle or apex of the `accountability chain`.

The format and content of this Annual Report is largely prescribed by section 46 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) and sections 121 and 127 (2) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003). Both pieces of legislation compel the municipality to prepare an Annual Report for each financial year and the Mayor to table such a report in Council within seven months after the end of each financial year.

In presenting this Annual Report, the municipality sets out the performance highlights and financial management for the 2016/17 financial year. Furthermore, this report is the culmination of the implementation of the Councils adopted Integrated Development Plan, Budget, and Service Delivery and Budget Implementation Plan. In essence, this report is an account of Intsika Yethu Municipality’s achievements in the year under review, and as with any rigorous instrument it also assists in identifying our successes and shortcomings. This report is therefore intended to attest to the collective efforts of the administrative and political arms of the municipality to progressively address the expectations of our communities.

In the 2016/17 financial year, the municipality achieved a qualified audit opinion. Notably, the municipality hasn’t regressed in contrast to the last two financial years. Measures are in the process of being implemented to address matters raised by the Auditor General of South Africa (AGSA). The Executive Committee will collectively continue to monitor and hold the administration accountable for commitments made to communities, and the implementation of corrective measures to address findings raised by the AGSA.

In realising our mission, as a municipality, we recognise the need to foster partnership across all spheres of government, also with institutions of higher learning within our municipal area, and also to nurture our partnership with our stakeholders and communities so as to remain

relevant and accessible to our stakeholders. The work we are doing to transform the municipality spatially and economically also requires commitment to the citizens of Intsika Yethu, that they are not inert observers or passive recipients of government services but rather active partners in shaping future of the municipal area. Guided by the vision of the municipality, it has been necessary for Intsika Yethu Local Municipality to continue to transform, adapt and consistently reinvent itself over the past few months.

The municipality has worked tirelessly to develop into a progressive institution that can sense change and change gear to act agility and flexibility to meet the multiple challenges facing our respective communities. The municipality has experienced some challenges resulting to some targets not fully met. Our responsibility was no less demanding but we spending time and energy focusing on the long term vision of creating more effective, more efficient and more accountable and clean local government.

The necessary change can only come by working together with all our people who are at the core of what we do and whom we have the greatest respect for. Our communities, political and administrative personnel are our greatest assets and remain at the driving seat of service delivery in our area. We value and must continue to work in partnership to stretch our collective capacities as each of us takes responsibility. The municipality must continue deliver service to its people and equally so, responsible citizens must pay for the services they receive.

During the year under review, we have had challenges but this did not put any doubt that the municipality did not stop in efforts to effect correctives measures and achieve this required will bear fruit.

Our IDP identifies and describes development priorities, objectives, and strategies. It is the primary planning and policy instrument of the municipality and as such record the most critical development and transformation needs and requirements which are aimed at improving the lives of the inhabitants of Intsika Yethu Local Municipality. The IDP guides and has informed our budget and all associated operation programmes, projects, and plans.

We remain driven by the desire to create a successful institution that is not just financially viable but which also endures to make a positive contribution to the people of Intsika Yethu Municipality as a whole. During the financial year under review, Intsika Yethu Local Municipality implemented, amongst others the following service delivery improvement projects in execution of its IDP and Budget.

The construction of various access roads and bridges in different wards were completed and those are all added to the asset register of the municipality. Tarring of Cofimvaba and Tsomo phases are continuing and the phase for this current financial circle has been completed. The third phase is expected to commence.

The municipality continues to conduct Mayoral Tournament in all 21 wards of the municipality. At governance and administration level we implement the operation clean audit plan that resulted in the municipality achieving unqualified audit opinion for the third (2nd year in succession), thus moving closer to obtaining a clean audit outcome. The implementation of plans, programmes and projects are associated with challenges and the

related ways and means of addressing those challenges facing our communities in Intsika Yethu Local Municipality.

It is not a secret that we have the greatest respect for our communities and we take our hats off for their dedication for always participating in their government's programmes. This is dedication you espouse in making participative democracy to be in place. Public participation is an endeavour that seeks to ensure that communities continue to make inputs in the decisions and plans that affects and that they know about programmes that are aimed at bringing change to their lives and surroundings. This is institutionalised function in the municipality where communities are afforded ample opportunities to make meaningful contribution to development within the municipal space.

Despite the change Intsika Yethu Local Municipality continue to make strides and remain the only hope for our people. We promise that your aspirations as the people of Intsika Yethu Local Municipality are safe with us and will be attended to.

It is with great hope that this document will impress our stakeholders, residents and make them proud to realise that they are architects and champions of a better Intsika Yethu.

On behalf of the political and administrative leadership of Intsika Yethu Municipality, it is with humbleness to present the annual report for the financial year under review. This annual report comes when Intsika Yethu Local Municipal undertook to go back to basics and restore itself. We thank Intsika Yethu residents for their unwavering support and cooperation. Our gratitude goes to our executive committee who continued to work very hard to provide invaluable counsel and advice on our municipality.

Lastly I would like to thank our councillors across political divide for their vibrant engagements, participations and enthusiastic support and also to our administrative arm led by the municipal manager for managing huge task and responsibilities during this financial year.

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Cllr J. CENGANI

HON. MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



MUNICIPAL MANAGER:

MR. S. KOYO

This annual report is regulated by section 46, of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) – as amended, and section 121 of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

Section 46 (1) of the Local Government: Municipal Systems Act dictates that “A *municipality must prepare for each financial year a performance report reflecting –*

- *The performance of the municipality and of each external service provider during the financial year;*
 - *A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
- *Measure taken to improve performance.*
- (2) *An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Local Government: Municipal Finance Management Act (MFMA) 2003 (Act56 of 2003)”*

Section 121 of the MFMA states that:

- (1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129.
- (2) The purpose of annual report is-
 - To provide a record of the activities of the municipality during the financial year to which the report relates;
 - To provide a report on performance against the budget of the municipality for that financial year; and
 - To promote accountability to the local community for the decisions made throughout the year by the municipality and municipal entity.

Subsections (3) and (4) continue to prescribe the contents of the annual reports for the municipality. During the oversight process, to which the draft and final Annual Report will be subjected, compliance with these legislative requirements will be analysed.

Intsika Yethu Local Municipality is a Category B municipality and its powers and functions are assigned to it in terms of section 155 and 156 of the Constitution of the Republic of South Africa, 1996, and of the local government matters referred to in Parts B of Schedules 4 and 5. Chapter 3 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), and its Regulations, also describe the powers and functions of municipalities. The executive and legislative authority of a municipality is described, as well as, the development and implementation of by-laws to give effect to its policies and to support its strategies.

The municipality has continued to maintain the effective operation of the following areas:

- the 2016/17 IDP and budget implementation processes was adopted within the prescribed timelines,
- the SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional programmes and strategies,
- performance agreements were also developed, signed and approved by Mayor as required by the Municipal Planning and Performance Regulations, 2001 and 2006,
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager.
- Annual Financial Statements and Annual Performance Report were submitted to Office of the Auditor General within the prescribed timelines.

It is once more humbling experience for me to report that Intsika Yethu Local Municipality has attained another successive Unqualified Opinion from Auditor-General in the previous financial year. We would like to applaud the efforts of senior management team, Audit Committee, the Executive Committee the MPAC and at the pinnacle of the council itself as well as staff for achieving an Unqualified Audit outcome.

The municipality has managed to reduce the number of material findings raised by the AG from the previous financial circle.

Another financial matter that requires attention is the funding of operations with its associated finding on the municipality's ability to operate as on going concern.

On the reliability of reported performance information, findings were raised against selected development priorities.

The municipality took further prudent approach in applying its judgment with regard to the debtor collections under the current economic situation in the country that resulted in

increased debtor's impairment beyond budget. The municipality implemented improvement measures to arrest both situations not to progress significantly in the future.

Management actions to address the findings by the AG and Internal Audit was satisfactory. To this end AG raised findings of which some were not advertised and Internal Audit also raised a number of issues have been resolved.

Furthermore, management is committed to ensure that the control environment remains adequate to address and resolve all the findings.

Some of managers have been enrolled with credible institutions for relevant programmes of their respective areas and most have completed the programme. Currently there are middle managers that are completing Certificate Programme in Management Development (CPMD) with Regentia.

Lastly, I would like to sincerely express gratitude to His Worship (Mayor J.Cengani), and his Executive Committee and other Councillors for their visionary leadership they have provided to Council in the past year. I would also like to extend words of appreciation to Senior Management Team who has led their departments in a manner which ensures that we realise our mission of Intsika Yethu Municipality. Sincere regards to our major stakeholders, ward committees and members of the community who, as envisaged by our Constitution, continue to play their role in the affairs of our municipality.

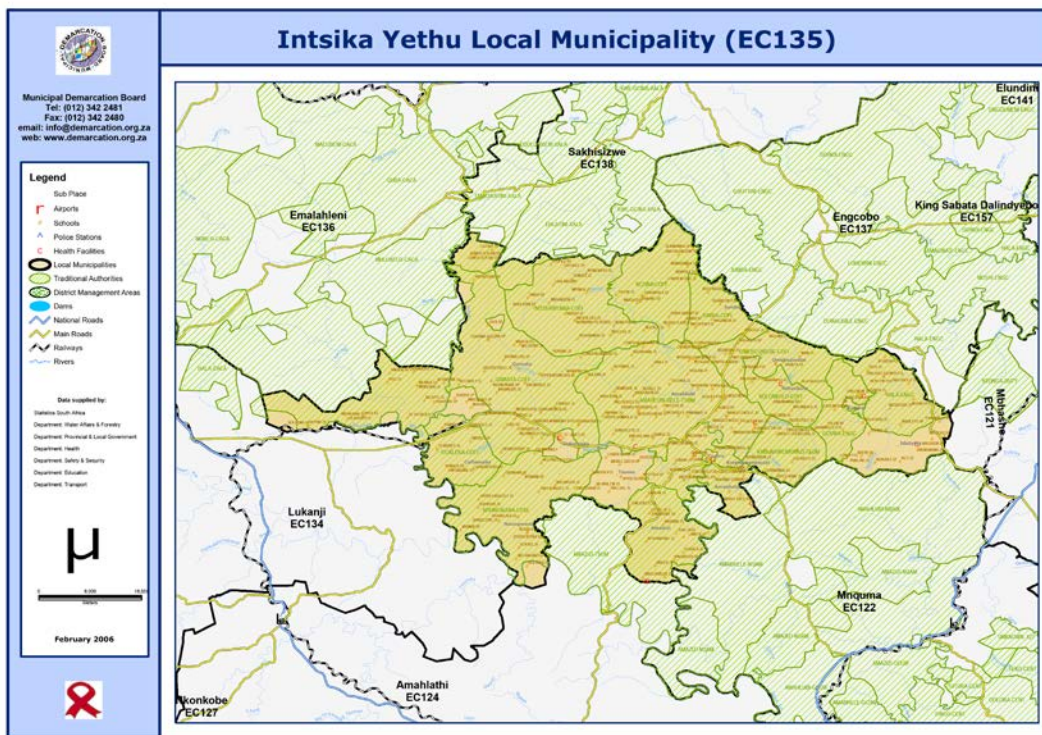
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MR S. KOYO
MUNICIPAL MANAGER

1.2 MUNICIPAL OVERVIEW, MUNICIPAL FUNCTIONS, POPULATION

The Intsika Yethu Local Municipalities' annual report for this period of 01 July 2016 to 30 June 2017 is presented in compliance with Treasury Regulations and according to 121 of the Municipal Finance Management Act 56 of 2003 and read with section 46 of the Municipal Systems Act of 2000. The Annual Report serves as a communication tool for providing broad information on activities carried out and services provided, and for comparing actual services delivery with projected service delivery. The information in this annual report will assist the community and the wider public to assess how the municipality has performed in relation to stewardship of community needs, efficiency, effectiveness and cost-effectiveness of operations. Chapter one of the report provides an overview of the municipality and brief summary of key service delivery imperatives.

MUNICIPAL OVERVIEW AND SOCIO-ECONOMIC



Intsika Yethu Municipality is divided into 21 wards and 2 towns and 213 villages. The municipality is located within Chris Hani District Municipality and is bounded with municipalities such as Sakhisizwe, Engcobo, Enoch Mgijima, Amahlathi, Mquma, Emalahleni and Mbashe. Cofimvaba and Tsomo are the main towns of the municipality. The majority of the municipality's inhabitants reside in rural villages situated in the scattered lands of the area.

The municipality prides its self with best agriculture resource in the country, with no less than three irrigation schemes: Ncora, Qamata and Bilatye. Intsika Yethu Local Municipality bost with Tsojana, Lubisi and Ncora dams.

The R61 runs through Intsika Yethu Municipality linking the municipality with other district municipalities like O.R Tambo District Municipalities and its locals.

According to Census 2011, Intsika Yethu Municipality has total number 68797 females, 76575 males and estimated total population of 145372 residing in Intsika Yethu Municipality. The municipality has a higher population of females than male population. The municipality is predominantly rural, living in small villages which around. 87% of people in the municipality are Xhosa speaking with 99% of Africans.

Age in completed years by gender						
Age	Female	Male	Grand Total	Female	Male	Grand Total
0 – 4	8971	8565	17536	6.2	5.9	12.1
5 – 9	9129	8827	17955	6.3	6.1	12.4
10 – 14	9017	7975	16992	6.2	5.5	11.7
15 – 19	9438	8146	17584	6.5	5.6	12.1
20 – 24	5579	4984	10563	3.8	3.4	7.3
25 – 29	4049	3587	7635	2.8	2.5	5.3
30 – 34	2825	2995	5820	1.9	2.1	4.0
35 – 39	2584	3244	5828	1.8	2.2	4.0
40 – 44	2126	3580	5706	1.5	2.5	3.9
45 – 49	2310	3967	6277	1.6	2.7	4.3
50 – 54	2555	4174	6729	1.8	2.9	4.6
55 – 59	2468	3857	6326	1.7	2.7	4.4
60 – 64	2386	3488	5873	1.6	2.4	4.0
65 – 69	1848	2446	4294	1.3	1.7	3.0
70 – 74	1632	2665	4297	1.1	1.8	3.0
75 – 79	886	1675	2562	0.6	1.2	1.8
80 – 84	611	1383	1994	0.4	1.0	1.4
85 +	384	1017	1401	0.3	0.7	1.0
Grand Total	68797	76575	145372	47.3	52.7	100.0

The above elastrators that Intsika Yethu Municipality has relatively young population with the majority of its inhabitants falling under the age of 5-9. The graph shows a very sharp dip in numbers after the teens with very few people falling in the middle age category. For example the number of people aged 15-19 is roughly 2 times larger than the number of people in the 40-44 categories.

IYLM is characterised by high unemployment rates with 44% of the working population being officially unemployed, as in seeking work opportunities but unable to find them. There has been a reasonable drop in the rate of unemployment over the last 10 years since 2002 when unemployment stood at 54%. The largest employment sector in IYLM is the tertiary sector which employs 74% of all employed people within the formal sector. The largest numbers of people employed within the tertiary sector are involved in general government. ECSECC estimated that there would be about 4263 people working in general government in recent years.

1.2 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

In terms of the powers and functions that are granted to municipalities in terms of Schedule 4 and 5 (part A and B) of the Constitution of the Republic of South Africa, Intsika Yethu Local Municipality is mandated to perform the following functions as embedded in the Constitution:

- Road Traffic Regulations;
- Vehicle Licensing;
- Municipal planning;
- Local tourism;
- Stormwater management systems;
- Abattoirs;
- Cemeteries;
- Cleansing;
- Municipal Roads;
- Electricity;
- Municipal Parks and Recreations;
- Street Lighting;
- Public Spaces; and
- Refuse removal, refuse dumps and solid waste *etc.*

Basic Service Delivery and Infrastructure development is one of the cornerstones for development and service delivery, as such, the municipality has invested in infrastructural development and to ensure that basic services are accessible by everyone within the municipal area. The delivery of basic services such as water, sanitation, and refuse still lag behind that of the Eastern Cape and the country whilst electricity is on par.

The rural nature of Intsika Yethu Municipality makes the municipality continues to strike by huge infrastructure backlogs that hinder the municipality to 100% service delivery to its respective communities.

Intsika Yethu Municipality is currently tarring number of streets in Cofimvaba (Windus and Bellaire) and Tsomo towns (there are street names in Tsomo); this project also includes development of storm water. By this project, it is showing strides to improve the drainage system of the municipality. The municipality is also engaged with various access road constructions in various wards of the municipality.

The refuse removal only focuses on urban and peri-urban areas in the municipality. This means the municipality focuses on Cofimvaba and Tsomo in refuse removal. A service of weekly waste collection is done to all households and daily service to all business in Cofimvaba and Tsomo. Intsika Yethu Municipality has supplied the skip bins and side bins

in all municipal strategic points in the two towns. The municipality still have a huge backlog on the refuse removal because rural communities still bury their waste.

There is one permitted landfill site in Cofimvaba and one Transfer Station in Tsomo all these are operational.

Intsika Yethu Municipality for the year under review did not perform any water related service, this was done by Chris Hani District Municipality as it took over as the water services authority.

Intsika Yethu Municipality has improved its audit outcomes, from disclaimer to unqualified audit outcomes. This has shown that the municipality has drastically improved in financial management and administration. There is still a lot to be done to have even better results for the next financial year. The details of the financial health have been presented in chapter 5 of this document.

1.2.1 Electricity

Intsika Yethu Local Municipality is responsible for facilitation of electricity in all 21 wards of the municipality. Eskom remains as the licensee to provide electricity in the remaining areas.

Intsika Yethu Local Municipality participate in green energy initiative and that can witnessed by street lights in Cofimvaba and Tsomo towns. “LED” type lights lead to 86% in the energy consumption by the traffic lights. The municipality also encourages the developers of new areas to make use of energy efficient building methods as well as solar power systems. Achievements in dealing with illegal connections the municipality.

Free Basic Electricity (FBE) is provided to all registered indigents at about 50kWh per month. The total number of beneficiaries in the financial year was 8 444. FBE is provided to a number of consumers on a monthly basis. All electricity complaints received are attended to with the relevant stakeholders. The municipality works very closely with Eskom in fighting illegal connections and this was done in Joe Slovo and Nyanisweni in ward 14.

1.2.2 Waste and Landfill Management

Waste management in Intsika Yethu Local Municipality is categorised according to the following: household, illegal dumps, business, refuse collection and landfill sites operation and management. Waste is collected once a week to households in the IYM municipality. There is a remainder of the households represents the informal settlements that are serviced through the removal of illegal dumps. The municipality collection is on average maintained on 85% and above on weekly collection to all formal households.

Business waste is collected on a daily basis in the both towns (Cofimvaba and Tsomo). Street sweeping services are also being done daily in the CBD areas of both towns and taxi rank and main roads.

The following is operational landfill sit in Cofimvaba in Intsika Yethu Local Municipality. The average is 3 tons per day, volume of waste on the site. This average is calculated for a period of a year depending on the growth of the town.

1.2.3 Highlights and Challenges

One of the success in the key performance indicator for the unit include the afternoon/night shift cleaning program was introduced in improving service delivery. The landfill site is fully operational under approved permit. The municipality is keen on addressing the backlog on weekly basis as part of the normal scheduling of waste collection. The municipality has also rolled out wheelie –bins during the period under review. The challenges of shortage of resources, such as lack of mass containers especially those to be used in mini dump results in an additional burden of resources being utilised for this purpose instead of eradication of illegal dumps.

1.2.4 Water Provision

Intsika Yethu Local Municipality no longer supply water to communities. The municipality has moved this responsibility to Chris Hani District Municipality. It is CHDM that has a responsibility to supply water services to the respective communities of Intsika Yethu Local Municipality.

1.2.5 Sanitation

Sanitation ensures that the water is protected, used, developed, conserved, managed and controlled as per National Water Act (Act no 36 of 1998).

Sanitation in the Municipality ensures that the water is protected, used, developed, conserved, managed and controlled as per National Water Act (Act no 36 of 1998). This is done in order to ensure that the following factors are achieved:

Collection, conveyance and treatment of waste water;

- Reducing and preventing pollution and deration of water resources;
- Protecting aquatic and associated eco system and their biological diversity, and
- Promoting dam safety.

Again IYM does not perform this function, it is the function of Chris Hani District Municipality. Sanitation provision is still a challenge with backlogs in IYM.

1.2.6 Roads and Storm Water

The roads and storm water function is a responsibility of planning, providing and maintaining of Intsika Yethu Local Municipality Roads and Storm water network infrastructure. The functions are categorised into Planning and Projects, Operations and Maintenance Divisions. There are maintenance depots which the municipality has in different areas of the municipality. These are specifically for maintenance in ward 08 and 14. These depots together are responsible for the gravel roads, road markings and road signs in order to provide a functional roads network.

Achievements and Challenges

As part of the annual maintenance schedule of road and storm water, the municipality is finalising a multi-project of storm water in Tsomo, water pipes and channels have been installed. A great number of kilometres have been tarred in the same area.

Despite the mentioned service delivery achievements, there is still a need to refurbish/maintain the tar roads before they can reach a level where deterioration has affected the entire structure.

The municipality is keen on putting efforts in place to align the road maintenance programmes with a very limited budget.

The poor availability of maintenance plant and machinery is also a big concern when it comes to maintaining gravel roads. The municipality is concentrating on the re-gravelling programme and considering the current state of IYM plant.

1.2.7 Financial Overview

The Intsika Yethu Local Municipality managed to maintain unqualified audit report for the past two consecutive financial years despite the financial challenges it is faced with, the achievement was due to adherence to financial reporting standards and applicable frameworks.

1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

Chapter 7 Section 51 of the Municipal Systems Act 32 of 2000, mandates the Municipality to establish and organise its administration in a manner that would enable the municipality to be responsive to the needs of the local community. Furthermore, Section 67(1) of the MSA compels the Municipality to develop and adopt appropriate systems and procedures to ensure a fair, efficient effective and transparent personnel administration.

The organisational development function is a quality-driven intervention and support to Intsika Yethu Local Municipality on matters related to design and development of functional organisation structure, maintenance of staff establishment, job evaluations, change management, business process, mapping and employee health and wellness programme.

Employee Assistance Programme (EAP)

- Ongoing EAP Counselling: Employees consulted and there were cases that needed intervention.
- Wellness information sessions: cases presenting conflict between employees were resolved.
- HIV Counselling and other relevant issues on employees

The above are meant to address and contribute to the National Key Performance Area “Releasing Human Potential which is inline section 152 (1) (d) of Act 108 of 1966.

The municipality is continuing with Employee Assistance Programme (EAP) interventions are continuously done for the employees. These interventions are carried out though self and formal referrals as well as by means of proactive programmes.

- World Aids Day
- Financial Management workshops
- Medical Surveillances

Human Resources

The responsibility of the Human Resources function is to render effective and innovative HR service that addresses both skills development and administrative function. The Workplace Skills Plan for the financial year together with the training plan was submitted to the Local Government Sector Education and Training Authority (LGSETA) by end of April 2016 as required by the Skills Development Act of 2008.

Critical Vacancies and Turnover:

The municipality is keen on progressive basis and this can be witnessed by that the municipality has filled all the critical positions. The municipality has done so through the structure of approved and budgeted posts.

Employee Turnover Rate (Turn-over 2016/2017)

A total number of 16 employees have left the municipality during the period under review. All these exits were either through resignations and retirement.

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2017.

INTRODUCTION

The chairperson of the Audit Committee has a pleasure in submitting herewith the annual report of the Audit Committee for the financial year ended June 2017.

LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

Section 166 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended) (MFMA) requires from the municipality to have an audit committee.

In terms of section 166 (2)(a) of the MFMA the audit committee is an independent advisory body which must “amongst others” advise the municipal council on matters relating to:

- Risk Management
- Accounting Policies
- Internal financial controls and internal audits
- Performance management
- Effective governance
- Performance Evaluation
- The adequacy, reliability and accuracy of financial reporting and information
- Compliance with this Act, the annual division of revenue Act and other applicable legislation
- Any other issues referred to it by the municipality

In addition sections 166(2)(b),(c),(d) and require from the committee to review the annual financial statements, respond to council on any issues raised by the Auditor-General (South Africa) in the audit report, carry out such investigations in the financial affairs of the municipality and to perform such other functions as may be prescribed by the council.

GOVERNANCE OF THE COMMITTEE

All members of the Audit Committee are non-executive members and all meetings of the committee were held in accordance with the charter of the committee as approved by the Council. There was one member of the Audit Committee (Ms V Mbelane) who resigned. The annually revised Annual Report 2016/2017 Annual Report charter for the committee has been approved by Council. The audit report operationally to the Municipal Manager and functionally to the Audit Committee.

The Audit Committee has executed its responsibilities in accordance with section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended).

The Council entrench effective governance by adopting the recommendations of the King III Report on Corporate Governance for South Africa.

The members of the Audit Committee and Sub-committees during the period under review were:

Name	Audit Committee
Mr. J Mbawuli	Chairperson
Mr. L Galada	Member
Mr. V. Tshangana	Member
Mr. N. Zengethwa	Official
Mr. L. Landzela	Official
Mr. N. Totongwana	Official
Ms V Mbelane	Former member

SUB-COMMITTEES		
PERFORMANCE AUDIT COMMITTEE	RISK MANAGEMENT AND ANTI FRAUD	INFORMATION COMMUNICATION AND TECHNOLOGY COMMITTEE
Mr J. Mbawuli (Chairperson)	Municipal Manager	Cllr N Ntsaluba (Chairperson)
Mr. L. Galada	Ms. Z Makubalo	Cllr Toni
Mr. V. Tshangana	Ms. N Liwani	Mr. S Koyo L. Luke
Mr. N. Zengetwa (official)	Mr. M Nondzaba	Mr. M. Landingwe
Mr. N. Totongwana (official)	Mr. L Luke	Mr S. Dekeda
Mr. L. Landzela (official)	Mr. F Mavata	Mr. L. Mkunyana
Mr. Z. Shasha (Municipal Manager)	Mr. M Vuza	Mr. M. Booi,
Mr. X. Ntikinca (CFO)	Mr. M Songca	Mr. K Gantsho
Ms A Ntengenyane (Director Community Services)	Mr. A. Makhanya	Ms. S. Masiko

Mr K. Maceba (Director LED)	Ms. A. Bekebu	Mr. A Makanya
Mr S. Koyo (Director Infrastructure Dev. And Plan)		Mr. L. Ketelo
Ms N Nkuhlu (Director Corporate Services)		

Risk Management, Anti-Fraud and Anti-Corruption Committee as the name indicates, is a management committee chaired by an independent audit committee member to guide and advise management while providing close Audit Committee oversight.

There were no appointments and resignations during the year under review.

INTERNAL CONTROLS

Internal Audit evaluated effectiveness of municipal systems of internal controls following AG (SA) Methodology and using the tool provided by AG.

Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented internal audit recommendations to enhance the system of internal controls to the acceptable level.

INTERNAL AUDIT

The committee is satisfied that the internal audit unit has during the period under review effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit plan. The committee also approved the Risk Based Annual Audit plan for the financial year under review reporting period and was given the assurance that every effort will be made by the accounting officer to have all resources available to properly execute the plan.

All internal audit activities were completed in-house in accordance with the approved internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.

With Internal Audit follow-up reports, the committee has noted that management has implemented an appropriate tracking system in terms of which the various actions plans by management to resolve the reported issues were managed and reported to the audit committee.

The committee noted a little bit of improvement in the percentage of audit findings resolved by management.

The committee also believes that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and approved Internal Audit Charter.

RISK MANAGEMENT

The risk management, Anti-Fraud and Anti-Corruption Committee and Audit committee have assisted the accounting officer to risk responsibilities.

From the reports received the Audit Committee is satisfied that the risk management processes were adequately designed although not effectively and efficiently implemented in some instances.

Further, the committee acknowledges the progress made in risk management processes which improved the risk management maturity level of the municipality.

MATTERS OF CONCERN

The audit committee entered into discussions with the accounting officer again to emphasize the critical need for enhanced revenue management initiatives in order to effectively address the cash flow challenges faced by the municipality. The municipality needs to finalise the revenue management structure and capacitate it accordingly to enable increased revenue collections.

PERFORMANCE MANAGEMENT

Management in the year under review implemented the council approved performance management plan.

The Audit Committee noted a management policy which was approved by the council.

The audit committee monitored management's evaluation of identified service providers as required by section 46 of the municipal systems Act, 2000.

COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION.

The audit committee recommended improvement to the system implemented by management. The committee also noted that compliance in some instances is not being addressed in a timely manner. However, the risk management as a sub-committee of the audit committee, assisted the audit committee in tracking the progress by management in this regard.

The council approved a materiality framework which provide for zero tolerance for non-compliance with law and regulations.

AUDITOR-GENERAL (SA) AUDIT OPINION

ISSUES RAISED BY THE AUDITOR-GENERAL (SOUTH AFRICA)

INTERACTION WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The chairperson of the audit committee has previously reported to the members of Council the processes followed by the Audit Committee with regard to evaluation of the Annual Report.

AG REPORT

STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1.	Next financial year's Budget and IDP process plan.	July 2017
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	July 2017
3.	Finalise the 4 th quarter report for previous financial year	July 2017
4.	Submit draft year 2016/2017 Annual Report to Internal Audit	July 2017
5.	Municipal entities submit draft annual reports to MM	July 2017
	Audit/Performance committee considers draft Annual Report of Municipality and entities	July 2017
6.	Mayor tables the unaudited Annual Report	August 2017
7.	Municipality submits draft annual report including consolidated annual financial statements and performance report to AG.	August 2017
8.	Annual performance report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	August 2017
9.	Auditor General audits Annual Report including consolidated Annual Financial statements and Performance Data.	September – October 2017
10.	Municipalities receive and start to address the Auditor General's comments November.	November 2017
11.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	November 2017
12.	Audited Annual Report is made public and representation is invited	November 2017
13.	Oversight Committee assesses Annual Report	
14.	Council adopts oversight report	December 2017
15.	Oversight report is made public	December 2017
16.	Oversight report is submitted to relevant provincial councils	December 2017
17.	Commencement of draft budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	

CHAPTER 2- GOVERNANCE

INTRODUCTION

Good governance is enhanced by an effective interface between political office bearers, political structures, councillors and officials. The delegation of appropriate powers to achieve and exercise all the power relating to the performance on all the functions of the municipality also displays good governance. Chapter 2 of the Annual Report integrates five pillars of good governance applicable in the municipality.

The Intsika Yethu Municipality utilises the system where the exercise of executive authority is through the mayor in whom the executive leadership of the municipality is vested and who is assisted by executive committee. The Council of IYM has various Section 80 committees (the portfolio or Standing committees as well as the Municipal Public Accounts Committee [MPAC] which is a Section 79 Committee) each chaired by a Councillor elected from within Council and an audit committee established in terms of Section 166 of the Municipal Finance Management Act. The Speaker of Council is the chairperson of Council, convenes and presides over Council meeting

In addition, powers and functions as contemplated in the Act, the IYM is mandated to perform such functions and powers as determined by the MEC responsible for Local Government and as gazetted by the province. In relation to this, therefore, the core mandate of the IYM is the supply of municipal planning, tourism, local economic development and construction of roads.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Council is the principal political structure and the ultimate decision maker of the municipality. The Speaker also carries out the duties of chairperson of the municipal council under the Municipal Structures and Systems Act, enforces the Code of Conduct and exercises delegated authority in terms of the Municipal Systems Act.

The Mayor of Intsika Yethu Local Municipality steers the development and implementation of Integrated Development in accordance with the Municipal Systems Act. The Executive Committee of Intsika Yethu Local Municipality comprised of 10 members and is chaired by the Honourable Mayor. Each member of the Executive Committee heads a portfolio committee in terms of Section 80 of the Municipal Structures Act of 1998.

The municipality has the following portfolios: Corporate Services, Governance and SPU, Community Services, Local Economic Development and Planning, Budget and Treasury, Infrastructure Development and Planning.

Political parties in the council comprise of African National Congress, Democratic Alliance, Economic Freedom Fighters and Pan African Congress.

POLITICAL STRUCTURE



**Cllr: Jongumzi Cengani:
Hon. Mayor**



**Cllr: Kanyiswa Mdleleni:
Council Speaker**



**Cllr: Myolisi Toni:
Chief Whip**



**Cllr: Wonga Dunjwa:
Portfolio Head: Budget & Treasury**



Cllr: Zukiswa Qayiya
Portfolio

Portfolio Head: Infrastructure
Department



Cllr Saziso Myathaza:

Portfolio Head: LED



Cllr: Noloyiso Ntsaluba:
Portfolio Head: Corporate
Services



Cllr: Bongani Mpengesi:
Portfolio Head: SPU



**Cllr: N Dube: Portfolio Head
Planning and Development**



**Cllr: Ntombazipheli Tshangana-Nkoto
Portfolio Head: Community Services**

Councillors

Intsika Yethu Local Municipality is composed of 50 councillors (including 8 traditional councillors) with no vacancy. Out of the 50 councillors, 21 are ward councillors and PR councillors.

Political Decision Making

Decisions are taken through council resolutions. The portfolio committee discusses issues before they can be recommend to Exco. The Exco after some careful considerations then recommends to council for final approval. The resolutions are then formulated and distributed to relevant clusters for implementation. During the period under review a total of 07 Ordinary and 9 Special Council sittings were held. A total of 119 council resolutions were adopted and processed.

Ordinary Council Meeting	Special Council Meeting
1. 17 August 2016	31 August 2016
2. 21 November 2016	11 October 2016
3. 15 December 2016	5 December 2016
4. 25 January 2017	06 December 2016
5. 24 February 2017	13 January 2017
6. 31 March 2017	27 January 2017
7. 30 May 2017	3 May 2017
	12 May 2017
	15 June 2017

Council Committees

Council has in terms of Section 80 and 79 of Municipal Systems Act established a number of committees that specialise in specific areas in which they have become experts. These committees make recommendations to council and do not make final decision where applicable.

Audit Committee

The Audit Committee of the municipality is chaired by an outside independent elected person elected by the Audit Committee. The committee gives technical advices on financial matters and issues related to performance at organisational level and for all sections 57 employees. 5 meetings Audit Committee meetings were held for the reporting period.

Meeting	Date
1. Audit Committee	11 July 2016
2. Audit Committee	26 August 2016
3. Audit Committee	12 December 2016
4. Audit Committee	22 May 2017
5. Audit Committee	29 May 2017

Municipal Public Accounts Committee

The Municipal Public Accounts Committee is fully operational. Cllr Mxi is the chairperson of the MPAC. The MPAC is the custodian of the Annual Report and also heads up all forms of community or public participation on the annual report. The committee held 22 meetings to give an expression on the annual report.

Meeting	Date
MPAC Meeting	09 February 2017
MPAC Meeting	21 February 2017
MPAC Meeting	6 March 2017
MPAC Meeting	8 March 2017
MPAC Meeting	14 March 2017
MPAC Meeting	23 March 2017
MPAC Meeting	30 March 2017
MPAC Meeting	11 April 2017
MPAC Meeting	5 May 2017
MPAC Meeting	9 May 2017
MPAC Meeting	16 Mayo 2017
MPAC Meeting	24 May 2017
MPAC Meeting	25 May 2017
MPAC Meeting	07 June 2017
MPAC Meeting	7 October 2016
MPAC Meeting	2 November 2016
MPAC Meeting	10 November 2016
MPAC Meeting	14 November 2016
MPAC Meeting	18 November 2016
MPAC Meeting	22 November 2016
MPAC Meeting	07 December 2016

Public Participation Forum

The Public Participation Forum consist of 12 members who are members of different political parties within council and Cllr Skotana chairs the committee. All petitions are managed and processed from public through a public participation and Rapid Response offices. The committee records and acknowledges the petitions received and refers these petitions to the relevant departments for attention and execution. Members of the committees are:

1. Cllr M. Skotana (**Chairperson**)
2. Cllr N. Rotyi
3. Cllr N. Mafanya
4. Cllr M. Gulubela
5. Cllr S. Mkunyana
6. Cllr A. Kupa
7. Cllr M. Zulu
8. Cllr S. Lupuzi
9. Traditional Leader Sizinzo
10. Cllr. Gulubela

Section 80 Committees

These portfolio committees were established in terms of Section 80 of the Municipal Structures Act to support Council in discharging its executive mandate:

Chairperson	Portfolio
Cllr Mpengesi	SPU
Cllr N Ntsaluba	Corporate Services
Cllre S Myataza	Local Economic Development and Planning
Cllr N Tshangana- Nkota	Community Services
Cllr Qayiya	Infrastructure Development and Planning
Cllr Ntloko	Planning and Housing
Cllr Dunjwa	Budget & Treasury

Other Committees

Committee	Roles/Responsibilities	Chairperson
ICT Governance Steering Committee	To review effective function of IT, systems and controls	Cllr N Ntsaluba
Risk Management, Anti-Fraud and Anti-Corruption Committee Risk Management, Anti-Fraud and Anticorruption Committee	To review effective function of Risk Management Systems and to ensure that the institutions risk are properly identified and well managed.	Municipal Manager/ Mr N Totongwana
IDP and Budget Steering Committee	Considers the draft IDP document and Prosess Plan and refer them to the Mayoral Committee and Council.	Cllr S Myataza

Rules Committee

Cllr Shasha (chairperson)

Cllr Skotana

Cllr Mkunyana

Cllr Bani

Cllr Kolanisi

Cllr Mgqamqo

Cllr Magaga

Cllr Qotoyi

Cllr Tame

Women's Caucus

Cllr Kolanisi (Chairperson)

Cllr Bani

Cllr Lupuzi

Cllr Qotoyi

Cllr Gadeni

Cllr Qayiya

Cllr Ludaka

Cllr Hexane

Cllr Dube

Cllr Rotyi

2.2 ADMINISTRATIVE GOVERNANCE

The municipality has appointed a Municipal Manager in accordance with the Municipal Systems and Procedures contemplated in section 67 of the Act that are consistent with sections 54A, 56,57A and 72 of the Act. The Municipal Manager is the head of administration and is supported by a team of professionals. The Senior Management Team is responsible for crafting strategic directions (Integrated Development Plan) of the municipality as well as providing guidance to the political office bearers.

The Municipal Manager is primarily responsible for the development and implementation of an organisational scorecard and which serve as a basis for his performance assessment. The municipal manager up the completion of the IDP enters into a Performance Plan with the Honourable Mayor by the agreement with clear and measurable targets.

The performance management deals with performance management at cluster and departmental level. The service delivery budget implementation plans captures a comprehensive picture of the performance of each cluster. The service delivery budget implementation plan consist of objectives, indicators and targets from and aligned to Integrated Development Planning. The cluster is therefore evaluated by means of this plan.

The senior management team meetings are conducted weekly and extended to middle management weekly, to discuss report that are recommended to EXCO and municipal council for approval.

High Level administrative structure:

Municipal Manager

Directors

- Corporate Services
- Community Services
- Local Economic Development and Planning
- Infrastructure Department
- Budget and Treasury

TOP ADMINISTRATIVE STRUCTURE



Mr Siyabulela Koyo
Municipal Manager



Dir: Community Services
Ms Ayakha Ntengenyane



Chief Financial Officer:
Mr Lucky Madikizela

Dir: LED
Mr Kulile Maceba



Director Corporate Services
Ms Ncumisa Fololo



Acting Director:
Infrastructure Dev. &
Planning: Mr L Ketelo

2.3 COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL RELATIONS

The Mayor and the Municipal Manager represent the municipality at all national intergovernmental structures, in their capacities as the political and executive head as well as the administrative head. Other political office bearers and officials may also represent the municipality based on specific delegations accorded to them by the Mayor or Municipal Manager respectively.

The concept of an intergovernmental systems is based on the principle of cooperative governance between three spheres of government local, provincial and national. While the responsibility for certain functions is allocated to specific sphere, many other functions are shared among the three spheres.

The municipality is co-operating with various departments at national, provincial and district levels, including the chapter nine institutions established in terms of the Constitution, particularly the South African Human Rights Commission and Public Protector.

The National Intergovernmental structures are as follows:

MuniMEC (National Ministers Provincial MECs) MuniMEC are committees of Ministers and members of the Provincial Executive Councils,

Municipal Councils and the South African Local Government Association (SALGA).

The aim of MuniMEC is to improve co-ordination of their activities across all spheres of government.

MuniMEC gives provinces and councils an opportunity to interact with relevant Ministers.

Each MuniMEC focuses on specific sector areas such health, agriculture, education and housing.

The Municipal Manager or a delegated representative of the Council attends the MuniMEC meetings.

The municipality participates in provincial intergovernmental structures coordinated by the Office of the Premier, the Eastern Cape Department of Local Government and Traditional Affairs and any other provincial department that may convene from time to time. In addition to this, the municipality actively participated in the provincially established clusters such as the Governance and Administration Cluster, the Economic Development and Infrastructure Cluster as well as the Community and Social Services Cluster.

The Provincial Intergovernmental Structures are as follows:

The Premier's Coordinating Forum (PCF) The Premier's Coordinating Forum discusses issues of national, provincial and local interest.

It also discusses issues raised by the President's Coordinating Council (PCC) and 58 broader areas of policy, legislation, implementation, coordination, and alignment.

MuniMEC

The MuniMEC meeting is a quarterly session attended by Executive Mayors, Mayors, Speakers of the affected municipalities, traditional leaders, the South African Local Government Association (SALGA), Municipal Managers, representatives of sector departments and state-owned enterprises in order to thrash out issues of service delivery and learn best practices.

District Intergovernmental Relations and Local Intergovernmental Relations

The Municipality has a functional Local IGR established in terms of the Intergovernmental Relations Framework Act (2005). In terms of the structure presented above it must be noted that clusters mirroring the provincial and national structures were established. These include the Governance and Administration Cluster, the Economic Development and Infrastructure Cluster as well as the Community and Social Services Cluster. The departments within the municipality attend meetings which are relevant to their functions and duties at such meetings. Above this, the municipality also facilitated 4 meetings and participated in DEMAFO and Provincial meetings called by, Cogta and Office of the Premier amongst others.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 28 (3) and 21 of the Municipal Systems Act, 2000 (Act 32 of 2000) as well as section 21(1) (a) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) requires that all community members take part in IDP and Budget Public Participation Meetings.

The Act also requires that a process be followed on the preparation and finalisation of the IDP to have mechanisms and procedures for public participation and stakeholder involvement. It stipulates that the community should be consulted with regard to their developmental needs and priorities.

In compliance with the Act, Intsika Yethu Local Municipality has developed an IDP process plan which outlines the process that should be followed when reviewing the IDP annually. In the light of the above, Public Participation is regarded as main vehicle through which the municipality practice a culture of stakeholder engagement and participation as required by legislation.

2.4 PUBLIC MEETINGS

In terms of Municipal Systems Act, ward councillors are expected to hold at least one public meeting per quarter but the Office of the Speaker's through its Public Participation encourages ward councillor to hold public meeting almost every month to ensure constant contact and communication with their constituencies. In the months of October and November 2016, the office of the Mayor and Speaker and IDP in collaboration with ward councillors embarked on public participation meetings with the purpose of collating information from the community to be incorporated into the IDP Review for 2017/2018. The notices of the meetings were placed in regional newspaper fourteen days prior to the meetings as required by the Municipal Systems Act.

A total of 7 public participation meetings were held in order to afford the community the opportunity to consider the draft and IDP before adoption by the Council. Mobilisation was also done to community for the meetings. Transportation was organised to transport people at their pick up points through the assistance of the transport forum.

2.5. IDP/Budget Public Participation

The municipality moved further to conduct Budget/IDP public meetings. This is a program that encourages the communities to dialogue with the municipality and its political leadership. The drafting of Integrated Development Plan, including its consideration and adopting of budget is done in consultation with local communities on its development needs and priorities.

The IDP-Budget Process Plan was approved by the Council in 31 August 2016. The Process Plan outlines the schedule IDP and Budget public participation meetings. The first sets of meetings were held during the month of July 2016.

The meetings aim to solicit inputs from the community that will influence service delivery budget implementation plan.

2.6 IDP PARTICIPATION AND ALIGNMENT

IDP Participation	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they be calculated into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers YES	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

2.7 RISK MANAGEMENT

The realisation of the institutional strategic plans depends on the ability to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable the institution to anticipate and respond to changes in the service delivery environment, as well as to take informed decisions under conditions of uncertainty

The role of the Risk Management department is to provide the municipality with comprehensive support for institutionalising ERM and coaching management on principles and practices of ERM, coordinating efforts in determining the municipality's risk exposures and in the development of action plans by management for addressing such exposures.

During the financial year under review, the municipality had a functional Risk Management Unit as well as functional Risk Management, which has successfully had meeting during the year. The municipality maintains the following approved policy documents:

- Risk Management,
- Anti-fraud and Anti-corruption Committee ;
- Risk Management Policy
- Risk Management Framework
- Risk Management Implementation Plan

The municipality has in terms of the Risk Management Implementation Plan, not achieved all its targets as anticipated due to personnel constraints however a critical aspect of sustaining management awareness and commitment was achieved through the risk workshops conducted for employees. The municipality has one again retained a Risk Maturity Score with a number matters remaining outstanding.

2.7.1 Compliance

The risk management function has the following compliance objectives:

- To render effective and efficient internal controls in the municipality.
- To provide compliance framework to the municipality
- To enforce compliance on MFMA and other related prescripts.
- To ensure compliance with MFMA, SCM policies, and other National Treasury practice notes on finance and supply chain

2.8 Anti-Corruption and Fraud

The risk management function has the following anti-fraud and corruption objectives:

- To implement the fraud prevention plan which includes a fraud prevention policy in the municipality.
- To develop and implement an investigation policy.
- To develop a case management system that will ensure effective and efficient management of cases.
- To establish a whistle blowing mechanism.
- To develop a whistle blowing policy that will support the whistle blowing mechanism in the municipality.
- To provide assurance to the council and the municipal manager on the management of fraud risks.
- Promote professional ethics in the municipality.

2.9 SUPPLY CHAIN

The Supply Chain Management of Intsika Yethu Local Municipality has been implemented in terms of Chapter 11 of Municipal Finance Management Act No. 56 of 2003, SCM Regulation of 2005. Relevant MFMA circulars clearly set out the required processes and guidance manuals to help ensure that SCM processes provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. All these pieces of legislations and guidelines referred to were the basis for the formulation of IYM's Supply Chain Management (SCM) policy.

SCM is an integrated functions, which deals with the following key functions:

- Demand Management
- Acquisition Management
- Logistic and Disposal Management
- Risk and Performance Management

The SCM Policy and Procedure Manual were reviewed during the financial year so as to cater experienced challenges, intensify controls, streamline processes and promote fairness,

cost-effectiveness, efficiency and local economic development. Furthermore, the review was also intended to accommodate National Treasury's circular 62.

2.10 WEBSITE

Sections 75 of the Municipal Finance Management Act, 56 of 2003, Requires the accounting officer of a municipality to place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipal:

Section 75 of the Municipal Finance Management Act, 56 of 2003, requires the accounting officer of a municipality to place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

Information to be placed on the website	Year	Date Placed
1. Adjustment budget 2016/2017	Yes	26 February 2016
2. Mid-Year and Performance Report 2016/2017	Yes	21 February 2017
3. Final Draft IDP 2016/17	Yes	30 March 2016
4. All budget related policies 2017/18	Yes	
5. Annual Report 2016/17	Yes	15 December 2016
6. Oversight report for 2016/17	Yes	25 November 2016
7. All service delivery agreements	Yes	
8. Any other documents that must be placed on the website in terms of this Act or any other applicable legislation or as may be prescribed	Yes	24 May 2016 21 January 2016

2.11 INTERNAL AUDIT

The Intsika Yethu Local Municipality has a fully functional Internal Audit Unit which is mandated to provide independent, objective assurance and consulting services geared towards adding value to IYM and improved quality of the service delivery. Internal Audit is an independent unit which is a significant contributor to corporate governance within the municipality by providing assurance services.

To this end, the Internal Audit Unit has developed and implemented a risk-based Annual Audit Plan which is aligned to the IYM strategy (IDP) and Strategic Risk Register which was adopted and approved by the Audit Committee and Council respectively.

2.13 BY LAWS DIVISION

For the 2016/2017 Reporting period the municipality has attached this task to a department that works on the coordination of all municipal bylaws.

2.14 PUBLIC SATISFACTION SURVEY

The municipality has utilised the last survey (2015/2016) of communities within the area of jurisdiction of Intsika Yethu Local Municipality. The municipality has seen a growth on participation by communities and this was service delivery driven.

The service used in the survey were government provided dwellings, roads, storm water, libraries, public health and public safety. The satisfaction level of services delivery with municipality, with specific reference to provision of basic services varies when compared with other municipalities.

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE

PERFORMANCE REPORT PART 1

INTRODUCTION

During the 2016/2017 Financial Year the overall IYM performance results reflect a success rate caused by mixed performance results of departments in implementing the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan of the Municipality. The comparison of performance between the current and the previous year's reflects the healthy state of affairs wherein there are room for improvements. The comparative analysis depicted in the tables below indicates that the performance results have improved in most KPAs.

In terms of the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA) a municipality must develop a Service Delivery and Budget Implementation Plan (SDBIP) on an annual basis, which is to give effect to the Integrated Development Plan (IDP) and budget of the municipality. The SDBIP therefore serves as a "contract" between the administration, Council and community expressing the goals and objectives set by the Council as quantifiable outcomes that can be implemented by the administration over a twelve month period.

This provides the basis for measuring performance in service delivery against end-of year targets and implementing the budget. Once approved, the SDBIP forms the basis of the performance plan of the Municipal Manager and cascaded down to inform the performance plans of the Section 56 managers. This ultimately forms the basis for measuring the performance of the municipality as well as the individual performances of the municipal manager and his senior management team.

Chapter 3 of this annual report focuses on the service delivery milestones achieved against the municipality's strategic objectives. These strategic objectives have been captured into 2016/2017 IDP and translated into cluster Service Delivery Budget Implementation Plans.

For purposes of consolidation, the SDBIP for 2016/17 was divided in terms of the five key performance areas applicable to local government viz.;

- KPA 1: Basic Service Delivery and Infrastructure Development;
- KPA 2: Local Economic Development;
- KPA 3: Municipal Transformation and Institutional Development;
- KPA 4: Financial Viability and Management; and
- KPA 5: Good Governance and Public Participation.

COMPONENT A: BASIC SERVICES

This component includes electricity and waste management and human settlement functions and a summary of free basic services.

3.1 ELECTRICITY

Intsika Local Municipality is responsible for facilitating the process in the areas of Intsika Yethu Local Municipality. Eskom has a license to provide electricity in IYM. All consumers connected to electricity network receive a full service at the applicable rates as approved by National Energy Regulator of South Africa (NERSA) every year.

Electricity Overall Performance

Maintenance

Provision is made in the annual operating and capital budget for the maintenance of electricity network. Maintenance on the electricity network is done on a continuous basis and use is made of multiyear maintenance contracts to achieve this by Eskom. Maintenance of public lighting is done in accordance with a predetermined programme.

3.2 WASTE MANAGEMENT

Environmental Management and Planning has two components of service delivery: Waste and Landfill Management and environmental management.

Waste and Landfill Management is responsible for collection and transporting of waste, cleansing services and managing landfill sites. Residential waste is collected once a week. The municipality is keen to work in line with the National Environmental Management Waste Act (Act 59 of 2008) and national collection standards for weekly households collection services.

Environmental Management is rendered in terms of National Environmental Management Act 107 of 1998 and Specific Environmental Management Acts. The main function is to develop and implement the Environmental Management Framework. The key areas of the framework include the Environmental Impact Management; Environmental Compliance Monitoring and Enforcement; Industrial Environmental Impact Management and Environment Related Projects.

Waste Management Service Overall Performance

Overall waste was removed in both towns Cofimvaba and Tsomo in a continuous clean-up removal programme. The municipality in collaboration with provincial and national governments conducted the audit compliance.

The waste and landfill management challenges includes lack of environmental committees, illegal dumping and lack of funding to improve the landfill sites. However processes are being organised to mitigate these challenges. These processes include the acquiring of new resources and these interventions are aimed and improving waste removal.

Weekly services were rendered to all formal households within the urban edge with few backlogs spilling over to the following week of collection. The team is continuing to focus on main routes and other streets and this is assisted by the continued use of EPWP workers.

3.3 HOUSING

The Human Settlements' function is committed to delivery of diversified habitable houses, with all social amenities in a secure and development friendly environment. This is done by implementing the National Outcome 8-breaking new grounds and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in the municipal areas.

The municipality upholds the Batho Pele principles by ensuring cost effective and affordable services; being responsive and sensitive to the social and housing need of our communities and providing a range of affordable shelter options. The identification of suitable land for the establishment of new housing projects to reduce the housing backlog in IYM.

Human Settlement (Housing) Overall Performance

In summary IYM is one the municipalities that has still have backlog in housing and human settlement. Furthermore it must be stipulated that the provision of houses is the competency of the Eastern Cape Department of Human Settlements. The land availability is only facilitated by Intsika Yethu Local Municipality with the view also to facilitate the development.

3.4 FREE BASIC SERVICES

Free Services

Free basic electricity (FBE) of 50kWh per month is made available to all the registered indigents. Intsika Yethu Local Municipality had 6500 indigent households in the financial year. The budget for FBS was R 408 000 000 and this was utilised 100%. The department conducted campaigns in all 21 wards from 16 August 2016 to 29 May 2017. The municipality established steering committees in all 21 wards. These steering committees assist in the registration of indigent households.

COMPONENT B ROADS TRANSPORT

3.5 ROADS

Roads and Storm Water Unit plays a significant role in the economic development of the Municipality through planning, provision and maintenance of the road and storm water infrastructure.

The Municipality is also responsible for the development, implementation and management of various electronic management systems and master planning for all roads infrastructure. It is also responsible for the quality of implementation of capital projects, administration of the capital budget and approval of applications for new development. The road infrastructure of Intsika Yethu Local Municipality links directly to national and provincial.

Gravel Road Infrastructure

The maintenance of gravel roads includes operations such as the grading of the gravel roads to improve the riding quality, the re-graveling process i.e. to re-work and re-compact the pavement layers, and the operation also includes drainage improvements on gravel roads.

Roads Overall Performance

The maintenance of the road and storm water infrastructure is done through three maintenance unit strategically located in Cofimvaba. Cumulatively they maintain a number of gravel roads in different in all 21 wards of the municipality and tarred roads both in Cofimvaba and Tsomo by doing a number of maintenance task's linked road signs in order to provide a functional roads network.

3.6 STORMWATER

The municipality strives to be a dynamic community centred service provider that continuously improves and renews the quality of lives. To provide an efficient, competitive and responsive economic infrastructure restructure. This unit strives to fulfil the mandate for Local Government in terms of Section 152 of the Constitution by implementing its strategic objectives on the following principles.

- To provide a storm water drainage system for the convenience of the community and traffic
- To prevent loss of life by runoff from storms;
- To reduce damage to property by runoff from storms;
- To prevent land and watercourse erosion

In terms of the service delivery and budget implementation plan for 2016/2017, infrastructure department has managed fairly reach its targets. However the storm water section as part of the roads unit, there are challenges such as financial constraints, aging infrastructure and limited resources.

Storm water Infrastructure

The storm water operations include the maintenance of concrete lined channels and grave earth channels. The processes of maintenance focuses on new pipes laid.

Storm water Overall Performance

The completion of the storm water master planning will assist the municipality in addressing the following challenges:

- Lack of design capability;
- Ageing infrastructure, and
- Rapid development of formal and informal settlements which results in traffic increases in our roads, and increases the roads backlog

COMPONENT C: PLANNING AND DEVELOPMENT

3.7 PLANNING

INTRODUCTION

Part B of Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, places the function of town planning on Local Municipalities. In adherence to the prescripts of the Local Government: Municipal Structures Act, 117 of 1998, the IYM has, through its Development Planning Unit in the Integrated Planning and Economic Development Directorate (IPED), established the position of a Town Planner with the task of assisting Local Municipalities in the following aspects:

- To keep abreast of legislation and trends as this relates to Town Planning.
- Determine the efficiency and consistency of municipal spatial tools

The Land Use Management (LUM) functions include evaluation and processing of received development applications (rezoning, consent uses, townships establishment, removal of restrictive conditions of title subdivisions, and divisions of land, site development plans, building plans and other development planning related applications).

Spatial Planning is a component of the Land Use Department that deals with the development of the Spatial Development Frameworks (SDFs) of the Municipality. In developing the SDF it is required that various land development policies such as local spatial development plans, precinct plans, urban renewal strategies and growth development strategies to guide public and private investments. Other related areas are also important, including local economic and community planning. Spatial planning integrates vertical alignment of plans (local, district and provincial level) in order to guide the development, investments and at ensuring annual compliance in terms of the Local Government: Systems Act (no.32 of 2000).

The Municipality has Geographic Information System (GIS) as a section mainly for the capturing, storing, integrating, manipulating and analysing and displaying its spatial data. This section has a primary function providing and technically encoding geographic and spatial information to the ordinary members of the public, councillors and officials for infrastructural planning purposes. GIS has progressively succeeded in helping the Council to uncover municipal properties that would not been discovered by other asset identification tool. The use GIS as a revenue enhancement tool has also assisted the Council to increase its rate and taxes collection rate.

Land Use Overall Performance

There were projects that were successfully performed in this regard during the reporting period.

Geographic Information System (GIS) Function which is designed for capturing, storing, integrating, manipulating, analyzing and displaying data spatially referenced has assisted in providing usable information to officials, councillors and ordinary members of the public. The updating and verification of cadastral data has assisted the Municipality to plan, manage and implement infrastructural projects including asset management verification and alienation of municipality-owned parcels of land.

Land Use Management have established a proper work plan according to which all reported Land Use transgressions are dealt with and owners prosecuted. This has a positive effect on the minimizing of the total Land Use transgressions in the IYM-area. However, it must be mentioned that there are applications that are seen as backlog where all comments (internal and external) have been received and all the required documentation has also been submitted by the applicant and only reporting is outstanding.

3.8 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

The IYM LED Strategy builds upon the success of work, adding new insights and understanding that has resulted from discussions with key stakeholders, business representatives and partners through structures organised by the department.

Strategy needs to be reviewed in order to ensure that resources are adjusted to provide a timely, flexible and effective response to minimize the impact upon people and businesses within the IYM.

Local Economic Development (LED) at the Municipality involves identifying and using local resources to create opportunities for economic growth and employment creation. The function also focuses on forming local partnerships with key and relevant stakeholders such as national, provincial and district government and private sector structures. This is done to promote and support local economic development initiatives aimed enhancing economic growth and to provide infrastructure for investment attraction and promotion.

The construction of Integrated Energy Centre in ward 04 started. This project is a project of Intsika Yethu Local Municipality and Petro South Africa. This project is funded by Petro SA and it will benefit the community of Intsika Yethu, ward 04.

Other key functions of LED and Tourism include

- Enterprise development: Encouragement, support and promotion of SMME's and Cooperatives;
- Advertisement: Approvals of advertising in the area, monitoring and removals of illegal advertising and advertising by-law enforcement;

- Informal Trading: Enforcement of informal street trading by- laws in the entire area of, demarcation of trading spaces, identifying places which can be used for informal street trading markets, Issuing of trading permits to traders, Identifying where stalls can be erected for traders to conduct their business, interacting with the Provincial Government for more support for the sector;
- Maintenance of relationships with business associations, forums and business service providers. Develop and maintain the data system to track trends within the business community;
- Tourism: Promotion and marketing of Tourism within the municipality; and
- Agriculture: Promotion and facilitation of agricultural development in the Municipality

Local Economic Development and Tourism Overall Performance The following were successfully implemented by the Department in the last financial year:

- Training of SMME's and Cooperatives in Agriculture and Tourism;
- Agri-Park Pilot Project: To secure agricultural Land and job creation both for Farmers and Farm Dwellers.

3.9 COMPONENT D: COMMUNITY AND SOCIAL DEVELOPMENT

LIBRARIES

Intsika Yethu Library and Information Service is aiming at preserving the past and securing the future by providing free access and guidance to information with fulfil the intellectual, educational, social and recreational needs of the people of Intsika Yethu in order to improve their quality of life. The community libraries acts as a development agent providing dynamic library and information services to all the people of Intsika Yethu in the request for lifelong learning, literacy, cultural expression recreation and economic development. All community libraries with Intsika Yethu are manage and controlled under legislative stipulations.

The Constitution of the Republic of South Africa: According to schedule 5A Public Libraries are the competency of Provincial Government and as such it is an unfunded mandate. This situation is addressed by receiving conditional grants and equitable share transfers from Provincial Government.

The South African Public Library and Information Services Bill (Draft : The draft Bill will set uniform minimum norms and standards, principles for Library and Information Services, Institutional arrangements, Inter Governmental arrangements and Assignment of functions).

SPORT, RECREATION, ARTS AND CULTURE

The Municipality, through its SPU strives to achieve integrated local community which is committed to healthy lifestyles. The unit encourages the community to actively participate in sport and recreational activities through a number of sport development programmes that are implemented in the underprivileged areas, specifically

Some of the programmes which were implemented during the period under review included inter alia, sporting codes such as soccer, boxing, netball, athletics. It is estimated that a

number of more than 3 000 participants took part in these programmes. A number of officials/coaches were also reached through these programmes.

Overall Performance of Sport and Recreation

During the period under review the total number of those who visited the Municipality's sports and recreational facilities increased by approximately 4%. This proves that the standard of maintenance of these facilities has indeed increased since financial year.

3.10 PARKS AND CEMETERIES

The rest areas and cemeteries are not only provided areas of remembrance to honour the deceased. They serve as open spaces promoting social cohesion and civic pride but also provide opportunities to create green footprints and an aesthetically pleasing and liveable environment within Intsika Yethu Local Municipality

The Municipality is responsible for the maintenance and management of 2 cemeteries that are fully operational while the cemeteries in the rural areas are not serviced.

The three top service delivery priorities for rest areas and Cemeteries are grass cutting; arboriculture work and greening. Through these ongoing programmes the Municipality has created a few job opportunities. Some of these job opportunities are listed below as follows:

- A total number casual job opportunities, through the use of EPWP and contractors were created in the maintenance of public open spaces, parks, green belts and cemeteries.

Parks and Cemeteries Overall Performance

Public space provision

Landscape Development and Maintenance

Environmental awareness

In partnership with EC Department of Agriculture and Rural Development, tree planting was conducted at a local school. This programme was done in ward 18, Nomadambe Village and Cotho village.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.11 ENVIRONMENTAL HEALTH

The function includes the provision of a comprehensive Environmental Health Services (EHS) to enable the community to live in a healthy and hazard free environment. Environmental Health is rendered in terms of National Health Act 61 of 2003. Municipal Health Services comprises of nine (9) elements or focus areas, which are the mandate of IYM with regard to Municipal Health Services, namely:

- Environmental Pollution Control;
- Control of hazardous waste, and
- Chemical Safety.
- Health surveillance of premises;

Environmental Education and Awareness Programmes

Awareness programs are conducted on environmental quality management, land care and sustainable development in relation to climate change. Observation of environmental days like Arbor Day, World Environment Day and Water Week helps in raising the awareness in terms of identified themes for those programs on an annual basis. Environmental education programmes are also conducted in schools. Environmental education programmes are also conducted in schools.

GREENING AND BEAUTIFICATION PROGRAMMES

The IYM has a Greening Plan which focuses on greening in the municipality. This plan have a greening component whereby trees be planted as means of striving to counteract the carbon footprint created during the event.

Waste management:

Monitor environment in respect of illegal dumping and littering and take the necessary remedial Inspections of Medical Waste Generator Premises.

Established a Data list of all Medical Waste Generators.

IGR operational matters

Interdepartmental meetings were held in the municipality, including the four standard meeting that sit once a quarter. Further engagements were also done through the IGR meetings with Department of Social development (Province), Department of Health (Province), ECD forum and Practitioners. These were the departments that attend the meeting noting the poor attendance by other departments.

Environmental Health: Overall Performance

In summary the Municipality was challenged with the mushrooming of unregulated businesses. This was informed by the understanding that these centres could seriously compromise the objective of rendering a healthy and safe environment for IYLM communities if left unattended. In dealing with these challenges, the Municipality increased its inspections and conducted workshops to assist role players to comply with the relevant legislative requirements. In terms of the Environmental Health Services policy all complaints

and related matters, in respect of which investigations were required, received immediate attention. The Municipality speedily attended to all matters falling under its jurisdiction in this regard, while matters concerning other departments were referred to the departments concerned for their necessary attention.

3.12 COMPONENT G: SECURITY AND SAFETY

IYM Traffic and Security services are aligned to the National Crime Prevention Strategy, the Provincial Crime prevention Strategy and the District Crime Prevention Strategy. The function is divided into three regions and has successfully implemented the Intsika Yethu Traffic & Security Law Enforcement Year Plan and all the set targets were met.

Joint road blocks were also held with SAPS and different Provincial Traffic Departments. Road safety promotional campaigns were conducted and in the community, based on vulnerability and risk assessments conducted and as per the request from the community.

FIRE AND DISASTER SERVICES

The Fire and Rescue Services is responsible for servicing all 21 municipal wards. The municipal area is mostly rural. The core function of the Fire and Rescue Services is to render fire fighting, rescue and fire safety services and ensure the safety of human life and property. The Municipality is also responsible for Disaster Management and has Working on Fire which relates to veld and bush fires on the farms and small holdings. The wards that were affected by fires were wards 10, 19 and 14.

Due to the fire prevention and awareness programmes of the Fire Unite, fire incidents have decreased drastically since the previous financial year. Communities are also constantly being trained in basic fire fighting skills.

PROPERTY SERVICES

Property Management Department in Intsika Yethu Local Municipality is responsible for the disposal of Council owned properties and vacant land as well as the lease of Council owned properties and vacant land. The Department is also involved in the acquiring of land for municipal purposes if necessary.

The Municipality's responsibility regarding this unit includes ensuring that the above processes are executed in accordance with all applicable legislation and all processes as prescribed by relevant legislation. The Department is further responsible for access, monitoring, applications and registration of servitudes over Council owned land.

Overall Performance Additional Achievements

The lease register is updated very effectively and the Department has engaged on renewals on a month to month basis whereby agreements could not be renewed due to non-compliance/non-payments and outstanding legal processes. Notices are served on a monthly basis to non-compliant occupants. Council has approved stands be purchased in accordance with Supply Chain procedures.

COMPONENT I CORPORATE POLICY AND OTHER OFFICES

3.13 EXECUTIVE AND CORPORATE SERVICES

Intsika Yethu Local Municipality is categorized in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) as a Category B local municipality. It has an Executive Committee that is headed by the Mayor. The Honourable Mayor is supported by nine members of the Executive Committee as described in Chapter 2 of this report under Political Governance.

The Accounting Officer (Municipal Manager) is appointed in accordance with the municipal systems and procedures contemplated in Section 54A and is supported by a senior management team as described in chapter 2 under administrative governance. The functions performed and coordinated by the office of the municipal manager are governance related. The office of the municipal manager monitors and oversees the administrative components of following political offices:

- The office of the Executive Mayor including Monitoring and Evaluation;
- The office of the Speaker, and
- The office of the Chief Whip.

HUMAN RESOURCES

The Human Resources is well established and its primary function is to render an effective as well as an innovative human resources service that addresses both skills development and generic human resources functions within the municipality. The functions of the department comprises of the following:

- Benefits Administration;
- Personnel Administration;
- Recruitment and Selection;
- Leave Management;
- Training and Development; and
- Human Resource Policy Development and compliance monitoring.

Organizational Development:

This pillar focuses on the following:

- Organizational design and post establishment;
- Job Evaluation;
- Employee health and wellness programme;
- Change management and transformation; and
- Business process mapping.

Employee Relations:

Employee Relations pillar involves the body of work concerned with maintaining employer-employee relationships that contribute to satisfactory productivity, motivation, and morale.

Information Systems and Technology:

The mandate of the Information Communication Technology (ICT) unit is to Provide ICT services and support to the municipality and to provide secure, reliable and consistent platform for information accessibility

The purpose of this pillar is to explore solutions that would turn raw data into useful information that can be used for decision making in an organization. Similarly, Information Technology is the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data, often in the context of a business or other enterprise.

The municipality has an approved ICT plan, which states the importance of integration of systems. The main objective of the engagement is to draft a roadmap to attain an ideal ICT operating model, which the municipality can use to plan and operate its ICT systems and infrastructure going forward.

Network Infrastructure Upgrade

The growth of the institution partly has resulted in a need for additional remote offices to be connected to the network. ICT infrastructure is taking strain and becoming slow or consistently losing connection. Network infrastructure needed to be upgraded.

RISK MANAGEMENT

3.14 INTRODUCTION

This pillar aims at the adoption of a systematic approach of identifying and addressing people risks (Uncertainties and opportunities) that can either have a positive or negative effect on the realisation of the objectives of an organisation. The adoption of a proactive risk management strategy to ensure successful achievement of the objectives is contained herein.

LEGAL SERVICES

The mandate of this unit is to provide sound legal advice to the institution and also manage the administration. Legal support is provided to senior management, directorates and Council on the exercise of powers, functions and decision making. An analysis and evaluation of the attitudes of the municipality enables this unit to provide advice on how to manage legal risk.

This office offers legal support and advice to the Municipality. The support offered by the office includes, but is not limited to the following:

Vetting of contracts and policies;

- Legal opinions and comments;
- Litigation management;
- Advice on legislation and its application/implications;
- Advising on by-laws;
- Managing legal compliance management, and
- Management of Panel of Attorneys

For the next reporting period the Municipality will make efforts to strengthen the office. This will be done by capacitating the office to conduct research on all new and amended legislations, regulations and policies and to improve its advice to the Municipality. This will have a positive impact in strengthening of the Legal Materiality Framework and Compliance thereof.

Overall Performance of Legal Services

The following achievements were registered by the unit during the period under review:

- The maintenance of the approved Legal Compliance Framework is improving and sustaining good governance within the administration and other structures of the Municipality.
- The office provided general legal advisory service and assistance to all clusters within the Municipality.

To Ensure That the Municipality Has Sound Legal Advice So As To Execute Its Mandate And Responsibilities

There were three Key Performance Indicators that would enable the unit to come to a conclusion that this pre-determined objective has been achieved or not, and were also about the reporting to the Standing Committee about the following:

- Officials and councillors trained on litigation
- Updating and monitoring of the Legal Claims Register
- Performance of external attorneys

Safeguarding and Maintenance of Municipal Buildings

The municipality treats its buildings as one of its most valuable assets. It is for this reason that this pre-determined objective is considered important to ensure that the municipality's investment to its buildings is safeguarded. Though there was no approved Maintenance Plan in place the Key Performance Indicator towards the realisation of the predetermined objective, of ensuring the buildings and are safe guarded and maintained, was the number of buildings identified for maintenance (and actually maintained) in the 2016/2017 financial year.

Provision of Adequate Security to Employees and Councillors

The Intsika Yethu Municipality values its human resources. Strides are continuously being taken to ensure that its employees and councillors are safeguarded. Although there is no approved Security Plan, there was no abundance of security breaches to the municipality's offices that endangered the lives of the employees and councillors in the past financial year.

SECRETARIAT AND ADMINISTRATION SUPPORT

The Secretariat and Administration function forms part of the Corporate Services Department. It is responsible for the provision of support functions to the Municipal Council and all its Committees, as well as all committees and departments. The co-ordination of meetings and archiving focuses mainly on the following:

- Co-ordination and sequencing of all reports;
- Updating of Policy Register and safe keeping;
- Drafting of Action Lists for implementation of resolutions by Committees follow-ups.
- Provision of a central archive and registry service;
- Provision and management of printing services;
- Maintains and facilitates switchboard service; and
- Safekeeping of contracts and agreements

Service Statistics

Secretariat attended all meetings and ensured accurate compilation of minutes as required in these meetings.

- Council meeting;
- Executive committee meetings;
- Senior Management Team meetings;
- Extended Senior Management Team meetings;
- Section 80 Committee meetings as follows:
- meetings were coordinated and supported:

RISK MANAGEMENT

The Risk Management function at IYLM forms part of Municipal Manager's Office. Its objective is to guide the Municipality's process in terms of identifying risks and ensuring that controls are in place to minimize the potential impact of the risks on the achievement of institutional objectives. This is realized among other things, through the establishment of a functioning Risk Management Unit and the setting up of systems to implement risk management at an enterprise-wide level as well as conducting regular Risk Assessments (developing risk registers), continuous monitoring and reporting.

Overall Performance Risk Management

The Risk Management Unit is severely under-capacitated and the impact of such is more evident with the critical targets remaining partially achieved.

INFORMATION TECHNOLOGY

The Information and Communication Technology Services rendered to IYLM users can be divided into Operations, Technical Maintenance, Software Support, and Projects and Administration.

Service Delivery Priorities

The five year ICT implementation plan has at best been aligned to the IDP and the 2016/17 implementation phase includes the ICT department SDBIPs for the 2016/2017 financial year. Each and every activity in the implementation phase is supported by a process plan that outlines the timelines and steps that will be followed from the start to completion to achieve that. *ICT Strategic Planning*

ICT Governance

An ICT governance framework has been developed and the ICT Governance committee members have been appointed. All the Municipality clusters are represented in the committee so that an overall view of the Municipality's ICT requirements can be collated and be incorporated in the ICT implementation and align it to the IDP. The committee will monitor and measure on a continuous basis that the ICT function effectively supports the municipality's mandate of efficient service delivery to the community.

ICT departmental structure

The IYLM is in a process of establishing its own ICT function and to this end an ICT structure has been developed and that will be submitted for approval by Council. The structure will ensure that the ICT Department is well resourced to meet and support all the ICT requirements of the Municipality.

FLEET MANAGEMENT

Various departments and functions within the Municipality are dependent on the availability of required vehicles, equipment, machinery and other transportation resources in order for them to achieve their organizational mandates of rendering essential services to the community they serves. Fleet Management is a function within the municipality charged with a responsibility of granting the necessary support to all user departments by availing the required resources.

The aim is to improve the management and data integrity of the asset register on a continuous basis and to improve the management of municipal infrastructure assets. Asset Management as a function is managed in two clusters, namely, Finance and the immovable items are managed while the Finance cluster manages movable items. The asset register is consolidated into which became operational during the 2016/2017 financial year and is used to manage all fixed assets.

Safeguarding And Maintenance Of Municipal Fleet

The Fleet Management unit has vehicles allocated to the municipality for all official duties with the exception. The pool vehicles are booked by all directorates: Finance, Engineering, and Supply Chain for all municipal duties. The Fleet Management Officers are on a quarterly basis compiling reports on the Fleet Composition, Distribution, Power track Vehicle Management System and Fuel Expenditure. All council vehicles are covered by insurance.

PROJECT MANAGEMENT

The Project Management Unit (PMU) has been established as one of the department within the Infrastructure Planning and Asset Management (IPAM). Currently the unit has full time managers reporting directly to the Director: Infrastructure Development and Planning. The unit has a technical team consisting of staff members that are qualified technicians, technologists and engineers. Each member on the technical team within the unit oversees as many as 10 projects ranging from roads, communal buildings, high mast lights, recreational facilities and cemeteries.

The Unit at the moment has projects in various stages of construction and projects planned to begin during the course of the new financial year, 2017/18. This initiative is aimed at improving the local economy by grooming emerging contractors and transferring business and technical skills.

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT

INTRODUCTION

Chapter 7 Section 51 of the Municipal Systems Act 32 of 2000, mandates the Municipality to establish and organise its administration in a manner that would enable the municipality to be responsive to the needs of the local community. Furthermore, sec 67(1) of the MSA compels the municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.

The strategic objective of the department is to establish and maintain a skilled, healthy labour force guided by relevant policies, systems, procedures that are geared towards realising the needs of the communities. Municipal transformation and organisational development is key to service delivery, hence much emphasis is on implementation of Batho Pele principles in all municipal structures, systems, procedures, policies and strategies

Intsika Yethu Local Municipality currently employed individually and collectively contribute to the achievement of the broader municipal objectives. The senior management team is fully established. The team is supported by staff members employed by the Municipality to deliver on municipal services and institutional priorities as outlined in the IDP. The Human Resources function is well established and its primary objective is to render an effective as well as an innovative HR service that addresses both skills development and administrative function.

On a quarterly basis a report on the completeness of staff related costs is compiled and submitted to the Audit Committee. This intervention assists in ensuring that all employees in the staff compliment of the Municipality are accounted for.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Workforce management is part of the broader organisational management strategy which seeks to amongst others ensure that there is a defined process of accountability as well as adequate procedures to deal with administrative matters. To this end, the municipal council has approved a number of policies and procedures aimed at improving management and administration affairs within the municipality. Tabulated below are the policies that are in place.

COMMENT ON WORKFORCE POLICY DEVELOPMENT

Whilst a number of policies have been developed and/or reviewed, some remain obsolete and hence need revision. Resources will be allocated in the next financial year to ensure that these are attended to as per the plan of the municipality for the next year

Change Management

The following change management interventions were conducted for the Municipality:

1. Identifying and training of Change Agents for each department;
 2. Workshop on the importance of Change Management in the Municipality;
 3. Change Management for introduction and roll-out of performance management system for job,
- And 4 Critical work-force segmentation.

EQUITY

Introduction

The Employment Equity Act 55 of 1998, Chapter 3 Section 15(1) requires the implementation of affirmative action measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce.

Since the establishment of Employment Equity function, the Municipality has embarked on various processes to remove barriers to equitable representation and advancement of people from designated groups and to accelerate training and promotion of individuals from this category.

Through the implementation of Employment Equity and Affirmative Action programmes, the Municipality has made significant strides in creating an environment that is conducive to equitable representation of designated groups in order to achieve broad representation of the South African demographics.

INJURIES, SICKNESS AND SUSPENSIONS

Occupational Health and Safety

Occupational Health and Safety is an area concerned with protecting the safety, health and welfare of all employees of the Municipality. The goals of occupational health and safety programmes include, among other, the fostering of a safe and healthy working environment. Occupational Health and Safety may also protect co-workers, family members, employers, customers and many others who might be affected by the workplace environment.

- The main focus in occupational health and safety is on the following three objectives:
- The maintenance and promotion of workers' health and working capacity;
- The ensuring of a safe and healthy working environment, and
- The development of work organizations and working cultures in a direction which supports health and safety at work and by doing so also promote a positive social climate and a smooth operation in the workplace. This in turn may enhance productivity.

The concept of working culture is intended in this context to mean a reflection of the essential value systems adopted by undertaking concerned. Such a culture is reflected in practice in the managerial systems, personnel policy, and principles for participation, policies and quality

management of the undertaking. The municipality has issued 02 final written to two employees, after appearing in the disciplinary hearings. One employee was issued a suspension without pay. One employee that his charge was withdrawn totalling to a number of three employees what were disciplined

Policies and Procedures

A policy is a principle or protocol to guide decisions and achieve rational outcomes. A policy is a statement of intent, and is implemented as a procedure or protocol. Policies are generally adopted by council which the highest decision is making structure of the Municipality. Procedures on the other hand would be developed and adopted by the senior management team.

One of the objectives of Occupational Health and Safety unit in the financial period was to review all the policies due to structural changes and other factors that may have a direct impact to the policy.

LOCAL LABOUR FORUM

The LLF has been sitting monthly basis. It has five member: Mr Dudumashe, Mr Maliti, Director Corporate Services, Cllr Nkota and Cllr Ntsaluba and 5 union leaders. This is the platform that discuss all labour related matters.

COMPONENT C - CAPACITATING MUNICIPAL WORKFORCE

The Human Resources Management is the custodian of capacity building of employees within the Municipality. It also contributes in the building and creation of a capable service delivery organization. The Skills Development Act No 97 of 1998 as Amended in 2008 sets clear guidelines and requirements for the organization to implement capacity building initiatives for employees.

In response to the quoted legislative framework and related regulations such as the National Skills Development Strategy (NSDSIII) and the Local Government Sector Education and Training Authority (LGSETA), Intsika Yethu Local Municipality acquitted itself well under the prevailing circumstances.

The Workplace Skills Plan (WSP) financial year and the Training Plan were submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 30 June as per requirement.

Skills Development, Related Expenditure on the Financial Competency Regulations

Training and skills development interventions are mainly aimed at increasing the knowledge, proficiency, ability and skills of IYLM Human Capital to improve bottom line performance. IYLM Training Plan is informed by key strategic documents such as IDP, Sector Skills Priorities (SSPs), the Skills Audit Results as well as the National Treasury Minimum Competency Regulations of 2007.

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, nonfinancial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

All Section 56 employees have been enrolled with the credible institutions of higher learning for the Treasury approved Municipal Finance Management Programme (MFMP) and all have completed the program. Currently a total of 56 senior and middle managers (levels 2 and 3) completed the Certificate Program in Management Development (CPMD).

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The municipality has made considerable efforts to ensure that the expenditure on workforce does not exceed the acceptable norm as determined by National Treasury. As such, the expenditure on employees as a percentage of the total budget for the year remains where it is. This suggests that the municipality has the ability to maintain the staff complement it needs whilst not compromising on the expenditure on service delivery.

CHAPTER 5 FINANCIAL PERFORMANCE

INTRODUCTION

The Municipality adopted the going concern assumption when preparing the annual financial statements for the year under review. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

FINANCIAL PERFORMANCE

The statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

ASSET MANAGEMENT

Assets management practice within the municipality is based on a comprehensive asset management policy. The assets management policy provides direction for the management, accounting and control of all assets categories of the municipality to ensure that:

- All assets of the municipality are verified during the course of the financial year,
- Report in writing all assets losses to Council
- Assets are valued and accounted for

The undermentioned bid committees, were elected and are effective

1. Bid Specification Committee (to formulate the specification, evaluation criteria, budget, sourcing Strategy, Compliance and etc.)
2. Bid Evaluation Committee (to evaluate the received bids and prepare evaluation report as per Pre-determined criteria set by Bid Specification Committee and make recommendations to Bid Adjudication Committee).
3. Bid Adjudication Committee (to consider the recommendation from Bid Evaluation Committee and make award)

CHAPTER 6: AUDITOR GENERAL FINDINGS

Report of the participants in the Eastern Case Studies Legislative and the 2008-09 Annual High Level Reporting

Report on the state of the financial statements

Impaired assets

The report on the financial statements of the Eastern Case Studies (Appendix 1) shows that the companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets.

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Notes to the financial statements

The report on the financial statements of the Eastern Case Studies (Appendix 1) shows that the companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets.

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Summary of results

The report on the financial statements of the Eastern Case Studies (Appendix 1) shows that the companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets.

Key findings and recommendations from the case studies

The report on the financial statements of the Eastern Case Studies (Appendix 1) shows that the companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets. The companies have a total impairment of 20,000,000, which is 10% of the total assets.