

Jozini Municipality: Annual Report 2011/12





“We don’t ask you to believe in our ability to bring change, rather we ask you to believe in yours. We ask you start and to continue to do whatever you can, wherever you are with whatever you have to support us in our quest to bring better lives for all.”

Mayor Bethuel Mthethwa

Acknowledgement

I extend a special word of appreciation is extended to all Councillors, staff members, Stakeholders and role players for different roles and contributions during the past year.

Jozini Municipality
Private Bag X28
Jozini
3969

Compiled by:
The office of the Municipal
Manager

Jozini Municipal

Vision

The municipality’s vision is:

“A MUNICIPALITY THAT PROVIDES SUSTAINABLE SERVICE DELIVERY, SOCIO-ECONOMIC DEVELOPMENT AND BETTER LIFE FOR ALL.”

Jozini Municipal

Mission Statement

The municipality’s mission is:

“TO BE A PROFESSIONAL, EFFECTIVE, AN EFFICIENT AND RESULT ORIENTATED MUNICIPALITY THAT, THROUGH INTEGRATED EFFORT, CONTINUALLY PROMOTE THE SOCIAL WELFARE AND ECONOMIC PROSPERITY OF ALL ITS RESIDENTS, INVESTORS AND TOURISTS”.



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Section 1

Mayor's Foreword

I am immensely honoured to present this Annual Report as part of our legal mandate and public accountability for the year ending June 2012.

The past year has been a bitter sweet year.

We lost two Councillors whose untimely passing was most unfortunate because we were robbed off their immense contributions in our debate and council work, may their souls rest peacefully.

As if that was not enough, we sustained hard blows of seven Auditor General's qualification matters the previous year. Concerned with the deteriorating ability to render service delivery, the poor financial state of affairs and general administration matters of emphasis as raised by the AG, we began the year with such anxiety but determined to do better this year.

Commitment to Clean Governance

In keeping with our resolve to ensure clean government and administration that is responsive to the needs of our communities, visitors, stakeholders and investors, without hesitation we commissioned an independent forensic investigation which culminated in the Council resolving to suspend the former Municipal Manager (MM) Mr. N.N. Nkosi and former Chief Financial Officer (CFO) on allegations of abuse of Supply Chain Policy processes, tender fraud and corruption. Additionally we suspended and terminated numerous contracts that were fingered by the forensic report as having being procured under dubious circumstances.

Turning the Corner

Committed in a quick turnaround of our dire situation in June 2012 the Office of the Member of Executive Committee (MEC) for Local Government in KwaZulu Natal, Ms Nomusa Dube, MPL seconded Mr. B. Ntuli and Mrs. S. Ngiba who are both members of the Panel of Governance and Administration Experts established by Department of Cooperative Governance and Traditional Affairs in the province to act as MM and CFO respectively.

Indeed and albeit all the odds we emerged victorious and immensely improved our audit, which to me confirms my firm belief that, if you are walking down the right path and you're willing to keep walking, eventually you'll make progress. We made substantial progress on our audit. We removed all 6 major qualifications and were only left with one technical issue of the configuration of the asset register so that it can agree to our Annual Financial Statements, a matter which as I present this report has been fixed.



Deepening and promoting democracy through public and stakeholders' accountability is a constitutional and legislative imperative, which we are committed to uphold, defend and realize.



I am immensely grateful to the MEC, Ms Nomusa Dube, COGTA and Treasury officials who in the main provided support during our challenging year. I also extended our sincere appreciation to all sector departments, NGOs and private sector organisations and individuals who supported us throughout the year. To the staff who continued to work tirelessly with the new MM and CFO to improve our state of financial affairs, improve AG opinion and responsiveness to service delivery demands, I on behalf of Council sincerely thank you.

Synergistic Partnership

Recognising that service delivery will not happen smoothly without the cooperation and goodwill of traditional leaders as owners of land, we moved with speed to rejuvenate our Synergistic Partnerships where all our respectable leaders were invited.



I would have failed in my duty if I fail to recognise the immense and contributions made by the traditional leadership of Jozini whose support continues to be a solid pillar of strength support in our service delivery planning.

In this regard we will further be the first Council within Umkhanyakude District to invite traditional leaders to participate in our Council meetings on matters that relate to their respective areas.

I believe this will further accelerate the speed and quality of the services we continue to render to our communities at the right time and at the right place.

To the leadership collective and mostly to progressive Councillors, thank you for your sterling work to keep the hopes of our communities alive. Yes challenges will always be there because they are part and parcel of any developing world, but if we remain focused on the job at hand, indeed a better world and better life for all is possible.



Section 2 Executive Committee

The Jozini Council has established four portfolio committees section 79.

Each portfolio committee has members from all political parties represented at the Council

The portfolio committees sit at least once a quarter to exercise oversight of departmental performance and activities through reports.

Committees further advise Council via EXCO on priorities and progress on service delivery



Hon Mayor, Cllr B. N. Mthethwa
-EXCO/FINANCE: Member
-LED/Infrastructure/Technical



Hon Deputy Mayor, Cllr B. Z. Mngomezulu
-EXCO/FINANCE: Member
-Planning Portfolio: Chair

Hon Cllr, R.H. Gumede
-EXCO/FINANCE: Member
-Corporate Portfolio: Chair

Hon Cllr, M. Z. Tembe
-EXCO/FINANCE: Member
-Community Portfolio: Chair

Hon Cllr, P.J. Mabuyakhulu
-EXCO/FINANCE: Member

Hon Cllr, J. Siyaya
-EXCO/FINANCE: Member

Hon Cllr, D.P. Mabika
-EXCO/FINANCE: Member

Hon Cllr, N.G. Fakude
-EXCO/FINANCE: Member



The Council

The Speaker



Hon Cllr M.Z. Nyawo

“Sitting on the hot seat is no child’s play. On one side you have to manage community expectations while you are getting Councillors to and ward committees to work hard and faster and stay in touch with communities”

I am humbled and blessed to so far have been part of the titanic ship of Jozini municipality tasked with a huge responsibility of presiding as Chairperson of Council.

Indeed 2011/12 has had its fair share of challenges and equally many positive developments.

Having started the year with glaring disunity of purpose among different political parties resulting in disruption of and non-sitting of committees, I am pleased as we account at the end of the financial year that we ended the year on the positive note and high levels of collaboration and cooperation.

If we continue in this fashion in 2012/13 going forward Jozini will never be the same, but will continue to thrive. For that I thank all Councillors for putting the interest of our communities, investors and stakeholders’ first.

These include the following ward councillors:

| Honorable Cllr & Ward |
|-----------------------|-----------------------|-----------------------|-----------------------|
| N.S Myeni , 1 | J.E. Buthelezi, 2 | B.N. Mthethwa, 3 | M. Nxumalo, 4 |
| S.M. Buthelezi, 5 | J. Siyaya, 5 | T.L. Mathenjwa, 7 | T.J. Ndlazi, 8 |
| J.M. Mpontshana, 9 | D.M. Mthembu, 10 | S.S. Mkhize, 11 | B.Q. Gumede, 12 |
| B. Mveli, 13 | M.E. Ndlela, 14 | B.S. Mathenjwa, 15 | B.N. Khumalo, 16 |
| R.N. Ndlovu, 17 | T.P. Mpontshane, 18 | D.J. Mthembu, 19 | S.M Mathenjwa, 20 |

These include the following PR Councillors:

Honorable Cllr	Honorable Cllr	Honorable Cllr	Honorable Cllr
G.P. Moodley	T.Z. Nyawo	M. Mathe	K.B. Madonsela
N.L. Mathenjwa	K.B. Mbatha	Z.B. Ngobe	S.S. Mancwele
G.E. Ngcamphalala	K.N.C. Dlamini	N.G. Fakude	
R.H. Gumede	M.Z. Tembe	I.O. Young	
M.P. Mpanza	T.S. Mdluli	P.J. Mabuyakhulu	



Section 3

Accounting Officer's Report



Bongumusa Ntuli

As I pen this report I am most pleased with the progress the Jozini municipality continues to make in changing and transforming itself from the not so well run to be an envy of every other in the region.

I will fall short in my accountability if I don't from the onset say, I only arrived at the beginning of June 2012, this being the last month of the financial year which this report relate. Nevertheless I believe my account on the state of the municipality and performance based on the information made available from secondary sources and colleagues who have been in the municipality longer than myself is to a large degree reliable and credible.

Agreeing with the Mayor when he describes the year 2011/12 as the bitter sweet year, I further wish to state that it has been a challenging last month for me. Coming at municipality as a stand-in where the MM and CFO had been suspended for almost 3 months on various allegations of abuse of SCM processes in the awarding of tenders, meant coming to an organisation whose motivation and confidence was at its lowest.

Over and above this service delivery had come to a stand-still with backlog in MIG spending and various projects and activity implementation.

Along with the MM and CFO suspension were the various contractors and consultants who were engaged and commissioned to do and perform various activities and projects which include among others:

- 2010/11 Annual Report
- Preparation of AFS
- Preparation of Budget
- Addressing AG qualification matters

This was more challenging because despite severe depletion or lack of internal capacity to perform the same in-house, as a municipality we could not go on and engage other service providers for the same services on suspended contracts.

Faced with the catch 22 situation we appointed an acting CFO and moved with speed to ask for assistance from COGTA, the Provincial and National Treasury which due to short notice of the request treasury could not accede to also because there was MFMA adviser on site.

Given the reality of a beaconing disclaimer, we decided to do all the activities in house which meant all strategic issues had to take the back seat as we divided the operational work between myself and the CFO. The whole month of June was



spent cleaning the budget, drafting AFS and addressing seven AG qualification issues.

FORENSIC INVESTIGATION

The investigation commenced 3 months before my arrival and it was on the bases of its interim findings that the suspensions of MM, CFO and contractors/ service providers were carried through. Contracts worth about R34m was identified as having been procured under dubious circumstances and allegedly through abuse of SCM processes.

Subsequent to the completion of the investigation and receipt of the report, as Accounting I reported the matters to the SAPS who referred it to Commercial Crimes Investigating Unit, which together with the investigating team are busy preparing dockets for prosecution.

BUDGET

The original budget was incomplete and not all treasury schedules were completed. Compounding the situation was the fact that the budget submitted to treasury was not the same as the one approved by the Council.

Our immediate task was to correct the approved budget and make it comply with treasury norms and standards. Without neither access to treasury nor use of consultants due to suspensions we had no choice but spent sleepless nights and put in long hours to finalise this process before end of June. This we did with much success.

ANNUAL FINANCIAL STATEMENTS (AFS)

The biggest challenge in this regard was not only time, but incomplete budget schedules and misaligned performance information. The asset register was not updated and AFS showing R47m overstatement of assets which could not be physically verified the previous accounting period, 2010/2011. The independent service provider procured in terms of section 32 of MFMA conducted the assets verification in order to determine the fair value of our assets. This exercise resulted in the asset register total value agreeing with AFS reconciliation of approximately R128m. However due to classification of assets and prior year errors the AFS reconciliation opening balance did not agree to the opening balance as reflected in the asset register.

This resulted in the only qualification matter, which has not dampened our spirit as all other prior year qualifications have been addressed. The asset register consultants have been engaged to correct the classification of assets and we are geared as the Municipality to submit interim AFS to Auditor General for review by end of February.

We have turned the tide against most public servants' sins by taking action to overcome among other things:

- Under-spending
- Culture of impunity



- Sense of urgency
- Theft
- Substandard performance

Interim Distress Relief Initiatives

The municipality recognising the distress of poor families embarked on numerous initiatives as interim relief measures:

1. Active participation on operation Sukuma Sakhe whereby the Mayor mobilised social partners to build to contribute with among other thing the following:
 - Building of houses for orphans
 - Distribution of food parcels
 - School uniforms and school shoes



“It takes a real African men and women to give back to community members who are needy, by building them a roof over their heads”



2. Job Expansion Initiative

In this programme we recruited 200 more contract workers from each ward in addition to 98 that we rotate annually with a budget of R2m funded from operating revenue

Section 4
Senior Management Team



Municipal Manager
Mr. B. Ntuli
Started: 1 June 2012



Acting Exec Director:
Planning and Technical
Mr. S. Bhengu

CFD:
Budget & Treasury
Ms. S. Ngiba

Executive Director:
Corporate & Community
Mr. S. Zondo

"We cannot hope to change the lives of the people by wishing for things to change. We need to change our attitude, we need to change the way we do things, we need to change the way we relate and view our political principals, our client community and role players, because continuing the way we have been doing things will give us the same results "

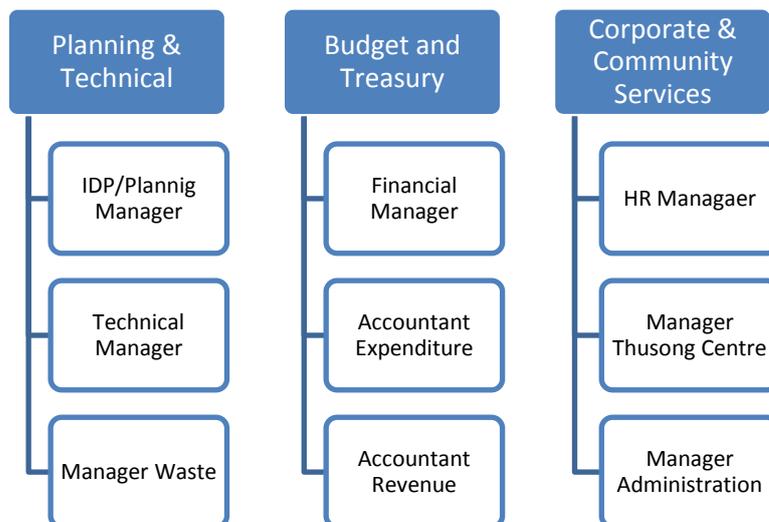
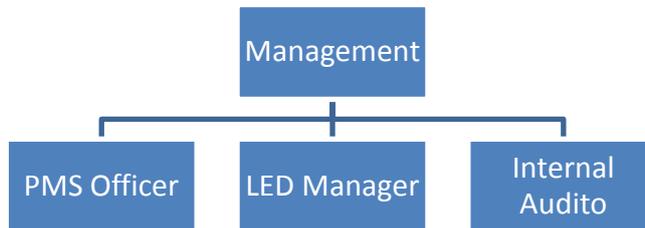
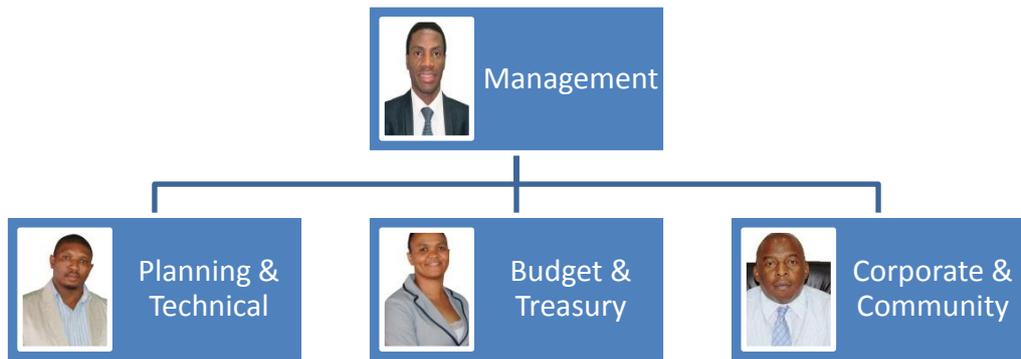
Bongumusa Ntuli



Section 5
Organisational Structure



The biggest reality in any management situation is that being at the helm and achieve success is no child's play, but you are good as your team.





Sphindile Ngiba

Section 6

CFO's Report

The past financial year has really not been any easy one especially when as Chief Financial Officer you come into the organisation on the last month of the accounting period.

What made the year especially difficult was to arrive three months after the suspension of the Accounting Officer and Chief Financial Officer. This meant the organisation had been left at the mercy of acting internal managers, who by virtue of their positions would not have been properly prepared for the enormous responsibilities attached to both these positions in as far as knowledge of the legislation and financial and accounting practices.

It's therefore needless to state that the organisation was managed with the available talent and capability which fell short of the expectation from proper and fit MM and CFO.

It became apparent from the onset that the organisation lacked financial discipline, management responsibility, no sense of urgency, fear of the unknown.

But I am proud of the outcome of the long hours one has had to put in to try and address past issues while dealing with the current ones.

Yes we might have missed by a bit to achieve unqualified audit, but all is not lost, in fact we should be proud of the substantial progress and improvement on the audit outcomes on financial matters.

Performance information due to misalignment of plans, budget and Integrated Development Plan made auditing of performance information impossible. This in essence means the ship was sailing according to the wind direction. But the Municipal Manager is working tirelessly to attend to this matter as a priority.

All that being the case, we remain very positive and inspired by the audit outcome that going forward we shall get a very good audit opinion for the current year, 2012/13.

In spite of the outcome, I can confidently it could have been worse but we managed to guide the ship and steered it off the cliff and managed to accounts as per the following table:





Section 7
Grants and Subsidies

SUMMARY OF ALL DEPARTMENTS	Original Budget 2011/2012	Adjustment budget 2011/2012	Actual Totals 2011/2012
OPERATING REVENUE			
	107 140 350	150 000	134 756 110
Grants & Subsidies			
	100 949 000	-	115 916 792
Taxes, Levies & Tarrifs			
	3 678 000	150 000	12 138 931
Other			
	2 513 350	-	6 700 387
OPERATING EXPENDITURE			
	71 842 898	-	71 411 773
Employee Related Costs			
	35 416 768	-	26 666 179
General Expenses			
	34 985 413	-	43 284 514
Repairs & Maintenance			
	1 440 717	-	1 461 080
SURPLUS & DEFICIT			
	35 297 452		63 344 337
Capital Revenue			
	70 596 302		
Capital Expenditure			
	35 298 151	-	52 089 172
	35 298 151	-	52 089 172
NET RESULT			
	-	-	-



Section 8 Key Services



The reality that this report suffers from is being written from a point of secondary information as the people who can verify the information in terms of senior management have since been released from their duties.

The analysis of this performance information consists of the following KPA's:

KPA 1: Municipal Transformation and Organizational Development

KPA 2: Basic Service Delivery

KPA 3: Local Economic Development

KPA 4: Municipal Financial Viability and Management

KPA 5: Good Governance and Public Participation

KPA 6: Cross-Cutting Issues

Concluding Remarks

This information is attached separately as annexure C



Section 9



Municipal Overview

Jozini Local Municipality is one of five municipalities within the UMkhanyakude District Municipality. It is located in the northern portion of KwaZulu-Natal, and is bordered by Mozambique to the north, Swaziland to the west, Umhlabuyalingana to the east, Hlabisa to the south and Nongoma and Uphongolo to the west. It consists of four semi formalized towns viz. Jozini, Mkhuze, Ingwavuma and Ubombo. The remaining parts of the municipality are characterized as being rural in nature. Jozini Municipality covers 32% (3057 Square Kilometres) of the total area of 13859 Square Kilometres of uMkhanyakude District Municipality.

PRIORITY CHALLENGES

- Poor access to basic infrastructure
- Maintenance of towns
- Poor access to land
- Unemployment
 - Poverty
 - Limited Resources
- Poor access to social development services (rural communities)

Basic facts	Basic figures		
	Stats SA 2001	Community Survey 2007	Stats SA 2011
Total population	184 052	207 722	186 502
Total number of households	33 534	38 530	38 849
Umkhanyakude District Municipality	573 341	614 046	625 846
Age profile			
0-19	114 095	114 217	101 818
20-64	56 831	85 005	77 256
65+	13 090	8 501	7 428
% Household with no income	49%	47%	43%

The primary investment points:

Primary nodes	Secondary nodes	Tertiary nodes
Mkhuze Jozini	Ingwavuma Ubombo Bhambanana Ndumo	Ophansi Manyiseni Makwakwa Emabhanoyini

OPPORTUNITIES (Tourism strategy)

- *Historical & Other Places of Interest*

Lebombo Mountains; Pongolapoort Dam (commonly known as Jozini Dam); Pongolapoort Game Reserve; Mkhuze Game Reserve; Ndumu Game Reserve; Hlatikulu Forest; Jozini Dam Development; Border Cave; fishing in the Pongola River; King Dingaan’s Grave; Usuthu Gorge. The rugged terrain, streams, rivers and game ranches provide opportunities for adventure tourism.

- *Tourism Aims, Projects & Plans for the next five years*

Develop corporations in game ranches; Build tourist attraction points; Build a craft centre; Promote fishing competitions using Jozini Dam as a resource.

- *Local Economic Development & Investment Incentives*

To institutionalise the tourism industry by promoting partnership investments.

