



SENQU
MUNICIPALITY

SENQU LOCAL MUNICIPALITY

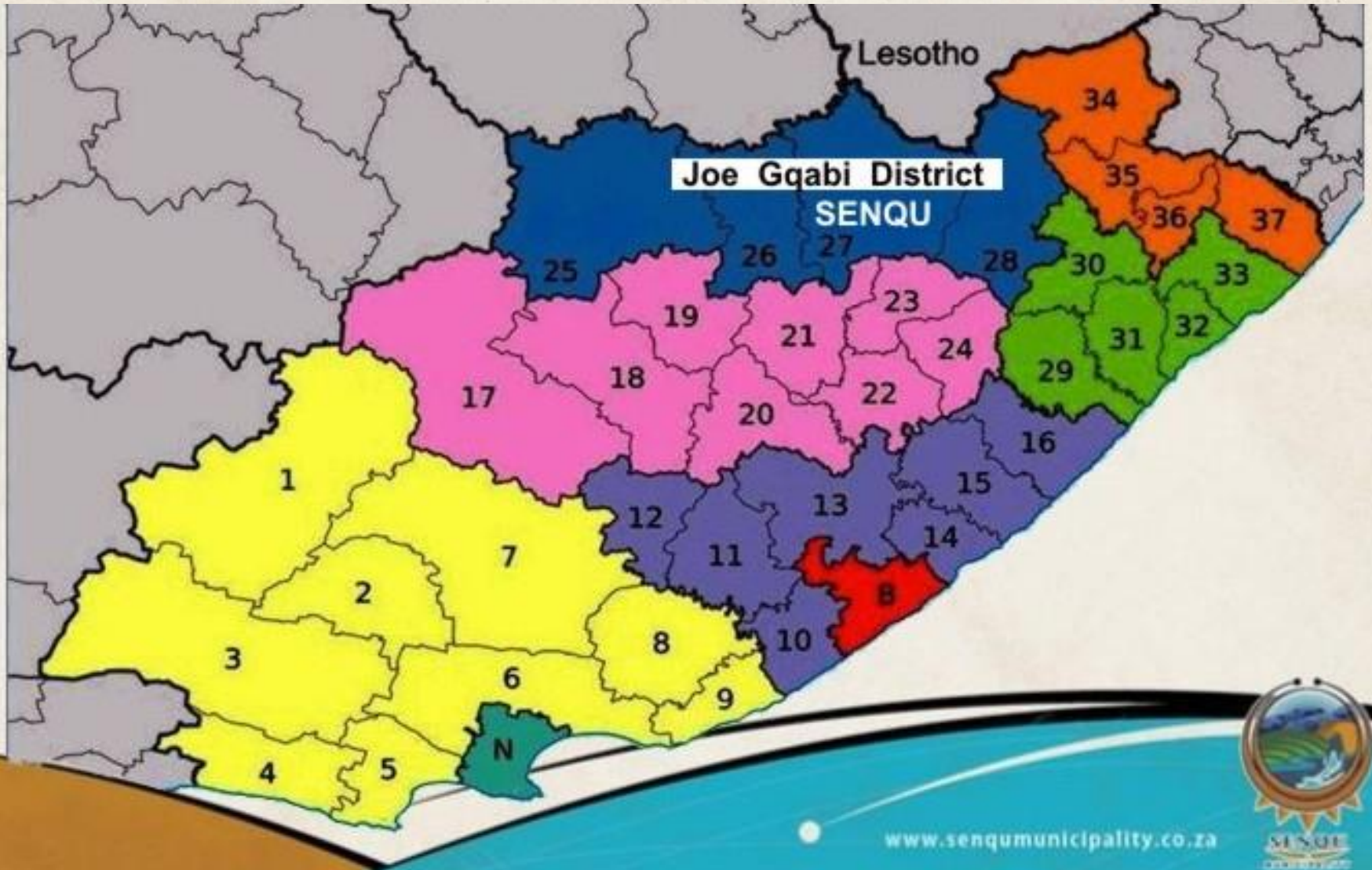




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Senqu Municipal Area



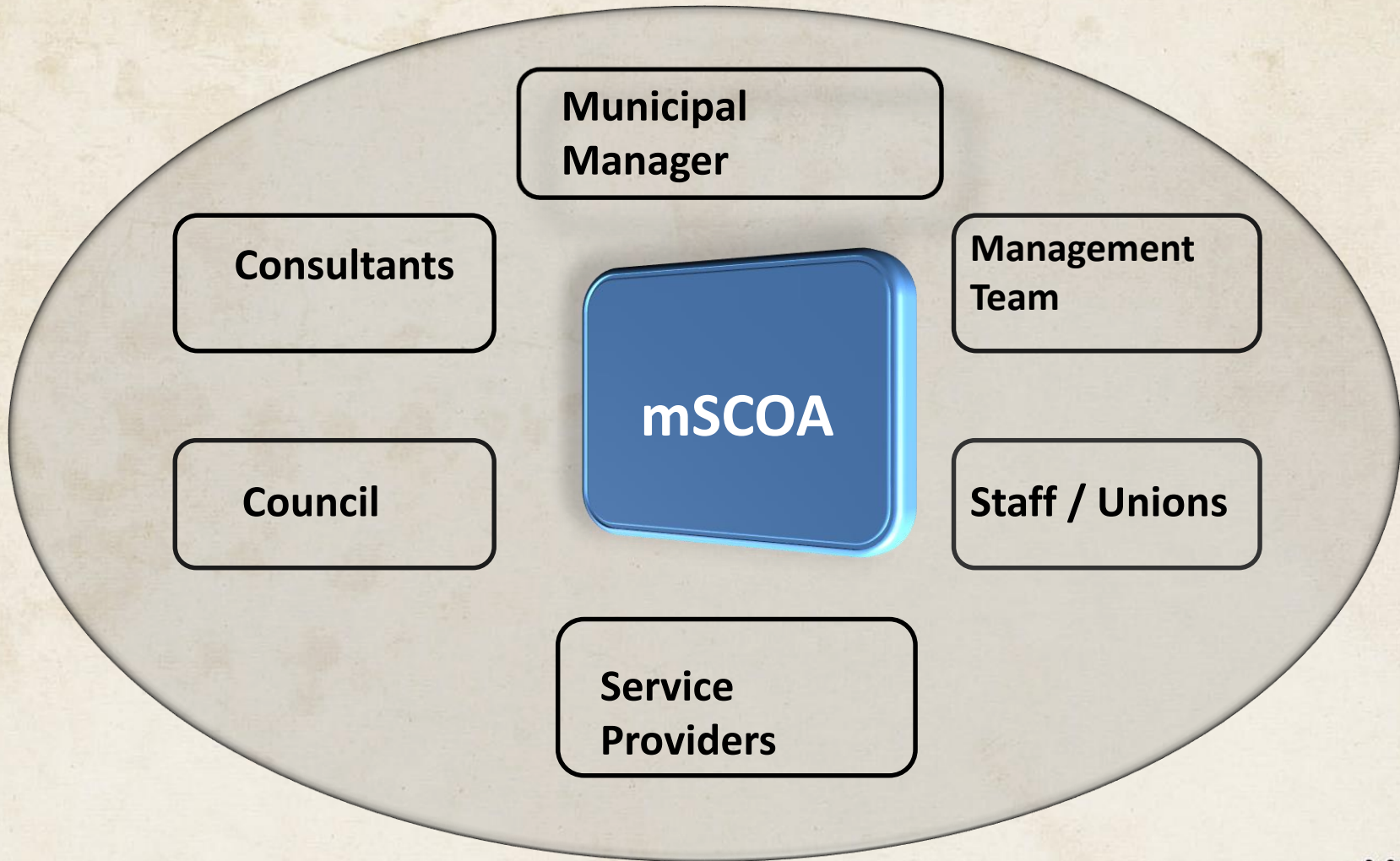
Senqu Local Municipality

Lady Grey
Barkly East
Rhodes
Rossouw
Sterkspruit



Overview: Senqu Municipality

- Three towns / three villages / about 72 rural villages
- About 30,000 households (20,000 rural)
- Population approximately 150,000
- 19 wards
- Municipal manager – 14 years in office
- Five consecutive unqualified audit outcomes
- One of first two clean audits in Eastern Cape



Municipal Manager / Management / Staff

MFMA Section 77 – Top Management of Municipalities

- (1) The top management of a municipality's administration consists of:
 - (a) The accounting officer
 - (b) The chief financial officer
 - (c) **All senior managers who are responsible for managing the respective votes** of the municipality and to whom powers and duties for this purpose have been **delegated in terms of section 79**
 - (d) any other **senior officials** designated by the accounting officer
- (2) The top **management must assist the accounting officer in managing and co-ordinating the financial administration** of the municipality

Municipal Manager / Management / Staff / Unions

MFMA Section 78 – Senior Managers and Other Officials of Municipalities

- (1) Each senior manager of a municipality and each official of a municipality **exercising financial management responsibilities** must take all reasonable steps, within **their respective areas of responsibility**, to ensure:
 - (a) that the system of financial management and internal control established for the municipality is carried out diligently
 - (b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently
 - (c) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented
 - (d) that all revenue due to the municipality is collected
 - (e) that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary
 - (f) that **all information required by the accounting officer for compliance with the provisions of this Act is timeously** submitted to the accounting officer
 - (g) that the provisions of this Act, to the extent applicable to that senior manager or official, including any delegations in terms of **section 79**, are complied with
- (2) A senior manager or such official must perform the functions referred to in sub-section (1) subject to the directions of the accounting officer of the municipality

Municipal Manager / Management / Staff / Unions

MFMA Section 79 – Delegations

- (1) The accounting officer of a municipality:
 - (b) may, in accordance with the system, delegate to a member of the municipality's top management referred to in section 77, or any other official of the municipality:
 - (i) any of the powers or duties assigned to an accounting officer in terms of this Act; or
 - (ii) any powers or duties reasonably necessary to **assist the accounting officer in complying with a duty which requires the accounting officer to take reasonable or appropriate steps to ensure the achievement of the aims of a specific provision of this Act**

SENQU MUNICIPALITY – SEBATA EMS RELATIONSHIP

- Lady Grey / Barkly East – Turbo Munex, 1991
- DOS version – Windows version 5.6
- Regional/national user groups – inputs
- mSCOA > commitment Sebata > Nov 2013/May 2014
- **SENQU WILL WALK THE ROAD WITH SEBATA**
- Memorandum of Understanding
- Development fully integrated EMS – Ver 6

Information Technology

IT Assessment.

Server Room (Remove combustible products; Install Burglar Proofing for ceiling; Seal Server Room; Install automatic Fire Suppression & Monitoring; Install additional Air Conditioner)

Documentation (ICT Governance Framework; ICT Policies (revise) Disaster Recovery Plan (revise); Master Systems Plan; ICT Charter; Network Diagram)

Software Installations (Microsoft SQL; VMWare to virtualise all Servers)

Network & Internet fail-over (Install fail-over network between Lady Grey, Sterkspruit, Barkly East and Internet (WiFi and Telkom) Supply critical users with 3G devices to enable access to Cloud from remote locations)



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Government Notice R. 312 – Local Government: Municipal Regulations on Standard Chart of Accounts: Gazette 37577, 22 April 2014

Government Notice 21 – Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers: Gazette 37245, 17 January 2014

Government Notice R.796 – Local Government: Municipal Planning and Performance Management Regulations: Gazette 22605, 24 August 2001

1. Human resource planning

A municipal council must:

- (1) Assess the human resources necessary to perform its functions, with particular reference to:
 - (a) the number of senior managers required
- (2) Plan within the available budgeted funds, including funds for the remaining period of the relevant, medium-term expenditure framework, for the recruitment, retention and development of human resources according to the municipality's requirements determined in terms of paragraph (a)

2. Staff establishment

- (1) A municipal manager must, **within 12 months** of the promulgation of these regulations, review the municipality's staff establishment, having regard to the principles set out in these regulations, **the functions and powers listed in Part B of Schedule 4 to the Constitution, Part B of Schedule 5 to the Constitution, Chapter 5 of the Municipal Structures Act**, and based on:
 - (a) a municipality's strategic objectives
 - (b) **a municipality's core and support functions**

- (2) Notwithstanding sub-regulation (1), a municipality must at least provide for the following **departments**:
- (a) provide **development and town planning services**
 - (b) provide **public works and basic services to communities**
 - (c) provide **community services**
 - (d) manage the **finances** of a municipality
 - (e) render **corporate support services**
- (3) The municipal manager must review the municipality's staff establishment within 12 months in any of the following instances:
- (a) the **election of a new municipal council**
 - (b) the **adoption of the integrated development plan** of the municipality, as contemplated in section 25 of the Act
 - (c) **material changes to the functions** of the municipality
 - (d) the **determination of new municipal boundaries**

3. Detail of integrated development plan

- (1) A municipality's integrated development plan must, at least, identify:
 - (a) any **development initiatives in the municipality, including infrastructure, physical, social, economic and institutional development**
 - (b) the **key performance indicators** set by the municipality.

- (2) A **financial plan** reflected in a municipality's integrated development plan must, at least:
 - (a) include the **budget projection** required by section 26(h) of the Act
 - (b) indicate the **financial resources available for capital project developments and operational expenditure**

4. Adoption of performance management system

A **performance management system must be adopted** before, or at the same time as, the commencement by the municipality of the process of **setting key performance indicators and targets**, in accordance with **its integrated development plan**.

5. Setting of key performance indicators

- (1) A municipality **must set key performance indicators**, including input indicators, output indicators and outcome indicators, in respect of **each of the development priorities and objectives** referred to in section 26(c) of the Act.

- (2) In setting **key performance indicators**, a municipality must ensure that the key performance indicators inform the indicators set for:
 - (a) **all its administrative units and employees**
 - (b) every municipal entity and service provider with whom the municipality has entered into a service delivery agreement

OUR APPROACH



Steering Committee

- **“Failure is no option”**
- **MM - Committed Management / Staff**
- **Commissioned mSCOA Project Steering Committee**
- **IDP/budgeted project – MTREF**
- **Consultants (source the best): no mSCOA experts**
- **Detailed project plan / project charter**
- **14th meeting/every four to six weeks**
- **Core functions/sub-functions and non-core functions –
(*Constitution and Demarcation Board*)**

- **Business processes > reform not financial reform**
- **Reviewed staff establishment/organogram**
- **Job descriptions review**
- **Job evaluation – Task review**
- **Placements done 1 July 2015**
- **Staff cost related to the relevant sub-functions**
- **IT assessment and changes completed**
- **Involvement NT and PT**
- **Old “Vote” Structure > mSCOA Functions/Items**

- **Budget > work-in-progress projects/multi-year projects**
- **SCM/stores > Vendor data cleansing done**
- **Consbill > data cleansing done**
- **Assets > verification movable assets**
- **Business process > closing > opening balances**
- **Constant Involvement/training > staff**

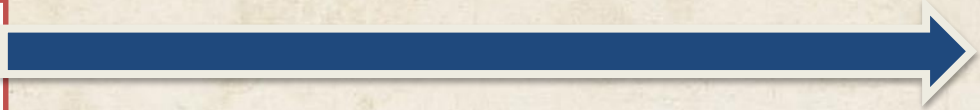
RISK	H	M	L
Sebata Ver 6 not mSCOA compliant	H		
Senqu management commitment			L
Transact live by 1 September 2015	H		
IT		M	
Human resources/capacity/knowledge (Senqu Municipality/Sebata)		M	
Funding			L
Training/support	H		

PROJECT Approach



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IDP



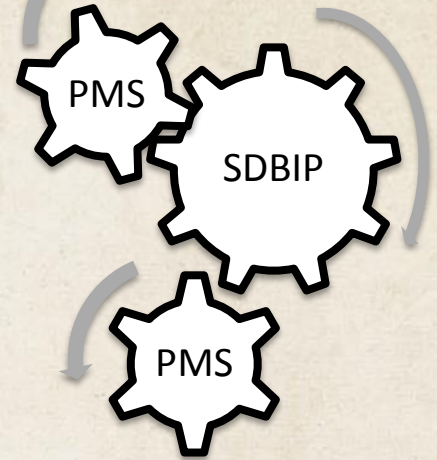
KPA 5 –
Basic Service
Delivery

FUNCTION

FUNDING

REGIONAL

MUNICIPAL STD CLASSIFICATION



KPA 3 -
Financial
Management

Projects

KPA 5 Project R&M
Potholes Ward 3

mSCOA Items

- Expenditure: Inventory - Consumable Stores - Rated
- Expenditure: Inventory - Materials and Supplies - ext..

KPA 3 Project:
Effective
Consumer Billing
(W)Head Office

mSCOA Items

- Expenditure: Operational Cost - Advertising, Publicity and Marketing: Customer/Client Information
- Expenditure: Operational Cost - Communication: Postage/Stamps/Frinking Machines

KPA 4 – LED

KPA 3 LED Lucerne
Ward 19

mSCOA Items

- Expenditure: Inventory - Consumable Stores - Zero Rated
- Expenditure: Operational Cost - Uniform and Protective Clothing



KPA 5 Project R&M
Potholes Ward 3

• **mSCOA Items**

- Expenditure: Inventory - Consumable Stores - Zero Rated
- Expenditure: Inventory - Materials and Supplies ext..

KPA 3 Project.
Effective Consumer
Billing (W)Head
Office

• **mSCOA Items**

- Expenditure: Operational Cost - Advertising, Publicity and Marketing: Customer/Client Information
- Expenditure: Operational Cost - Communication: Postage/Stamps/Frinking Machines

KPA 3 LED Lucerne
Ward 19

• **mSCOA Items**

- Expenditure: Inventory - Consumable Stores - Zero Rated
- Expenditure: Operational Cost - Uniform and Protective Clothing

• PROJECT REPORTING ADVANTAGES

- Greater Political Oversight
- Managerial Accountability Per Project
- Ward Specific Reporting on Operational and Capital Projects
- Clear linkage to of projects to long term strategies.
- Clear reporting on core and non-core functions
- Increase Budgetary control and more intensive long term planning
- More Efficient and Effective use of scarce resources

**PROJECT = ITEM = FUNCTION = MUNICIPAL CLASSIFICATION =
REGIONAL INDICATOR = FUNDING**

Challenges

NT Confirmation – Budget A Schedule = mSCOA Classifications

Training councillors

Assets

Costing

VAT apportionment

Mistakes made

Involvement of ALL staff / Unions

COSTING

- Primary costing/secondary costing/activity-based recoveries/departmental charges/internal billing
- Costing not new concept – logic business principle
- Revenue (tariffs) = expenditure
- Challenges:
 1. Water and sanitation – district function
 2. Electricity – NERSA control tariffs
 3. Electricity – step tariffs / pre-paid
 4. Local government – over-regulated (additional staff)
 5. Tax base – ownership communal land
 6. Rural municipalities versus metropolitan



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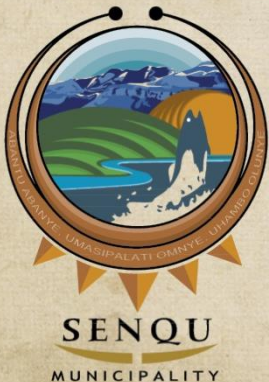


Vision

A unified, people-centred, developmental and vibrant municipality

Mission

- Promote a culture of good governance,
- Promote a culture of performance excellence,
- Develop and maintain appropriate and economic infrastructure,
- Develop and retain human capital,
- Adopt a zero-tolerance against corruption,
- Promote a conducive environmental to stimulate economic development,
- Implement appropriate financial management systems to ensure the continued growth and viability of the Municipality,
- Ensure regular and scheduled public interaction with communities to enhance accountability and people-centred planning,
- Provide basic service delivery needs to communities in an equitable manner,
- Encourage the maintenance of a safe and healthy environment



Senqu Municipality Contact Details

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Sterkspruit
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