

# GAUTENG DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

## STATE OF GAUTENG MUNICIPALITIES

NATIONAL COUNCIL OF PROVINCES PROVINCIAL WEEK

27<sup>th</sup> OCTOBER 2020



**GAUTENG**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

Growing Gauteng Together

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# PURPOSE

- To present to the NCOP the State of Gauteng Municipal Report.

# MUNICIPAL AUDIT OUTCOMES SUPPORT

## 2018/19 Audit Outcomes and Progress on Audit Action Plan

Municipality	Audit Opinion 2018/19	Number of audit findings by the AG	Number of resolved findings		Number of audit findings in progress		Number of audit findings not resolved	
Ekurhuleni Metro	Unqualified	68	22	32%	45	66%	1	1%
City of Tshwane Metro	Unqualified	177	37	21%	73	41%	67	38%
City of Johannesburg Metro	Unqualified	143	18	13%	0	0%	125	87%
Sedibeng District	Unqualified	80	46	58%	22	28%	12	15%
Midvaal Local	Clean audit	45	24	53%	16	36%	5	11%
Lesedi Local	Unqualified	52	10	19%	36	69%	6	12%
Emfuleni Local	Qualified	78	0	0%	0	0%	78	100%
West Rand District	Unqualified	27	23	85%	4	15%	0	0%
Mogale City Local	Unqualified	61	22	36%	27	44%	12	20%
Merafong City Local	Unqualified	48	19	40%	27	56%	2	4%
Rand West City Local	Unqualified	64	49	77%	15	23%	0	0%
<b>TOTAL</b>		<b>843</b>	<b>270</b>		<b>265</b>		<b>308</b>	
<b>PERCENTAGE</b>		<b>100%</b>	<b>32%</b>		<b>31%</b>		<b>37%</b>	

## OPCA Support to Municipalities

The OPCA Provincial Coordinating Committee (OPCA-PCC) is a committee that is established to coordinate, monitor and support Municipalities. On a quarterly basis Municipalities present their audit response plans to the committee.

The Committee is responsible for the following:

- ❑ Assisting with the **development** of the audit response plans and **assessing the soundness** of the plans to **address issues raised by the AG**;
- ❑ **Monitoring progress made** by enabling Municipalities **to report on progress made in implementing the approved audit response plans** as well as progress made towards achieving clean audits;
- ❑ **Permitting Stakeholders to present on progress** made in supporting Municipalities to achieve clean audits;
- ❑ **Streamlining and aligning support** to Municipalities from various Stakeholders; and
- ❑ Reporting to the **Provincial EXCO and National CoGTA** on a quarterly basis.

## Asset Management Support

- The Department has over the past 5 years provided financial support to municipalities through the GRAP 17 Grant transfers (Asset Management Project) to support to municipalities to ensure that Asset Registers are compliant with the required GRAP Standards. This support was due to numerous material audit findings in the area of Property, Plant and Equipment (assets).
- The project was a co-funding initiative together with the municipalities, it has assisted Lesedi, Emfuleni, Rand West City and Merafong City Local Municipalities with additional capacity to compile a GRAP 17 compliant Infrastructure Asset Registers, in order to ensure a non-qualification in the audit report on asset management issues.

### Achievements over the period

- Through the support project, municipalities have consistently been able to update and maintain their Asset Registers in line with GRAP 17 requirements on an annual basis as required by Section 126(a) of the MFMA which state that *“The accounting officer of a municipality – Must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing;”*

## Asset Management Support

**The following was achieved in the updating and maintenance of asset registers:**

- The Fixed Asset Management (AM) Policies were updated to include latest GRAP standards and best practice in Asset Management, and movable assets combined with immovable assets;
- Review and updating of the Asset Management Procedures Manuals in line with GRAP standards requirements;
- The Work-in-progress (WIP) registers were updated for the General Ledger (GL) movements up to the end of June each year, and transactions verified to available invoices;
- Review of fair value for immovable, moveable and intangible assets;
- Updating of asset movements for the year, i.e. additions, de-recognitions, donations and transfers;
- Completeness and accuracy of Geographical coordinates (GPS) of all assets;
- Statutory annual review of impairments, reversal of impairments, losses useful life, residual value of assets and depreciation methods;
- Review of appropriate expenditure allocation and classification.
- Impairments, de-recognitions, transfers, and regarding the condition of assets with low RUL as well as feed-back on the assets and asset register per sector;
- Information on municipal property disposed and acquired, as well as capitalisation certificates were obtained and differences between the asset register, the municipal list and the valuation roll were analysed and corrected; and
- Reclassification of capital spares from inventory to PPE.



# Asset Management Support

## Impact of support

- Through the implementation of the GRAP 17 support initiative within the supported municipalities, it has been realized that municipalities have achieved great strides in compiling, updating and maintaining their fixed asset registers in line with the requirements of GRAP 17 and other GRAP Standards. This has resulted in municipalities improving and achieving favourable audit opinions in the area of assets (Property, plant and equipment). The support has yielded good outcomes in all municipalities despite their lack of capacity in the Asset Management Units.
- The importance of maintaining an updated asset management system (asset register) which is GRAP compliant, is that it assists a municipality to have a system of complete and accurate records of assets. This enables the municipality to identify when it should maintain, refurbish or replace fixed assets as their values depreciates over year. This exercise assists in improving the effective, efficient and economical way in which services are delivered to the communities and therefore improving service delivery.

# REVENUE AND DEBTORS MANAGEMENT SUPPORT TO MUNICIPALITIES

## GOVERNMENT DEBT

### PURPOSE

- The Department together with Gauteng Provincial Treasury has set up Government Debt Management Committee engagements. The objectives of the Committee is to fast-track payment of monies owed to Municipalities by National and Provincial Government Department. The committee meets on a quarterly basis.
- The meetings are facilitated to resolve any queries between the Departments and the Municipalities. Furthermore, the engagements are aimed at ensuring that debtor's information on Government accounts is corrected in order to facilitate regular future payments for Municipal services. The meetings recognize the importance of an interactive approach between Municipalities and the affected Government Departments. The Government Debt Management Committee comprises of at least:
  - Official representatives of all owing National and Provincial Departments
  - Debt Managers from Parastatals (Rand Water, Eskom, Prasa, Telkom and Transnet),
  - Revenue Managers from all Municipalities.

## IMPACT OF SUPPORT

- Furthermore, successfully coordinates the IGR engagements between the municipalities and departments thus resulting in:
  - **Improved communication and relationships** between the departments, parastatals and municipalities.
  - **Reduction in the disconnections** of critical services.
  - Encouraging departments and parastatals to **provide proof of payments to facilitate the correct allocation** of accounts within municipalities.

### PROGRESS REPORT:

In the last quarter nine (9) Municipalities supported to implement Government Debt Reduction Strategy, a total of R 704 388 336.19 was collected in July and September 2020 for the monthly bill averaging between R 108 and R 109 million.

## Deployment of Multi-Disciplinary Team of Revenue Experts

The Department is providing a Multi-Disciplinary Team of Revenue Experts to strengthen revenue enhancement and debtors management with a focus on having a positive impact on the liquidity of the municipalities through undertaking the following functions in Emfuleni and Merafong Local Municipality:

- Develop a fully Integrated Revenue Enhancement and Debtors Management Plan.
- Undertake a detailed verification of all debtors and develop current debtor's management practices, procedures and plan.
- Develop appropriate processes and procedures to support the effective operational management of credit control and debt collection.
- Support the Municipalities to ensure that all the activities within the municipal revenue value chain function optimally and are coordinated.
- Support the Municipalities to ensure accurate billing and effective distribution of statements.
- Support the Municipalities to ensure effective management and resolution of exception reports issues such as accounts not billed, accounts with no valuations, abnormal consumption and abnormal billing.
- Assist with the establishment and effective management of customer care services within the Revenue Management Unit to improve the interface between the Municipality and its Consumers.
- Support the Municipalities to update and Manage the Indigent Register.
- Supporting the Municipalities to ensure maximum efficiency in collecting outstanding debt.

### **Impact of support**

The Project aims to improve revenue collection , credit control implementation and increase revenue base within the Municipality

## REVIEW, ENHANCEMENT, DEVELOP AND IMPLEMENTATION OF SIMPLIFIED REVENUE PLANS AT LESEDI, MERAFONG, MOGALE CITY , MIDVAAL ,EMFULENI AND RANDWEST CITY LOCAL MUNICIPALITIES.

The objective of the project is for the Gauteng Department of Cooperative Governance and Traditional Affairs (Gauteng CoGTA) to develop a simplified revenue plan in Midvaal as well as conduct a review and enhancement of simplified revenue plans that were developed for Lesedi, Emfuleni, Randwest City , Mogale City and Merafong City Local municipalities and to thereafter roll out and implement the simplified revenue plans at these municipalities.

### **Impact of support**

**This Project demonstrated a significant contribution to beneficiary municipalities, we had a Investment of an average of 4m in project support cost and an impact of 224m ROI for both Emfuleni and RANWES on top 200 business. The collections from residential accounts amounted to an estimated 52m.**

**Additional benefits were the identification of the deceased accounts amounting to 1 billion that will potentially reduce the municipal debtors book that is overstated.**

The simplified revenue plans once implemented should result in improved revenue management; and reduced municipal consumer debt. It is also anticipated that the project will result in the protection of the municipal revenue losses.

## AUDIT AND CORRECTION OF LARGE POWER AND WATER USERS BILLING DATA

The Department is in a process of procuring services from skilled professionals to assist the Municipality to conduct an audit and correction of Large Power and Water Users billing data. The objective of the project is to support the identified municipalities with additional capacity to ensure correct/accurate billing of the Large Power and Water Users. In addition, it is intended that the project will facilitate collection of revenue from Large Water and Power users. Appropriate analysis methodologies will be used to do the following but not limited to:

Identification of:

- Reading errors.
- Gaps in data and bills.
- Meter time change spikes.
- Communication errors.
- Incorrect Tariffs.
- Incorrect billing component.
- Bill transaction trend anomalies.
- Reading trend anomalies.
- Profile disturbances.

## AUDIT AND CORRECTION OF LARGE POWER AND WATER USERS BILLING DATA

### **Impact of support**

The project once implemented should result in improved revenue management and reduced municipal consumer debt in relation to the Large Power and Water Users. It is also anticipated that the project will result in protection of the municipal revenue collection potential.



**UNAUTHORISED, IRREGULAR, FRUITLESS  
AND WASTEFUL EXPENDITURE SUPPORT TO  
MUNICIPALITIES**

## Unauthorised, Irregular, Fruitless & Wasteful Expenditure Support

- The objective of this project is to support the identified municipalities with additional capacity to resolve unauthorised, irregular as well as fruitless and wasteful expenditure by identifying, preventing and reducing UIF&W.
- The Auditor-General has highlighted an escalating trend in unauthorised, irregular, fruitless and wasteful expenditure in municipalities over recent years, evident in audit opinions and summarised in the annual general reports on local government. There have also been a sense of uncertainty amongst municipalities on the understanding of how irregular expenditure should be treated and who has the legislative power to deal with irregular expenditure. The uncertainty relates mainly to how municipalities should conclusively deal with such matters, the process to be followed and the manner in which such matters should be recorded and disclosed.

### **Impact of support**

- Once the project is implemented, it should result in improved internal controls and overall management of UIF&W expenditure. The aim is to also provide clarity in this regard so that there is a common understanding on the process to be followed in dealing with these categories of expenditure.

# EMFULENI FRP

## BACKGROUND\_ Establishment of The Work streams

WORKSTREAM 01	WORKSTREAM 02	WORKSTREAM 03	WORKSTREAM 04	WORKSTREAM 05
Financial Management and Viability	Basic Services, Service Delivery and Urban Planning Management	Governance & Institutional Management	Communications & Stakeholder Engagements	Implementing Human Settlements Mega Projects and Infrastructure projects

Resourcing the recovery plan; Revenue; Expenditure; Indigents; and LED	Water and storm water infrastructure; Sanitation; Energy and electricity; Cleaning and Waste Management; Roads, maintenance , resurfacing and fleet managements; Infrastructure; Human Settlements	Critical vacancies; Technical resources (HR, legal labour; Review of organisational structure and institutional review; Legal – including specific consideration whether to utilize any of the Chapter 13, Part 3 measures of the MFMA; ICT, Training, Policy review, Clean governance.	Internal Emfuleni communication (unions, employees, management); External stakeholder communication (Ward Committees, residents, organized business, community based organisations, academic institutions) Intergovernmental relations and communication ,	Speed up the implementation of the Interchange, Roads and Transports; Proposed SEZ, Aerotropolis and the Logistics Hub; Vaal River City
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## BACKGROUND\_ Establishment of The Work streams

- The work streams are intended to ensure that both the Province and the Municipality work together to implement and monitor the roll-out of the Financial Recovery Plan for the municipality with the aim of: -
  - Stabilizing the Municipality in the short term to ensure that the Municipality can fulfill its executive obligation in terms of the Constitution and related Legislation;
  - Meet its obligations to provide basic services and its financial Commitments
  - Supports the municipality to become viable and sustainable in the medium to long term.

## Progress on the implementation of the workstreams

- The constitution of the work stream has been concluded with chairpersons appointed for each stream.
- The weekly reporting that is monitored by the MEC & MAYCO is based on the Administrator`s weekly workplan which is aligned to the Workstreams.
- A detailed FRP report has been compiled.
- Summarised progress is provided below on the following areas:
  - **Revenue Enhancement:**

A comprehensive plan has been developed and is currently being implemented. Support is being offered by through a revenue expert team and the Team Administrator;

## Progress on the implementation of the workstreams

### ➤ **Supply chain:**

Supply chain process have been centralised, with new Bid Committees have been appointed and procurement plans are in place to drive smooth operations.

### ➤ **Financial Management and Viability:**

The municipality is taking stride to resolve the unfunded budget, initiatives to stop the many financial leakages are bearing fruit. Cost reflective tariffs are being developed and credit control measures introduced.

## Progress on the establishment of The Work streams

- **Governance and Institutional Management:**

- ✓ The issue of 14 outstanding labour disputes cases are in the process of being finalised. 9 cases were assessed and recommendations were made to settle them immediately. The other 5 cases were recommended to proceed as per code of conduct and labour laws of the Republic of South Africa. The organogram for the municipality has been developed and is in consultation with key stakeholders. All posts have been concluded with only the ED Infrastructure services outstanding. Process are underway to fill the post;

- **Basic Services, Service Delivery and Urban Planning Management:**

- ✓ A CAPEX performance management structure has been established and convenes bi-weekly to fast track Grant funded programmes such MIG, INEP, WSIG and EEDMS. The work on this strategy is hindered by severe shortages



## Progress on the establishment of The Work streams

- **Communications and Stakeholder Engagements:**
  - ✓ The office of the Municipal Manager in collaboration with the Executive Mayor has developed a stakeholder engagement programme and engagement with business Forums, NGO ETC
  - ✓ There are initiatives to establish a call centre for receiving complaints from communities which will help in managing the loss of trust in communities.
- **Human Settlements Mega Projects and Infrastructure Projects**
  - ✓ During the engagement held with Human Settlements on the 01<sup>st</sup> September 2020 it was agreed that the following areas require an urgent intervention, namely;
  - ✓ Daily land invasion and occupation of Gauteng Province owned land along the R82 Road, in Emfuleni Local Municipality.
  - ✓ Disruption of Project Construction in Sebokeng Ext 20.

## Progress on the implementation of the workstreams

- **The following resolutions were adopted:**
- A site inspection of the current Human Settlements Projects under construction must be conducted by both the Municipality and the Department within seven days from the 01<sup>st</sup> September 2020.
- The Department of Human Settlements need to respond and stop the illegal land occupation with immediate effect.
- The Department of Human Settlements must nominate officials who must participate in the Human Settlements Workstream in the FRP.
- Both the Department and the Municipality need to develop a joint implementation plan properly costed in alignment with the approved IDP Plan for 2020/21 Financial Year of the Municipality.
- Completed Housing Projects in Boiketlong and Lethabong have units that were handed over to approved beneficiaries with no water, sewer and electricity

# WEST RAND FRP REPORT

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 1: STRENGTHENING GOVERNANCE

#### Key focus areas:

Contract Management / Litigation / Systems of Delegations / By – Laws/ Forensic Investigations / Enterprise Risk Management / Oversight Committees / Immovable Property Management / Powers and Functions

#### Municipal Progress

- Contract Management Framework developed and municipality monitors service providers monthly
- Contract cost versus benefit assessment concluded
- The municipality has identified different contracts to be terminated, scaled down and those that will not be renewed in order to cut costs
- MPAC investigation report on unauthorized, irregular, fruitless and wasteful expenditure (UIFW) tabled to Council.

#### Provincial Support

- In July 2020, MEC wrote to the Mayor for a progress report and a plan on finalisation of the UIFW expenditure and the municipality responded in August 2020.
- An Ethics Risk Assessment was finalized with the municipality;
- A workshop was held by COGTA, GPT and municipalities with oversight structures including MPACs to strengthen their roles and responsibilities on UIFW expenditure and consequence management.

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 1: STRENGTHENING GOVERNANCE

#### Key focus areas:

Contract Management / Litigation / Systems of Delegations / By – Laws/ Forensic Investigations / Enterprise Risk Management / Oversight Committees / Immovable Property Management / Powers and Functions

#### Municipal Progress

- MPAC further recommended the establishment of the Disciplinary Board.
- Consequence management framework developed
- Forensic Investigation Implementation task team established by Council.
- Payment arrangement established with all creditors with payment terms linked to receipt of equitable share.

#### Provincial Support

- In the short term, CoGTA has provided R20 million funding in the current 2020/21 financial year to WRDM for fire and rescue services / functions. However, long-term district funding model requires provincial and national policy decisions.

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 1: STRENGTHENING GOVERNANCE

#### Key focus areas:

Contract Management / Litigation / Systems of Delegations / By – Laws/ Forensic Investigations / Enterprise Risk Management / Oversight Committees / Immovable Property Management / Powers and Functions

#### Municipal Progress

- Reviewed system of delegation in line with recommendations of the MFRS.
- Review of risk register for 2019/20 complete and tabled in Audit Committee on 26 September 2019
- Audit of immovable property concluded with finalization of Fixed Asset Register.
- Council has resolved to disestablish or unwind the WRDA. The board members have been reduced from 10 to 4 to oversee the unwinding down of WRDA.

#### Provincial Support

- CoGTA is currently looking at various options to address powers and functions including WRDM's fire and rescue services.

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 2: ORGANISATIONAL RESTRUCTURING

#### Key focus areas:

Review the Organisational Structure / Employee Costs / Filing of Critical Positions

#### Municipal Progress

- Reviewed Organisational Structure and aligned to current district powers and function.
- Revised structure approved by Council on 22 October 2019
- 100 positions removed and 2 departments were merged during the review.
- Migration and placement policy approved by Council
- Established a Shared Service Unit as part of the organizational structure review in line with the recommendations of the MFRS to drive implementation of the shared service across the region.

#### Provincial Support

- CoGTA supported the municipality with the review of the organizational structure – however, issues of powers and functions also affect this review process.

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 2: ORGANISATIONAL RESTRUCTURING

#### Key focus areas:

Review the Organisational Structure / Employee Costs / Filing of Critical Positions

#### Municipal Progress

- Overtime expenditure reduced
- Moratorium on filling of vacancies, only critical posts are filled.
- CFO position filled on the 01<sup>st</sup> March 2020
- Positions of Municipal Manager and EM: Regional Planning and Re-industrialization are currently vacant and not yet advertised
- Position of EM: Regional Planning and Re-industrialization not filled due to financial constraints



## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 3: EFFECTIVE HUMAN RESOURCE MANAGEMENT

#### Key focus areas:

Performance Management / Disciplinary Board / Labour Relations / Information and Communication Technology / Skills Development

#### Municipal Progress

- Quarterly performance assessments concluded for Section 56/57 managers.
- Performance Management System cascaded to levels 3 to 6 of the existing organizational structure.
- Council resolved to implement the SALGBC Salary & Wage Collective Agreement (multi-year)
- Workplace Skills Plan developed and approved.

#### Provincial Support

- Gauteng CoGTA provided support to municipal BCP including ICT
- CoGTA supported the municipality with the necessary tools on how to conduct a skills audit.
- CoGTA supported the municipality with institutionalizing and cascading of PMS

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 4: INFRASTRUCTURE AND SERVICE DELIVERY IMPROVEMENTS

#### Key focus areas:

Fire Fighting Services / Municipal Health Services / Disaster Management / Community Safety Services / Environmental Management / Development of a District Wide Integrated Infrastructure Master Plan / Establishment of a Municipal Planning Tribunal / Fleet Management

#### Municipal Progress

- Disaster Management Policy Framework developed and approved by Council.
- Engagement with the Provincial CoGTA on the costs of providing Municipal Disaster Management function, Operational Model and related funding.
- Emergency funding provided, but the model remains underfunded or unfunded
- Municipal- wide fleet and equipment needs assessment, including fleet cost-benefit analysis, has been concluded.

#### Provincial Support

- Since 2018 to date, CoGTA has transferred a total of R 122, 5 million to WRDM for improvement of fire and rescue services as well as disaster management services. Disaster management activities and state of readiness of Fire and Rescue Services are monitored on a quarterly basis. The review and a report on transfer of the fire service function are still a work in

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 4: INFRASTRUCTURE AND SERVICE DELIVERY IMPROVEMENTS

#### Key focus areas:

Fire Fighting Services / Municipal Health Services / Disaster Management / Community Safety Services/ Environmental Management / Development of a District Wide Integrated Infrastructure Master Plan / Establishment of a Municipal Planning Tribunal / Fleet Management

#### Municipal Progress

- Letters submitted to Department of Community Safety in Gauteng and COGTA to facilitate a process of reviewing the service model for community safety.
- Downscaling of fleet management and equipment has been implemented as part of de-fleeting plan.

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 4: INFRASTRUCTURE AND SERVICE DELIVERY IMPROVEMENTS

#### **Key focus areas:**

Fire Fighting Services / Municipal Health Services / Disaster Management / Community Safety Services/ Environmental Management / Development of a District Wide Integrated Infrastructure Master Plan / Establishment of a Municipal Planning Tribunal / Fleet Management

#### **Municipal Progress**

- Out of 49 vehicles, 20 vehicles have been returned and the municipality is also moving from lease to outright purchase e.g. fire engines.

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 5: IMPROVE FINANCIAL STABILITY, ADMINISTRATION AND CONTROL

#### Key focus areas:

Revenue Management / Collection / Costing and Tariff Setting / Payroll / Supply Chain and Expenditure Management / FMCMM / Audit Action Plan

#### Municipal Progress

- Review of the revenue enhancement strategy done in consultation with GPT MFMA advisor and the NT MFRS team.
- Tariffs have been reconciled to approved tariff book and loaded onto financial management system.
- Top debtors identified as constituent local municipalities. There is a commitment from the Locals to settled outstanding debt
- Credit and debt collection policy reviewed taking into account inputs of GPT MFMA Advisor.

#### Provincial Support

- Using municipal oversight instruments to promote cost containment, financial stabilisation and sustainability of the municipality, the MEC: CoGTA did not provide concurrence to the salary increases for WRDM councilors for 2019/20 financial year.

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 5: IMPROVE FINANCIAL STABILITY, ADMINISTRATION AND CONTROL

#### Key focus areas:

Revenue Management / Collection / Costing and Tariff Setting / Payroll / Supply Chain and Expenditure Management / FMCMM / Audit Action Plan

#### Municipal Progress

- Budget Steering Committee Established.
- Council approved a Cost Containment Policy and cost-cutting measures being implemented, including moratorium on filling of vacancies and management of staff overtime.
- All internal and external audit action plan developed and implemented.
- The municipality exploring other potential revenue streams / sources e.g. fire levy

#### Provincial Support

- The province supported the municipality on addressing AG findings through the provincial OPCA PCC as well as municipal OPCA steering committee meeting. OPCA PCC includes all stakeholders involved in municipal finance such as AG, GPT, SALGA, National DCoG and CIGFARO

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 6: RESTRUCTURING OF THE BUDGET

#### Key focus areas:

Restructuring the budget / compilation of a credible and cash funded MTREF budget

#### Municipal Progress

- Detailed budget line item assessment concluded.
- Cost - benefit analysis also completed during budget restructuring exercise.
- The municipality has identified different contracts to be terminated, scaled down and those that will not be renewed in order to contain / cut costs
- The budget remains unfunded with implementation of the unfunded functions, pending approval of section 87 application which has been made to MEC of Local Government.

#### Provincial Support

- The province is working with the municipality to move from unfunded toward credible, sustainable and funded budget
- As a short term budget support measure, the province has provided funding to the WRDM to support fire and rescue services, while exploring appropriate medium to long-term options relating to the district powers and functions

## PROGRESS ON THE IMPLEMENTATION OF THE FRP STRATEGIES

### STRATEGY 7: IMPROVE CASHFLOW MANAGEMENT

#### Key focus areas:

Manage Financial Commitments and Cash Flow

#### Municipal Progress

- Cash flow reconciliations performed on a weekly in line with MFRS recommendations.
- Cost containment policy approved by Council on 30 September 2019 in line with promulgated regulations and NT Guidance.
- Cash flow projections are presented to SMT and expenditure is prioritised in consultation with SMT.
- Repayment plans and arrangement concluded with all creditors.

#### Provincial Support

- The province is working with the municipality to move from unfunded toward credible, sustainable and funded budget
- As a short term budget support measure, the province has provided funding to the WRDM to support fire and rescue services, while exploring appropriate medium to long-term options relating to the district powers and functions



## PROGRESS ON IMPLEMENTATION OF THE FRP KEY STRATEGIES

### STRATEGY 07: IMPROVE CASHFLOW MANAGEMENT (CONT...)

#### Key Focus areas:

Manage Financial Commitments and Cash Flow

#### Municipal Progress

- The municipality has identified different contracts to be terminated, scaled down and those that will not be renewed in order to cut costs
- All conditional grants are ring-fenced for the specific grant purposes.
- The municipality completed the compilation of cash flow management plan. Should the funds not be injected to the municipality, the anticipated cash flow shortfall is R96.5 million by the end of June 2021.

## KEY FOCUS AREAS STILL TO BE FINALIZED

STRATEGY	KEY FOCUS AREA	AREAS TO BE FINALIZED / PROGRESS THUS FAR
<b>Strategy 1: Strengthening Governance</b>	Institute Consequence Management for non-compliance with SCM	Consequence Management Framework Developed in consultation with GPT MFMA Advisor (Hand-over of document still pending from GPT)
	Litigation	Application for Section 152 and/or 153 of the MFMA (Municipality is preserving the use of the relief for matters that cannot be resolved with litigants)
	Review, promulgate and rationalize By-Laws	Promulgation of By-Laws is still pending
	Powers and Functions	The Department is currently working on a business case to assess the feasibility the re-assignment of fire and rescue services function.

## KEY FOCUS AREAS STILL TO BE FINALIZED

STRATEGY	KEY FOCUS AREA	AREAS TO BE FINALIZED / PROGRESS THUS FAR
<b>Strategy 2: Organisational Restructuring</b>	Filling of Critical Positions	Critical vacancies advertised internally in line with recruitment policy. No suitable candidate were found. Position for Manager Income & Expenditure still in process to be filled.
<b>Strategy 3: Human Resource Management</b>	Disciplinary Board	Item on establishment of the Disciplinary Board approved by Council on 4 December 2019. Awaiting nomination of external members
	Skills Development	Training development programme to be developed once skill audit and verification of qualifications are completed.

## KEY FOCUS AREAS STILL TO BE FINALIZED

STRATEGY	KEY FOCUS AREA	AREAS TO BE FINALIZED / PROGRESS THUS FAR
<b>Strategy 4: Infrastructure and service delivery improvements</b>	Fire Fighting Services	Awaiting commitment by local municipalities and provincial COGTA.
	Municipal Health Services	Request for funding of municipal health services submitted to the national and provincial departments and currently awaiting feedback.
	Community Safety Services	Implementation of recommendations is dependent on stakeholder engagement. The municipality developed its own model whilst awaiting a response.
	Development of a District-Wide Integrated Infrastructure Master Plan	The West Rand Development Agency (WRDA) was requested to engage with various organisations to acquire the necessary funds to develop this plan.

## KEY FOCUS AREAS STILL TO BE FINALIZED

STRATEGY	KEY FOCUS AREA	AREAS TO BE FINALIZED / PROGRESS THUS FAR
<b>Strategy 5: Improve Financial Sustainability, Administration and Control</b>	Revenue Enhancement	Valuation roll of local municipalities requested through legal section. Lease agreements to be revised considering the value of properties as per valuation rolls of local municipalities.
	Collection	Top Debtors identified as constituent local municipalities. However, there is a commitment from local municipalities to settle outstanding debt
	Payroll	Internal Audit is currently finalizing the audit of payroll and will report on any ghost employees identified.
	Financial Management Capability Maturity Model (FMCMM)	Action plan on FMCMM assessment still in the process of being concluded.

## KEY FOCUS AREAS STILL TO BE FINALIZED

STRATEGY	KEY FOCUS AREA	AREAS TO BE FINALIZED / PROGRESS THUS FAR
<b>Strategy 6: Restructuring of the Budget</b>	Budget Restructuring	Powers and functions re-allocation to the district municipality are central to the long-term financial strategy of the municipality. The long-term financial plan covering 15 years to be compiled once all budget restructuring reports are approved and finalized (i.e. organisational structure)
<b>Strategy 7: Improve Cashflow Management</b>	Manage financial commitments and cash flow and ensure unspent grants are also adequately safeguarded	Significant debtors comprise of debts owed by local municipalities. CoGTA to facilitate engagement with locals on establishment of SLA for the payment of regional contributions. Work in progress.

# GAUTENG COGTA SUPPORT TO WRDM

# Key Support Functions/Programmes

- Support to the WRDM relates to the following key areas:
  - Municipal finance support
  - Municipal institutional support
  - Governance support
  - Infrastructure and service delivery support
  - Disaster management and fire services support



# MUNICIPAL FINANCE SUPPORT

## Municipal Finance Support

- Gauteng CoGTA supported the municipality on addressing AG findings through the provincial OPCA PCC as well as municipal OPCA steering committee meetings.
- OPCA PCC includes all stakeholders involved in municipal finance such as the Auditor General, Gauteng Provincial Treasury, SALGA, National DCoG and Chartered Institute of Government Finance Audit and Risk Officers (CIGFARO)



# MUNICIPAL INSTITUTIONAL SUPPORT

## Municipal Institutional Support

- **Audit of Predetermined Objectives (AOPO):** unqualified/clean audit opinions. The project has contributed to the municipality maintaining the positive audit outcomes for the past five financial years.
- **Human Resource Audit:** repositioning the HR function resulted in the municipality meeting required standards in Workforce Planning, Employment Relations Management, Human Resource Technology and Human Resource Measurement.
- West Rand District Municipality supported to institutionalize **Performance Management System**. The project assisted the municipality with the development of performance management systems, framework and policies aligned with Performance Remuneration link; Agreements and Scorecards; and Performance Management Reporting System. Transferred R500 000.00

# Municipal Institutional Support

## Capacity Building

- Councilors trained on developed learning programme for Councilors with oversight function (including section 79 and MPACs), NQF L3, 4 and 5. Councilors were trained in amongst others good governance, accountability and ethical conduct, etc.
- Officials trained on **Business Process Re- engineering (BPR)** which enabled municipal officials to re-engineer municipal-wide business processes to short-circuit bottlenecks, minimize red tapes, redundancies, duplications and time-wasting tasks and activities.

# Municipal Institutional Support

- Officials trained on **Organisational Change Management** whereby municipal officials were trained in managing major dimensions of change which includes changes in work methods (business processes) and changes in working practices; changes in the agenda of managing of performance management systems and changes in the organisational design, culture and style.
- Officials trained on **Productivity Improvement**, municipal OD professionals were equipped to consider waste management good practices, compliance matters, challenges and any developing trends in the provision of municipal services specifically to Waste Management Services.
- **Municipal Finance Management Programme.** Officials were equipped with competencies to manage strategic planning and budgeting processes, financial management processes and internal control, auditing and reporting processes.

# Municipal Institutional Support

## **2020/21 Support:**

- Post Human Resource Audit support.
- Performance Management System institutionalized in the municipality.
- Councillors and officials trained in accountability and ethical conduct.
- Organisational structure review.
- Municipal officials trained in Talent Management and Workforce Planning (2 Human Resource Standards).

# GOOD GOVERNANCE



## Good Governance

- The WRDM has been targeted for support under the Gauteng Municipal Integrity Project: Phase 2 (GMIP2).
- GMIP1 focused its support on locals and metropolitan municipalities, while GMIP 2 focusses its support on the two district municipalities and the province.
- The project aims to assist the district municipality to strengthen its coordination and oversight role in terms of the Local Government Anti-Corruption Strategy and Integrity Management Framework while developing the organizational infrastructure to address ethics.
- This includes training and skills development of the Ethics Office, conducting an Ethics Maturity Assessment, Ethics Risk Assessment and developing an Ethics Strategy and implementation plan.

## Good Governance

- This initiative is a collaborative effort between the Office of the Premier, Gauteng CoGTA and the Ethics Institute with financial support from the Siemens Integrity Initiative.
- The project commenced in March 2020 and will conclude in March 2022. The following outcomes are anticipated:
  - Two ethics officers certified through the Ethics Officer Certification Programme in the WRDM;
  - Completed ethics maturity assessment, which will provide the WRDM with a baseline indicating their levels of compliance;
  - Completed ethics risk assessment, which will identify the ethics risks within the WRDM;
  - Drawing from the Ethics Maturity and Risk Assessment an approved Ethics Strategy and Implementation Plan; and

## Good Governance

- The institutionalisation of ethics within the WRDM by establishing ethics governance structures, rolling out ethics training and awareness within the municipality; the development of ethics policies and a code of conduct to facilitate ethical conduct within the municipality.

# INFRASTRUCTURE AND SERVICE DELIVERY

# Infrastructure and Service Delivery

## **WRDM is supported on:**

- Procurement of engineers and town planners to support in the area of skills support.
- Holding regular monthly engagements with West Rand District municipality and local municipalities to support on under performance and expenditure.
- Holding monthly three spheres meetings to measure progress and ascertain level of support.

# DISASTER MANAGEMENT AND FIRE SERVICES

## FS & DM Financial Support to WRDM

Gazette Date	Gazette No	Amount	Purpose
<b>30<sup>th</sup> April 2018</b>	121	R15 million	Payment for leasing of 10 fire engines.
<b>21 June 2018</b>	172	R7.5 million	Payment for lease of 10 Fire Engines.
<b>21 November 2018</b>	349	R15 million	To improve Fire & Rescue Services capabilities in WRDM.
<b>12 February, 2019</b>	45	R20 million	DM Forums, Risk Assessments, Risk Reduction, Response and Recovery
<b>10 May 2019</b>	142	R 10 million	DM Forums, Risk assessments , Risk reduction , relief and rehabilitation
<b>10 May, 2019</b>	142	R35 million	To improve Fire & Rescue Services capabilities in WRDM
<b>26 March 2020</b>	73	R20 million	To improve Fire & Rescue Services capabilities in WRDM
<b>Total</b>		<b>R122.5 million</b>	

## Other support provided to WRDM

- Community based risk assessments.
- Public awareness programs and materials.
- Disaster relief activities and material.
- Monitoring functionality of the Disaster Management Centre through reports and functionality assessments.
- Monitoring of fire and rescue service activities and compliance through status reports and assessments.



## Disaster Management: Powers and Functions

- The Disaster Management function is a legislative assignment. It is assigned through the Disaster Management Act, 2002 Act no 57 of 2002.
- The WRDM is currently responsible for the coordination of the function.
- The MEC for CoGTA has no jurisdiction on the transfer of this function as it is assigned through an Act of parliament.
- The coordination function is to remain with WRDM and it shall be implemented with support from CoGTA.
- The WRDM must ensure that it performs its disaster management function in line with what is prescribed in the legislation to avoid incurring avoidable expenditure.

## Fire Services: Powers and Functions

- The function was transferred to WRDM from local municipalities.
- The function is solely performed by WRDM, no designated services.
- The MEC has the power to transfer the function in part or in its entirety. This is in line the Municipals Structures Act.
- The decision to transfer the function must be based on a business case that provides a clear determination on the practicability of transferring this function to local municipalities. At the same time, it is important to note that the **coordination of the function** remains an inherent responsibility of the district municipality, irrespective of the transfer of the function **in part or in its entirety**.
- Based on the outcome of the engagements and an assessment of the practicability to transfer the function (business case), a decision on the matter will be made by the MEC and communicated to the municipality.

## Fire Services: Progress on the Business Plan

- CoGTA is currently working on a business case that amongst others outlines:
  - ✓ Advantages and disadvantages of decentralisation / centralization.
  - ✓ Funding for the fire service ( short and medium term).
- A stakeholder meeting was held with DCoG, GPT and CoGTA to discuss progress.
- The PDMC has met with GPT to discuss matters pertaining to the establishment of the fire services grant, including arrangements for benchmarking.
- The NDMC and the PDMC are in the process of enhancing the business plan and modelling.

