

DIRECTORATE
MUNICIPAL MANAGER

PMS REPORT

on

1ST QUARTER

1 July – 30 September 2010

Following is a brief executive summary of the performance of the Directorate of the Municipal Manager during the 2010/11 financial year

KEY PERFORMANCE AREA:

GOOD GOVERNANCE & PUBLIC PARTICIPATION

1. INTEGRATED DEVELOPMENTAL PLANNING

OBJECTIVE:

- To promote social development and coordinate and facilitate the development of social amenities for sustainable and livelihood.

ACHIEVEMENTS

Council has over the last couple years successfully reviewed its IDP in line with the Local Government Municipal Systems Act.

As the IDP is a plan for 5 years period will it be the last time that the document is reviewed as the Local Government elections will take place in May 2011.

1.3 ACHIEVEMENTS

1. The IDP process plan for Umjindi municipality was adopted by Council under item FA. 190, during the Council meeting held in September 2010.
2. The approved process plan clearly explained the time frame under the responsibilities with regard to the IDP Process.
3. The approved Process Plan was submitted to the office of the MEC (Corporative Governance & Traditional Affairs (COGTA) as well as the Ehlanzeni District Municipality.

1.4 CHALLENGES

1. To adhere that all Community based Plans will be submitted to the IDP unit in line with the IDP Process plan.

1.5 RECOMMENDATIONS

- 1.2 A simplified Community Based Plan (CBP) should be created to be used by Ward Committees during the IDP Review Process.

- 1.3 Training workshop to be arranged for Ward Committees on the importance of IDP Process.

2. COMMUNITY DEVELOPMENT WORKERS

COMMUNITY DEVELOPMENT WORKERS

ACHIEVEMENTS

1. One visitation to the Masibuyele Emasimini Programme.
2. Attended the following seminars:
 - ✓ LED workshop for CDWs organized by the LED Assistant
 - ✓ cooperate seminar organized by DEDET and LED Office
 - ✓ Mid-term Assessment of Buhle Buyeta Youth Development Agency
 - ✓ SAPPI Community Forum Meeting
3. Dissemination of information to 22 ID Applicants to urge them to collect their IDs
4. Visited three schools
5. Monitored Glen thorpe and Thandanani Drop-in centres

CHALLENGES

- ✓ The IDP Coordinator's post was vacant since April and this had negative implications on the administration and running of the CDW programme.
- ✓ Delay on house visits by social workers
- ✓ Failing to access Masibuyele Emasimini tractors
- ✓ Most people without IDs have no proper papers
- ✓ The cancellation of Community broad based consultation

RECOMMENDATIONS

The appointment of the IDP Coordinator

3. LOCAL ECONOMIC DEVELOPMENT

KEY PERFORMANCE AREA

OBJECTIVE:

- To promote sustainable economic development.

Executive Summary

The concept of local economic development emanate from the aspiration to witnessing a positive change in the living standards of South Africans through job creating initiatives. The process is normally driven by local role players such as local government, business and labour who are best able to restructure economic situations that will stimulate growth and development. These processes involve identifying labour absorbing and economically viable sectors in the local economy and further develop them. As an LED assistant I was expected and met the expectation to mediate between government departments, government agencies and business to encourage SMMEs, Co-operatives and other forms of businesses. The process included providing sound business advice, sourcing finance, administering skills need assessment, conducting workshops and other corporate services.

There is a huge spectrum of issues embodied in LED. Added to that, LED is a perpetual process and not a particular event of project. This implies that an injection of financial, human and mechanical resources in this process will surface a channel in satisfying the LED strategic objectives. Job creation is the essence of LED and this can be achieved through rolling out sustainable projects. Sustainability of an initiative or project depends on successful implementation of monitoring and evaluation system.

Introduction

Local economic development (LED) is a process in which government, business and communities are cooperatively involved in productive activities that eventually result in creation of employment and reduction in poverty. LED is therefore an approach that includes the sum total of individual and collective contributions of a broad spectrum of the community that build on opportunities and/or address economic development constraints. LED is also focused on marginalised groups such as women, the disabled and the youth and intends to ensure the reduction of poverty, increased black empowerment in all sectors and the appropriate transfer and development of skills.

The purpose of the LED strategy is to set overall goals for the LED endeavours and to develop a plan to achieve them. It involves stepping back from day-to-day operations and evaluating the progress of the strategy implementation.

My job profile, a representation of the spectrum of LED office's initiatives stipulated in the LED strategy, includes among others:

- Identify training needs of the local SMMEs.
- Link Cooperatives/SMMEs with relevant government agencies.
- Link Cooperatives/SMMEs with established business

- Provide monitoring to emerging farmers
- Organise LED related training and workshop
- Identify economic opportunities in rural areas
- Reviewing of LED Strategy annually

1. Identify training needs of the local SMMEs.

Skills development has increasingly become a matter of national importance. In an increasingly competitive global economy, investing in vital human capital can become a key competitive advantage for firms. Recent studies suggest that a lack of appropriate skills training is one of the contributing factors of agricultural constrained productivity.

LED office took the initiative to investigate the possible skills deficiency among small scale farmers in Barberton- Mahlane Farmers Association. Bendon farm was the targeted farm for the investigation. The process will simultaneously act as a pilot study for subsequent farms to be studied. The sampling method of the farm was random, it was coincidentally discovered that the farm is located at a farm zone, an area that is ear marked for agricultural activity.

TABLE: 1

Activity	Objective/s	Action by LED Office	Role-players	Date
Skills audit	-Identify the skills needs of emerging farmers. -Organise Training for local small scale emerging farmers.	-Administer questioners -Facilitate the organisation of the training of small scale farmers.	-LED Office -SEDA. -Bendon farm small scale farmers.	26 October, postponed to 09 November 2010

The questioners were prepared and ready to be administered to the farmers on 26 October 2010. A random sampling method was to be employed to get the mean skills need. The skills assessment process coincided with the issuing of title deeds in Phase 2- Barberton, thereby resulting in poor attendance by farmers which led to the postponement of the initiative.

2. Link Cooperatives/SMMEs with relevant government agencies.

Small businesses compared to big business worldwide, faces a wide range of constraints and problems, even in effective functioning market economies. These constraints mainly relate to legal and regulatory environment, access to markets, finance and business premises (at affordable rentals), the acquisition of skills and managerial expertise, access to appropriate technology, quality of the business infrastructure in poverty stricken areas and, in some cases, the tax burden. The historical past in South Africa however, made the situation worse, particularly on entrepreneurs in rural areas and on women.

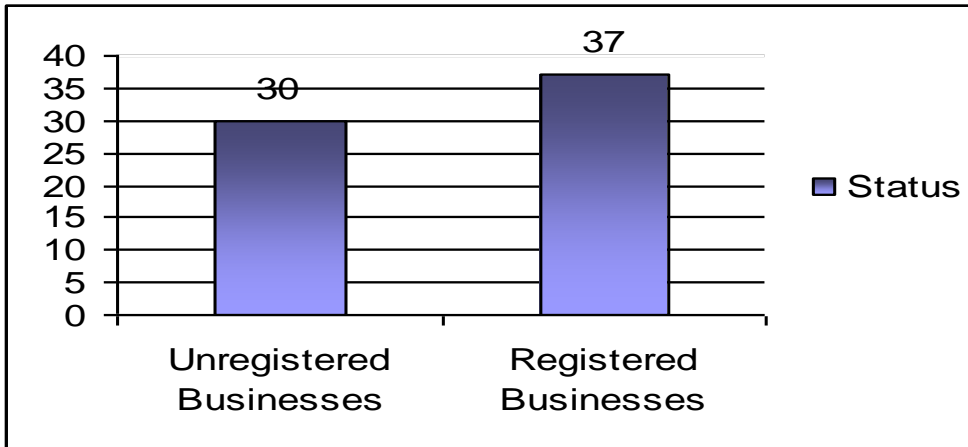
The Umjindi LED Office since September 2010 has been actively engaging numerous relevant public sector departments in developmental issues relating to SMMEs. The attempts simultaneously established long term rapport with the stakeholders. The strongest rapport was demonstrated by Department of Economic Development, Environment and Tourism (DEDET). The rapport unfolded when DEDET and LED office cooperatively hosted a cooperative Seminar at Umjindi Community Hall. The objectives of the seminar are briefly arrangement in Table 2. The alliance has advanced to a stage where the LED office and DEDET is planning on forming a working group that will review the LED Strategy for 2010/2011 financial year.

Table: 2

Name of project	Objectives	Action by LED Office	Role-players	Dates
Co-operative Seminar	-Workshop the communities of the significance and advantages of Co-operatives. -Present funding sources available.	-Organize venue, date, time. -Organize key role-players, speakers, interested community members.	-LED Office -Interested community members. -IDC. -MEGA. -SEDA. -NDA	30 September 2010

The attendance at the Co-operative seminar was relatively good. The aggregate attendance by participants summed to 67 per capita. The audience comprised of both registered entrepreneurs and business aspirants (youth and senior). As illustrated in Graph 1, 55% of the aggregate audience were registered entrepreneurs. The residual of the audience (45%) were aspiring entrepreneurs who were cordially advised to consult with the LED office for comprehensive business advice.

GRAPH: 1



DETDET expressed astounding commitment to assist the unregistered businesses to eventual become legal entities. Continuous support was pledged to oversee the sustainability of the businesses.

Table: 3

Name of project	Objectives	Action by LED Office	Role-players	Dates
Asisitani Farming Project	-Assist the business to source funding. -link the business with Training institutions	-Mobilise funders, government departments and agencies, to meetings.	-LED Office -Dep. Of Agriculture -Dep. Of Rural Development -Dep. Of Water affairs. -Inkomati -Mega	Perpetual process.

The economic trickle down effects of the potential has the potential of sparking agricultural revolution similar to the British experienced between 17th and 19th century. It was characterised by increase in agricultural productivity and net output.

3. Link Cooperatives/SMMEs with established business

SMMEs rely strongly on public sector for business for business and support services. It can be appreciated that government does not represent the whole market. SMMEs can therefore mitigate

or prevent their failures adopting various methods. One of the approaches is by promoting access to markets, according to the SMME strategy of the EM (2007b), is through the creation of business linkages. Business linkages encompass various activities or business transactions conducted between large and small businesses. These activities include subcontracting, franchising, outsourcing, unbundling, partnership agreements, joint ventures and technological inputs.

Business linkages therefore result in specialisation of businesses, diversification of activities, widely distributed benefits and widespread economic competence as it allows enterprises, whether sellers or buyers in the market to focus on their core activities in which they have the comparative advantage and rely on commercial dealings to help in the areas where they relatively lack proficiency but where other enterprises have the comparative advantage.

Table: 4

Activity	Objective/s	Action by LED Office	Role-players	Date
SMME s Development Initiative	-To alert local SMMEs of subcontracting opportunities that exists at the Barberton Mines. -Alert SMMEs of procurement procedures at the Barberton Mines.	-Organize venue, date, time. -Organize key role-players, speakers, interested community members.	-LED Office - Barberton Mines Pty Ltd- Procurement section.	Event hosted on 15 Sep 2010 But it is a perpetual process.

4. Provide monitoring to emerging farmers

Mentorship is critical for emerging growers. Providing mentorship through advice on the technical aspects and support services such as agronomic extension, and economic and financial advice, can enhance the long-term viability of the emerging farmers. The mentor brings practical experience, while the extension officer provides not only background, but also the reasons and principles. The introduction of training courses can go a long way towards improving the skills of the emerging farmers in the farming industry.

LED Office can only provide limited mentorship in agriculture. The LED office liaises frequently with specialised government departments to offer focused mentorship in particular economic areas, e.g. organising an extension officer for emerging farmers. The LED Office is very instrumental providing

business advice to emerging farmers. This includes among others, designing business plans, Sourcing funding for communities, etc.

Table: 5

Name of project	Objectives	Action by LED Office	Role-players	Dates
Local Agricultural Forum (LAF)	-Create a platform for emerging farmers to raise concerns and challenges they are facing	-Conduct meetings and Workshops.	-LED Office -Emerging farmers -Dep. Of Agriculture -Mega Dep. Of Water Affairs	29 Oct 2010

5. Organise LED related training and workshop

Workshops are very important, particularly in this swift globalising and competitive world. Workshops are a medium through which issues are communicated and explored. They require one to think, to practice the skills of analysis and synthesis, and by doing so, possibly leave with more and better ideas than the ones with which you came.

That's what the two workshops achieved, illuminating the minds of the audience of the macro picture of LED in which they play a vital role.

Table: 6

Activity	Objective/s	Action by LED Office	Role-players	Date
LED workshop for CDWs	-Integrating CDWs initiatives into the LED Strategy. -Education CDWs on co-operatives.	-Render a presentation. -Facilitating discourse.	-LED Office - CDWs	16 Sep 2010
LED workshop for local Youth Information Centres.	-Integrating the centre's initiatives into the LED Strategy. -Organizational Administration.	-Render a presentation. -Facilitating discourse.	-LED Office -Members of the centre.	21 Oct 2010

6. Identify economic opportunities in rural areas

This process practically unleashes the local economy's potential to grow economically, simultaneously creating employment opportunities for local residents. There are several sectoral development initiatives identified, these range from primary sector (the highest contributing sector to GGP) to tertiary sector (the least contributing sector). Among other sectoral development is the Arts and crafts industry. A proposal was designed by the LED assistant (Stanley Mampana) which needed to be peer reviewed by participating role players such as Arts and Craft Forum. The proposal was advocating for a Skills Development Centre that will offer training, internships and employment opportunities for Umjindi residents.

Table: 7

Activity	Objective/s	Action by LED Office	Role-players	Date
Umjindi Arts and Crafts Project	-Provide skill development to local Artists and Crafters. -Facilitate access to market for production.	-Write a proposal to a funder. -Interact with stakeholders.	-LED Office -DEDET -Umjindi Arts and Craft Forum	Continuous process

7. Reviewing of LED Strategy annually

Strategy review is a very important component in the execution of policies. Due to volatile economic conditions, strategic documents will have to be moulded to speak to current economic conditions.

Table: 8

Activity	Objective/s	Action by LED Office	Role-players	Date
LED Strategy Review	-Interrogate the relevance, appropriateness and effectiveness of the document.	-Organise a committee that will review the LED Strategy.	- LED Office -DEDET -Business Forums	Due to be established

Conclusion

There are of course other unmentioned LED activities that occur annually (e.g. Cultural Celebration) and daily. These activities characterises the LED unit and its mandate to foster economic development in the municipal area.

The locality has the potential to enhance the living standards of its residents and augment its local economic growth. This is informed by the rich base of natural resources at its disposal. The lack of skilled labour turns out to be a potential opportunity to roll out skill development initiatives and establishment of SMMEs and other contemporary.

4. HUMAN SETTLEMENT

OBJECTIVES

To ensure that all 300 stands at extension 12 are sold either individuals or developers.

ACHIEVEMENTS:

63 Stands at Ext. 12 provided to Mpumalanga Housing Finance.

The stands were successfully reverted back to Council
131 stands at Ext. 12 were sold to individuals of which all of them 10 % deposit was paid to the municipality.

CHALLENGES

22 Deeds of sale signed for those that have already settled the purchase balance.
129 of the purchasers are still paying for the settlement of the balances.

RECOMMENDATIONS

More stands should be made available for Middle income earners as there is a great demand.
Termination of the R2479 RDP Contribution

ACHIEVEMENTS

The Department of Human Settlement informed Council that it terminates the contribution of R2479, 00 towards the erection of an RDP Unit.

CHALLENGES

None

RECOMMENDATIONS

Noted

Applications to cede allocation rights.

ACHIEVEMENTS

Council approved the ceding of the following allocations rights.

- 2554 x 8 Martha Lukhele /Sable Dlamini, FA. 146.
- Freddah Makhanya/James Biya FA. 147.

CHALLENGES

The ceding of allocation rights is a challenge as those to whom the allocation rights are ceded are not in the waiting list.

RECOMMENDATIONS

It is recommended that all applications cede allocation rights not be approved instead the properties must revert back to Council.

REQUEST TO REFUND STAND 6849 EXT 12

V. E ZONDI:

ACHIEVEMENTS

The business stand was successfully sold by Public Auction

CHALLENGES

The purchaser seeks a refund of the difference in m² which was not approved by Council.

RECOMMENDATIONS

When advertising the section must make use of the sizes of all stands it intends to sell because any error caused may cost Council a lot of money.

RELOCATION OF NKANINI RESIDENTS

ACHIEVEMENTS

The Nkanini residents were successfully relocated to Bragham farm.

CHALLENGES

Non residents of Nkanini or previous residents wanting to be considered for relocation.

RECOMMENDATIONS

The 26 stands and Bragham farm be reserved for problems arising from the Non and previous residents who want to be relocated.

ALLOCATION OF FURTHER 300 RDP UNITS TO UMJINDI

ACHIEVEMENTS

The Department of Human Settlement allocated a further 300 units to Umjindi.

The allocation was as follows:

200 units allocated to Verulam

500 units allocated to Umjindi Trust

50 Units allocated to Extension 13 & 14.

CHALLENGES

There is a great backlog of RDP Units.

The beneficiaries who are not considered for RDP Housing are up in arms demanding that they also be considered.

Applications are received and submitted to the Department of Human Settlements in accordance with the number of allocated units. No applications are received if the project according to the number of units is full.

RECOMMENDATIONS

The Department of Human Settlements be persuaded to consider allocating more RDP housing units in order to satisfy a huge number of applicants.

'6. TOWN PLANNING

ACHIEVEMENTS

- The Verulam project and Spatial Development Framework were approved and near completion
- The turnaround time for applications has improved

- Inspections done in all RDP houses and all approvals done in accordance to National Building and regulations act
- Identification of town planning contraventions
- Implementation of town planning policies and legislation

CHALLENGES

- The built up area of Umjindi has grown in the past few years and conducting inspections with the allocated 650km is no longer sufficient.
- Scanning of Building plans to the municipal domain server is no longer possible due to limited space.
- Working tools like computers not functioning well
- Financial constraints

RECOMMENDATIONS

- The employment of another assistant building inspector, GIS officer and an Environmental officer.
- Provision of travel allowance for assistant building inspector and assistant town planner.
- The provision of a server to accommodate all the data we capture and scan.

INTERNAL AUDIT: 1ST QUARTER REPORT

OVERVIEW

The Internal Audit function has been established in terms of Section 165 of the Municipal Finance Management Act (Act 56 of 2003).

Internal Audit provide an innovative, responsive and effective value-added internal audit function by assisting management in managing risks, monitoring compliance and improving the efficiency and effectiveness of internal control systems. Internal Audit therefore evaluates and contributes to the improvement of risk management, internal control and governance systems.

The Institute of Internal Auditors defines internal auditing as follows:

“... an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

ACHIEVEMENTS

ATTENDED THE FOLLOWING DEVELOPMENTAL TRAINING AND WORKSHOP SESSIONS:

- GRAP training on the 15-16 July 2010 at Nelspruit Protea Hotel organized by Provincial Treasury.

- Municipal Internal Auditor's Forum on the 06 August 2010 at Gert Sibande District Municipality - Secunda.

COMPLETED THE FOLLOWING AUDITS AS PER THE APPROVED INTERNAL AUDIT PLAN FOR THE 2010/2011 FINANCIAL YEAR

- Document the 2010/2011 Internal Audit Operational and the three year rolling Strategic Plan.
- Conduct Follow-up on the Auditor-General's report for the 2008/2009 audit.
- Review the quarterly Performance Management Systems (PMS) reports for the 3rd quarter 2009/2010.

AD-HOC AUDITS

The following ad-hoc requests were received from management and were executed by Internal Audit;

- Observe the stock count process.
- Request to review the fruitless and wasteful expenditure incurred by the Municipality due to late payments of Creditors for the year ended 30 June 2010.
- Request to review the penalty and interest levied to the Municipality by the South African Receiver of Revenue (SARS) for the year ended 30 June 2010.

OTHER ACHIEVEMENTS

- Continuous functional reporting of audit activities to the Audit Committee on a quarterly basis through scheduled Audit Committee meetings.
- Carried out ad-hoc request as received from management.
- Observed the opening of Tender documents (Ad-hoc basis).
- Approval of Internal Audit Plan for year 2010/2011 by the Audit Committee.

CHALLENGES

- Inadequate resources for Internal Audit Unit to effectively execute their functions appropriately, and conduct our audits to be in line with the Standards of the Institute of Internal Auditors.
- Non-implementation of the approved Continuing Professional Development plan (CPD) 2008/2009 for Internal Auditors due to the Cash Flow challenges of the Municipality.
- Internal Audit activities are carried out manually and not electronically.
- Lack of capacity with the in-house Internal Audit staff to fully comply with the Standards of the Institute of Internal Auditors.

RECOMMENDATIONS

- The process of procuring an Audit Software (Team Mate) and training on how to use the system for the effective functioning of the unit need to be given priority.

- Allocate reasonable budget for Internal Audit staff to attend trainings approved by the Audit Committee as part of Internal Audit Continuing Professional Development plan as required by the standards of the IIA.
- Co-source the Internal Audit function for at least two consecutive years to enable the in-house Internal Audit staff to conduct audits in accordance with the Standards of the Institute of Internal Auditors (IIA).