



**KWAZULU-NATAL PROVINCE**

COOPERATIVE GOVERNANCE AND  
TRADITIONAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA



# NCOP PRESENTATION ON STATE OF GOVERNANCE, FINANCE AND OSS WAR ROOM FUNCTIONALITY IN UMZINYATHI

**23 October 2020**

GROWING KWAZULU-NATAL TOGETHER



## Table of Contents

No	ITEM	PAGE NO
<b>1</b>	<b>FINANCIAL STATE</b>	
1.1	Audit Outcomes	4
1.2	Financial Indicators	5
1.3	Contracted Services	6
1.4	Audit Action Plans	7
1.5	Debtors	8
1.6	Government Debt	9
1.7	UIFW	10
1.8	Grants	11
<b>2</b>	<b>OSS WAR ROOM FUNCTIONALITY</b>	
2.1	Purpose	13
2.2	OSS war room functionality summary	14
2.3	District breakdown	15
2.4	Challenges And Recommendations	16



**KWAZULU-NATAL PROVINCE**

COOPERATIVE GOVERNANCE AND  
TRADITIONAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA

GROWING KWAZULU-NATAL TOGETHER

# FINANCIAL STATE IN UMZINYATHI



## UMZINYATHI AUDIT OUTCOME

- Umzinyathi district municipality received an adverse audit outcome on the 2017/2018 financial year and regressed to disclaimer on the 2018/2019 financial year.
- Basis for disclaimer are:
- Infrastructure assets
- Other reserves
- Unspent conditional grants
- General Expenses
- Contingent liabilities
- Property plant and equipment
- Contracted services
- Service charges
- Trade payables and accruals
- Water losses
- VAT
- Inventories, and Cash flow



## UMZINYATHI DISTRICT MUNICIPALITY FINANCIAL INDICATORS

FINANCIAL RATIO	JUL-20	AUG-20	SEP-20	COMMENTS IN RELATION TO THE NORM
Cash Coverage (1-3 months)	5 months	3 months	4 months	The cash coverage is above the norm of 1 to 3 months
Current Ratio (1.5-2)	1.2:1	2.2:1	2.6:1	The current ratio is above the norm for August and September 2020
Level of cash-backed grants ( $\geq 0$ )	R126,354,107	R66,925,285	R103,805,209	Grants are cashbacked
% creditors > 30 days (= 0)	32%	77%	79.1%	The municipality is not paying creditors within 30 days
Debtors > 90 days (= 0)	266,883,004 (87.1%)	R271,588,012 (87.6%)	R284,414,259 (89.7%)	The municipality is not collecting debt within 90 days
% actual R&M spent in relation to the budget ( $\geq 25\%$ )			44%	The actual expenditure is above the norm
Operating Surplus/ (Deficit) ( $\geq 0$ )	Operating deficit	Operating surplus	operating surplus	The municipality has an operating deficit for August and September
Collection Rate (billed vs collection) ( $\geq 95\%$ )	30%	40%	32%	The municipality is under collecting
% Actual CAPEX to budget ( $\geq 95\%$ )	121.4%	141.3%	123.8%	capex expenditure is above the norm
% Actual OPEX to budget ( $\geq 95\%$ )	86.9%	91.2%	92.2%	Opex expenditure is below the norm



## UMZINYATHI DISTRICT MUNICIPALITY CONTRACTED SERVICES

- The municipality's contracted services was R104.6 million constituting 17% of the total expenditure on the 2018/2019 financial year which is above the norm of 2% - 5%.
- The contracted services expenditure reported on the unaudited finance information for 2019/2020 financial year increased to R148.1 million constituting 28% of the total operating expenditure for the financial year ending 2019/2020.
- Included in the contracted services is the repairs and maintenance



## UMZINYATHI DISTRICT MUNICIPALITY 2018/2019 AUDIT ACTION PLAN STATUS

AUDIT ACTION PLAN STATUS	Annexure A
Total Number of findings	30
Resolved	13
In progress	13
Not started	4

### Notes

- The audit committee last sat in May 2020, this has been due to the resignation of two members which the municipality needs to replace
- The internal audit unit of the municipality is co-sourced to Bonakude consulting who is supporting the in-house Internal audit unit



## UMZINYATHI DISTRICT MUNICIPALITY DEBTORS

<b>Debtors Age Analysis by Customer Group R Thousands</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Over 90 Days</b>	<b>Total</b>	<b>% of Total debt</b>
Organs of State	5455625	-141256	2887249	31161730	39363348	12%
Commercial	2150450	-95454	989453	29899511	32943960	10%
Households	14563277	-207117	6720419	222876641	243953220	76%
Other	104312	-11168	33794	476377	603315	19%
<b>Total By Customer Group</b>	<b>22273664</b>	<b>-454995</b>	<b>10630915</b>	<b>284414259</b>	<b>316863843</b>	

The household debt accounts for 76% of the total debt of the municipality. This shows that the municipality is unable to collect from households customers. The municipality needs to strengthen the implementation of credit control to ensure maximum collection



**UMZINYATHI DISTRICT MUNICIPALITY  
GOVERNMENT DEBT**

Name of Department	Jun-20	July-20	Aug-20	Comments
Dept of Arts and Culture				
Community Safety and Liaison				
Economic Development, Environmental, Tourism				
Dept of Education	1,876,795	511,122	1,559,363	
Dept of Health	5,608,434	6,144,116	6,774,043	
Dept of Human Settlement				
Office of Premier				
Dept of Sports and Recreation				
Dept of Social Development				
CoGTA				
Dept of Transport	1,490,797	1,485,472	1,556,385	
Dept of Provincial Works	633,807	633,807	654,090	
Dept of National Works	8,970,520	3,191,986	2,632,356	
Dept of Correction Services		3,406,179	2,493,310	
Dept of Water and Sanitation	1,154	1,602	1,842	
Dept of Agriculture	17,035	26,772	652	
SASSA	1,730,594	892,796	1,595,153	
Total	20329136	16293852	17,267,194	

Cogta has facilitated meetings with Government departments to discuss disputed accounts and outstanding debt. Cogta has facilitated the development of the support plan to improve reporting from the municipality and to clear long outstanding debt.



**UMZINYATHI DISTRICT MUNICIPALITY**  
**UIFW**

Municipality	YTD Closing (2019/20 20)	YTD % Addressed	YTD (Addressed)	2019/2020 (Incurred)	Opening (2019/2020)
Unauthorised	0	100%	(16,310,684)	16,310,684	0
Irregular	1,371,33 6,267	15.9%	(261,000,000)	266,210,479	1,366,125,788
Fruitless and Wasteful	581,242	0%		96,204	485,038
<b>TOTAL</b>	1,371,91 7,509		277,310,684	282,617,367	1,366,610,826

The municipality appointed Zuma and Partners to investigate the instances of irregular expenditure from 2016. the investigation was concluded and tabled to MPAC and council. The service provider was further given the responsibility to assess the value for money on all contracts awarded irregular in order to institutes consequence management all staff and service providers implicated. The process is expected to be finalized before the end of October 2020



**UMZINYATHI DISTRICT MUNICIPALITY  
STATUS OF GRANTS EXPENDITURE**

Name of grant	Opening Balance as at Tuesday, 30 June 2020	Receipts	Expenditure: Operating (Revenue Recognised)	Expenditure: Capital (Revenue Recognised)	Closing Balance as at Wednesday, 30 September 2020
<u>Expanded Public Works Programme (EPWP)</u>	R -	R 1 365 000	R 1 074 952	R -	R 290 048
<u>Financial Management Grant (FMG)</u>	R -	R 1 500 000	R 172 130	R -	R 1 327 870
<u>Municipal Infrastructure Grant (MIG)</u>	R -	R 110 000 000	R -	R 73 302 898	R 36 697 102
<u>Water Services Infrastructure Grant (WSIG)</u>	R -	R 30 000 000	R -	R 14 948 624	R 15 051 376
<u>Regional Bulk Infrastructure Grant (RBIG)</u>	R -	R 4 738 000	R -	R 2 164 598	R 2 573 402
<u>Rural Roads Asset Management Systems (RRAMS)</u>	R -	R 1 610 000	R 176 282	R -	R 1 433 718
<u>Development Planning Shared Services (DPSS)</u>	R 338 148	R -	R 102 578	R -	R 235 570
<u>Spatial Development Framework Support Management Grant (SDFS)</u>	R 663 500	R -	R 94 500	R -	R 569 000
<b>TOTAL</b>	R -	R 149 213 000	R 1 620 441	R 90 416 121	R 58 178 086

The municipality has received R149.2 million on conditional grants and has spent R92.0 million constituting 61.6% of the grants received. The unspent grants is R58.1 Million constituting 38.9% of the grants received in the current financial year.



# **KWAZULU-NATAL OSS WAR ROOM FUNCTIONALITY PER DISTRICT AND PER MUNICIPALITY, WHERE THERE ARE CDWS**



# PURPOSE

- This presentation is to detail the KwaZulu-Natal OSS War Room functionality per district and per municipality, where there are CDWs.
- COGTA monitors the Functionality of War Rooms where there are CDWs, who are officials employed by COGTA to support the facilitation of integrated service delivery programmes at community level working transversally.
- Office of the Premier remains the overall OSS War Room Programme coordinator.
- Of the 870 municipal wards in KZN, COGTA employs 395 CDWs servicing 388 wards, which accounts for 45% ward coverage.
- Of the 395 active CDWs, 375 coordinates functional War Rooms in their respective wards which accounts for 97%.



## OSS War Room Functionality Summary

Districts	Wards	Number of wards with CDWs	Functionality of War Rooms of wards with CDWs	
			Functional War rooms with CDWs	Not Functional/Not Established
Amajuba	53	18	18	0
eThekweni	110	29	25	5
Harry Gwala	61	34	34	0
Ilembe	77	39	39	0
King Cetshwayo	105	43	43	0
Ugu	85	39	38	1
uMgungundlovu	88	34	32	2
uMkhanyakude	71	37	37	0
uMzinyathi	56	41	37	4
uThukela	74	34	34	0
Zululand	90	40	39	1
Province	870	388	375	13



# OSS War Room Functionality Summary

Indicators	Performance Status as at September 2020	Progress and Planned activities		
<p>War-Rooms with CDWs functional.</p>	<p>Of the 390 active CDWs, a total of 377 operate in, and support, functional War-Rooms.</p> <p>13 CDWs are placed on remedial support to resolve challenges performance experienced at their War Rooms.</p> <p><b>ACTIVITIES CONDUCTED</b></p> <ul style="list-style-type: none"> <li>• War-Room Warm Winter Projects (Blankets)</li> <li>• Nelson Mandela Day Activations</li> <li>• Distribution of PPEs to CDWs</li> <li>• Revived Community Public Participation machinery, as part of the recovery plans.</li> <li>• Strengthened cooperation with the Civil Society Organizations.</li> <li>• Coordination of a Provincial Social Partnership for Service Delivery and Poverty Alleviation.</li> </ul>	<p>There has been a positive improvement on the number of Functional War Rooms with CDWs Non-functional-War Rooms with CDWs have been reduced to 13. contributing factors for poor functionality being ill-relations with Cllrs as champions, Ward Champions who have outsourced their responsibility champion War Room activities to other community leaders or structures, health related incapacity on the side of CDWs or at times Cllrs, performance capacity, lack of service delivery support from sector departments and lack of War-Room space.</p> <p>Reduced to 13 War-rooms with CDWs recorded as non-functional :</p> <ul style="list-style-type: none"> <li>• eThekwini : Wards 3,4,8,105,107</li> <li>• Ray Nkonyeni: Ward 8</li> <li>• Umngeni: Ward 09</li> <li>• Umsunduzi: ward 10</li> <li>• Ray Nkonyeni: Ward 8</li> <li>• Umvoti : Wards 9,10,11</li> <li>• Nquthu: Ward 17</li> <li>• Abaqulusi: Ward 12)</li> </ul>	<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li>• Poor resourcing of War-Rooms &amp; lack of War-Room Physical Space.</li> <li>• Poor Supervision of CDWs due to vacancies of supervisors in four districts.</li> <li>• Ill-relations between CDWs, Cllrs and community structures.</li> </ul>	<p><b>PLANNED ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>• CDW Training on covid-19</li> <li>• Community &amp; War-Room awareness programmes on COVID-19 Behavioral Change. (October)</li> <li>• Support OSS activations: Safety month, 16 Days &amp; WAD.</li> <li>• Social Partnership (On-going)</li> </ul>



**KWAZULU-NATAL PROVINCE**

COOPERATIVE GOVERNANCE AND  
TRADITIONAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA

GROWING KWAZULU-NATAL TOGETHER

## DISTRICT BREAKDOWN





## UMZINYATHI WAR ROOM FUNCTIONALITY

DISTRICT	Local Municipality	No of wards per Municipality	No. of wards with CDWs	No of functional war rooms with CDWs	Overall percentage of Functional War rooms with CDWs	Challenges/ Reasons for non-functionality	Proposed remedial actions/ Comments
UMZINYATHI	ENdumeni	7	2 (4 and 6)	2	90.2%	None	
	Nquthu	17	13 (1, 3, 4, 6, 9, 10, 11, 12, 13, 14, 15, 16, 17)	13		Poor participation of sector departments foe interventions	HOD Champion to intervene
	Msinga	18	17 (1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18)	15(2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17)		Poor participation of sector departments foe interventions	HOD Champion to intervene
	Mvoti	14	9 (1, 2, 5, 6, 8, 9,10, 11, 12)	(1, 2, 5, 6, 8, 11, 12)		LTT is not functional and poor participation of sector departments	



## CHALLENGES AND RECOMMENDATIONS

• CHALLENGES	RECOMMENDATIONS
• Poor Supervision of CDWs due to vacancies of supervisors in four districts.	• Filling of CDWs Supervisors vacant posts
• Poor resourcing of War-Rooms & lack of War-Room Physical Space.	• Improve coordination in the location of war rooms
• Ill-relations between CDWs, Cllrs and community structures.	• Facilitation of awareness on OSS and CDW role with Councilors and community structures
• Poor participation of Sector Departments and stakeholders	• Include OSS in the Performance agreements of Senior Officials

**THANK YOU**

**GROWING  
KWAZULU-NATAL  
TOGETHER**