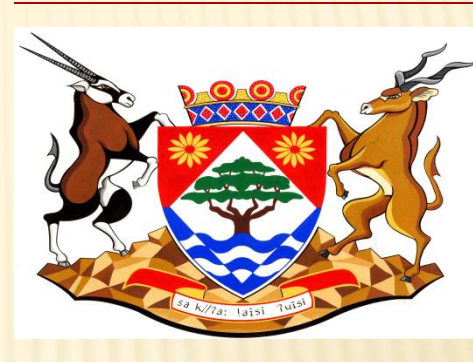


# COGHSTA



Plans to Improve Service Delivery, Financial Management and Develop Capacity in the Local Sphere of Government, especially in Municipalities under Section 139 (*with repetitive disclaimed audit opinions*)

***THEME: ENSURING CAPABLE AND FINANCIALLY SOUND MUNICIPALITIES***

Date: 8 – 11 September 2020

Platform: ZOOM VIDEO CONFERENCING



# CONTENTS

- ❖ Purpose
- ❖ Background
- ❖ Phokwane:
  - ❖ Service delivery
  - ❖ Financial management
  - ❖ Capacity building
- ❖ Renosterberg:
  - ❖ Service delivery
  - ❖ Financial management
  - ❖ Capacity building
- ❖ Recommendations

# PURPOSE



To provide a Northern Cape perspective on “Plans to Improve Service Delivery, Financial Management and Develop Capacity in the Local Sphere of Government, *especially in Municipalities under Section 139 (with repetitive disclaimed audit opinions)*”

# BACKGROUND



**COGHSTA**

Department:  
Co-operative Governance, Human Settlements &  
Traditional Affairs  
Northern Cape

The following municipalities have been placed under **section 139(1)(c)** of the **Constitution of the Republic of South Africa, 1996**:

1. **Phokwane local municipality: 19 May 2020; and**
2. **Renosterberg local municipality: 07 September 2020.**



# PHOKWANE: INTERVENTION TRIGGERS



The basis of the intervention is the **governance, administrative and financial challenges** which resulted in the Municipal Council failing to fulfil its executive and financial obligations and/or to meet its financial commitments.

It therefore entails assumption by the Provincial Executive Council of the following functions:

- a) **Recruitment of Senior Managers & Organisation of Administration in terms of section 51 of the LG: Municipal Systems Act, 32 of 2000 and Regulation;**
- b) **Provision of Water in the municipal area in terms of the Water Act; and**
- c) **Diligent Financial Accountability and Compliance of the financial affairs in terms of the LG: MFMA 56 of 2003**



- ✘ Appointment of the municipal manager or secondment for the balance of the term of office;
- ✘ Appointment or secondment of Senior managers accountable to the municipal manager [**delayed by litigation by former senior managers**];
- ✘ The appointment of these level of officials will enable the implementation of the SDBIP.

# INSTITUTIONAL CAPACITY



## INSTITUTIONAL CHALLENGES

- Organisational Structure
  - No functional organogram and staff establishment
  - Realignment of structure to service delivery imperatives
  - Inadequate Task outcomes
  - Lack of Institutional management system
  - High vacancy rate in critical areas
  - No job descriptions
  - Dysfunctional Human resources management
  - **Irregular acting appointments**
  - **Irregular benchmarking of Task levels [REGULARISED COMPLETED]**
  - **Labour relations disputes**

## IMPROVEMENT PLAN

- × Restructuring of the organogram and the staff establishment “fit for purpose”;
- × Redesigning of job descriptions on the organogram for TASK OUTCOMES;
- × Filling of critical posts [Core competencies posts] – e.g. Manager: Water & Sanitation
- × Resolved through Bargaining Council

# SERVICE DELIVERY PLAN



Basic Services	Challenges	Cost of Improvement
Water	<ul style="list-style-type: none"><li>• Lack of Water &amp; Sanitation Master Plan</li><li>• Ageing infrastructure - near collapse;</li><li>• Lack of infrastructure layout – as built plans;</li><li>• <b>Lack of competent &amp; qualified staff – plumbers, civil engineers &amp; water quality controllers</b></li></ul>	<b>R388 million</b>
Sanitation	<ul style="list-style-type: none"><li>• Lack of Water &amp; Sanitation Master Plan</li><li>• Ageing infrastructure - near collapse;</li><li>• Lack of infrastructure layout – as built plans;</li><li>• <b>Lack of competent &amp; qualified staff – plumbers, civil engineers &amp; water quality controllers</b></li></ul>	<b>R80 million</b>



# SERVICE DELIVERY PLAN



Basic Services	Challenges	Cost of Improvement
<b>Electricity</b>	<ul style="list-style-type: none"> <li>• Lack of Electrification Master Plan;</li> <li>• Energy saving and Demand Management [Electricity];</li> <li>• Electricity Networks maintenance plan;</li> <li>• <b>Lack of Electrical engineers</b></li> </ul>	<b>R 65 million</b>
<b>Roads &amp; Storm Water</b>	<ul style="list-style-type: none"> <li>• Lack of Roads and Storm water;</li> <li>• Roads &amp; Storm water maintenance plan;</li> <li>• <b>Lack of civil engineers</b></li> </ul>	<b>R75 million</b>
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• Lack of Integrated Waste Management Plan;</li> <li>• Waste Management Operations Plan;</li> <li>• <b>Lack of waste management specialist.</b></li> </ul>	<b>R45 million</b>

# 2020/21 CAPITAL BUDGET: SERVICE DELIVERY



Internal Funding	R37 500 000.00	Refer to next slide
MIG Funding	R 27 548 000.00	<ul style="list-style-type: none"> <li>• Highmast Lighting for Pampierstad and Ganspan (R2 196 065.91)</li> <li>• Upgrade of Existing Asbestos Water Reticulation Network in Pampierstad- Phase 5 (R13 851 934.09)</li> <li>• New Pump station and Related Bulk Sewer Outfall Lines in Masakeng (R10 000 000.00)</li> </ul>
WSIG Funding	R 21 434 214.00	<ul style="list-style-type: none"> <li>• Upgrade of Waste Water Pump stations and Bulk Outfall Lines in Pampierstad (R18 434 213.97)</li> <li>• Feasibility Studies for WTW in Jan kemp dorp, Pampierstad &amp; Hartswater (R 3 000 000.00)</li> </ul>
INEP Funding	R 6 600 000.00	<ul style="list-style-type: none"> <li>• Electrification of Nkandla – Phase 2</li> </ul>
TOTAL	R 63 082 214.00	



# SERVICE DELIVERY IMPROVEMENT

The municipality requires R38 million capital funding to improve service delivery. **Acquired the following service delivery implements worth R25 million from own savings**

- ✘ Honey Sucker (3)
- ✘ Refuse Truck (3)
- ✘ Tipper Trucks (2)
- ✘ TLB (3)
- ✘ Bakkies (6)
- ✘ Cherry Picker (1)
- ✘ Skip Loader Truck(1)
- ✘ Refuse Skips (40)
- ✘ Bossieslanger(3)
- ✘ Bulk Metering-WTW (3)
- ✘ Remedial Works Jan Kemp-dorp
- ✘ Water Service Feasibility Studies
- ✘ Municipal Building Upgrade  
OHS&A & Covid-19
- ✘ Financial System
- ✘ High Velocity Sewer Cleaner (3)

# FINANCIAL MANAGEMENT IMPROVEMENT



Challenges	Improvement Plan
Tariffs not cost reflective leading to difficulties in achieving a fully funded budget	Tariff restructuring programme
Low revenue collection rate	Credit control and debt collection programme
Poor document management	Document management training for Finance staff
Internal Audit	<ul style="list-style-type: none"> <li>• Risk-based internal audit programme,</li> <li>• audit action plan</li> </ul>
No internal capacity for the preparation of Fixed Asset Register (FAR) and AFS:	<ul style="list-style-type: none"> <li>• Staff Training programme for FAR and AFS preparation</li> </ul>



# FINANCIAL MANAGEMENT IMPROVEMENT



Challenges	Improvement Plan
Weakness in reporting and mScoa compliance	<ul style="list-style-type: none"> <li>• mScoa compliant financial management system</li> <li>• Staff training</li> </ul>
Water revenue management	<ul style="list-style-type: none"> <li>• Eskom and water boards debt repayment agreements</li> <li>• Meter audits</li> </ul>
Financial management capacity building	<ul style="list-style-type: none"> <li>• Performance management and development programme</li> </ul>
UIF&W and consequence management	<ul style="list-style-type: none"> <li>• Municipal disciplinary board</li> <li>• Municipal council committees structures</li> </ul>

# RENOSTERBERG: INTERVENTION TRIGGERS



The basis of the intervention is the **governance, administrative and financial challenges** which resulted in the Municipal Council failing to fulfil its executive and financial obligations and/or to meet its financial commitments.

It therefore entails assumption by the Provincial Executive Council of the following functions:

- a) **Recruitment of Senior Managers & Organisation of Administration in terms of section 51 of the LG: Municipal Systems Act, 32 of 2000 and Regulation;**
- a) **Provision of Electricity in van der Kloof and Keurtjiekloof in terms of the Electricity Regulations Act, 4 of 2006; and**
- b) **Diligent Financial Accountability and Compliance of the financial affairs in terms of the LG: MFMA 56 of 2003**

# RENOSTERBERG: SERVICE DELIVERY



**COGHSTA**

Department:  
Co-operative Governance, Human Settlements &  
Traditional Affairs  
Northern Cape

- ✘ Appointed a MISA engineer to assist with the technical monitoring and management of the infrastructure challenges;
- ✘ Upgrading of the electrical network;
- ✘ Review the electricity tariffs;
- ✘ Conduct asset verification – movable and immovable;
- ✘ Conduct an overall assessment of the basic service delivery components – **Water, Sanitation, Electricity, Roads and Storm Water and Waste Management;**

# RENOSTERBERG: FINANCIAL MANAGEMENT



- ✘ Implement the adopted discretionary **Financial Recover Plan**;
- ✘ Acceptance the support provided by NT's appointed expert on Municipal Finance Improvement Programme ("MFIP") to provide the necessary financial support and advice in terms of **MFMA**;
- ✘ Make necessary arrangements to meet financial obligations and/or commitments of payment to **third parties (e.g. Pension Funds, UIF, Medical Aid Schemes)**, and the **AG**;
- ✘ Appoint the **Municipal Public Account Committee ("MPAC")** at the first Council meeting after elections of new council;



# RENOSTERBERG: CAPACITY BUILDING



**COGHSTA**

Department:  
Co-operative Governance, Human Settlements &  
Traditional Affairs  
Northern Cape

- ✘ Appointment or secondment of senior managers accountable to the municipal manager namely the **Chief Financial Officer, Director: Corporate Services and Technical Services;**
- ✘ The appointment of these level of officials will enable the implementation of the SDBIP;
- ✘ Review the organisational structure “fit for purpose”;
- ✘ Conduct head count and verification of qualifications;

# RECOMMENDATIONS



It is recommended that the National Treasury ring fences a budget for allocation to Provincial CoGTA to implement the section 139 interventions.

The allocation will ensure that there is impact and service delivery identified challenges once the intervention has been terminated.

---

***KE A LEBOGA***

***THANK YOU***

***ENKOSI***

***DANKIE***