



COUNCIL HANDOVER REPORT

MSUNDUZI MUNICIPALITY
MARCH 2022

Ministerial Representative
BS Duma



PRESENTATION OUTLINE



1. Purpose of the Report
2. Introduction and Background
3. Part 1: Political and Administrative Stability
4. Part 1: Sound Financial Management
- ~~5. Part 2: Delivering Basic Services~~
- ~~6. Part 2: Cross Cutting Matters~~
7. Impact of Covid-19 on Municipal Operations
8. Recommendations

PURPOSE OF THE REPORT



- To table a report to Council on the business processes in the municipality for the purposes of keeping the Council abreast with developments in the municipality
- To table the root causes of the long-term structural challenges still facing the Msunduzi Municipality.
- To table ongoing interventions, including resources necessary to achieve a turnaround in the short to medium term.
- To make recommendations on some measures required to implement the recovery at Msunduzi Municipality.

PERSISTENT CHALLENGES BESETTING MSUNDUZI MUNICIPALITY



- Failure of key infrastructure, such as electricity and water due to poor/inadequate maintenance, age and vandalism
- Failure to attend to the repair of potholes, street lights and storm water drains
- Failure to clean the city and surrounding nodal and residential areas including irregular collection of solid waste and challenges associated with the processing and disposal of solid waste
- Failure to adequately plan for and spend conditional grants over the past MTEF
- Failure to contain costs associated with support services such as security as well as external consultants.
- Persistent poor and unreliable billing of revenue from customers for services rendered and rates.
- Poorly functional Customer Care Unit and inadequate Communication with the residents, business and the public at large.
- Slow and lacklustre consequence management to address ill discipline.
- Complicated performance management & recognition/ rewards system for Service Excellence

PERSISTENT CHALLENGES BESETTING MSUNDUZI MUNICIPALITY

...continued



- The electricity infrastructure in Msunduzi is in a bad state resulting in frequent and prolonged outages. These outages have “disastrous” impact on the revenue of the city, the economy and the well-being of residents. The following illustrates some of the impacts:
 - ✓ Business are affected impacting negatively on the economic activities
 - ✓ Critical load such as Hospitals, Oxygen producers, Water Reservoir & Water treatment plants are affected triggering environmental issues and threats to life.
 - ✓ Residents of the City are affected negatively e.g. losing their groceries, unable to work and study from home especially under the current pandemic.

INTRODUCTION AND BACKGROUND - POPULATION GROWTH PROJECTIONS



	Anticipated Growth Rate 1.1 %	Medium Growth Rate 2.2 %	High Growth Rate 3.3 %
2017	671 994	704 807	751 565
2018	679 582	720 313	776 367
2019	687 256	736 160	793 447
2020	695 017	752 355	810 903
2021	702 865	768 907	828 743



- The Msunduzi Municipality accounts for the highest population (38,86 %) in the UMgungundlovu District Municipality. The population in the Msunduzi Municipality increased from 618 536 in 2011, to 679 039 in 2016 (Community Survey 2016). The population growth rate between 2001 and 2011 was 1.12 %. Population figures in the IDP Review (2018/2019) have indicated a further expected population growth of 702 865 people by 2021. A summary of population growth from 2017 to 2021 is provided in adjacent table

- When looking at population growth per Area Based Management (ABM) zone, it is clear that the areas that will experience the highest growth are Greater Edendale/Imbali (280 195 people), in contrast to the Northern Areas (112 985 people), which will experience a decline in population numbers by the year 2023.
- The Figure herein illustrates population growth trends from 2019 to 2023. The population growth projections as indicated are based on the extrapolation of Census 2011 and Community Survey 2016 data

INTRODUCTION & BACKGROUND – REASONS FOR THE INTERVENTION



- The municipality was put under intervention in terms of section 139(1) of the Constitution in April 2019.
- The following were the main reasons for the intervention:
 - ✓ Failure by the municipality to hold councillors accountable for deliberately absenting themselves from critical meetings
 - ✓ Failure to institute consequence management measures
 - ✓ Failure by the Council to exercise oversight on management with particular reference to the management of conditional grants
 - ✓ Failure by the Council to exercise oversight over management resulting in the cash position of the municipality being overdrawn
 - ✓ Failure to take reasonable steps to prevent unauthorized and irregular expenditure
 - ✓ Failure by the Council to investigate the unauthorized and irregular expenditure
 - ✓ Failure to hold management or any person accountable for causing unauthorized and irregular expenditure
 - ✓ Failure by the Council to implement consequence management measures against persons responsible for incorrectly or failing to maintain proper records
 - ✓ Failure by the Council to resolve innumerable service delivery related challenges besetting the city, with particular reference to waste management, roads and street maintenance as well as electricity services.
 - ✓ Failure by the Council to investigate allegations of malfeasance and maladministration against senior managers and other leaders of the municipality.

INTRODUCTION AND BACKGROUND - DECISIONS OF THE PEC



Decisions of the Provincial Executive Council including Terms of Reference

The Provincial Executive Council resolved to –

- a) intervene at Msunduzi Municipality in terms of section 139(1)(b) of the Constitution, 1996 and assumed the functions specified in terms of sections 51, 56 and 57 of the Municipal Systems Act as well as those related to financial management and service delivery including project management.
- b) approve that the MEC for CoGTA appoints a representative or representatives to be based at the municipality who will prepare and implement the Recovery Plan incorporating the following terms of reference on behalf of the Executive Council:
 - a) ensuring the implementation of financial systems, policies and procedures including preparation and implementation of cost cutting measures
 - b) to be a compulsory signatory on the municipality's primary bank account and any other bank accounts that the municipality may operate;
 - c) establishment and acting as chairperson of the Interim Finance Committee (IFC) to monitor and manage the cash flow of the municipality, approve or dis-approve purchase requisitions and to ensure that the municipality's cash position is not overdrawn;
 - d) ensure that the IFC meets regularly and reports fortnightly to the Executive Committee of Council on the cash flow position, payments approved and disapproved and commitments made (via approved purchase orders);

INTRODUCTION AND BACKGROUND - DECISIONS OF THE PEC ...cont



Decisions of the Provincial Executive Council including Terms of Reference... continued

- e) implement governance systems and procedures including oversight over the administration including ratification of decisions taken by the Municipal Council, the Executive Committee, Committees, Municipal Manager and Section 56 Managers in terms of delegated or original authority;
- f) ensuring that the requirements of the LG Disciplinary Regulations for Senior Managers, 2010 are met timely by the municipality.
- g) ensuring the implementation of findings arising from any investigations into fraud or maladministration or corruption;
- h) ensuring implementation of remedial action plans dealing with negative findings from the Auditor General;
- i) ensuring the implementation of all projects undertaken by the municipality including unblocking projects that have stalled.
- j) ensuring that the municipality implements measures to urgently improve its operations and maintenance programme with particular reference to waste management, roads and electricity maintenance;

ADDITIONAL POWERS ASSUMED BY THE EXECUTIVE COUNCIL ON 08 APRIL 2020

The Executive Council resolved to assume the following additional functions at Msunduzi Municipality:

- a) disciplinary processes contemplated in the Disciplinary Regulations for Senior Managers, 2010 and other disciplinary functions in respect of staff below the senior managers contemplated in section 67 of the Municipal Systems Act, 32 of 2000.
- b) powers to implement and enforce forensic investigation findings and recommendations arising from provincial government and own investigations
- c) powers to implement investigation findings and recommendations in respect of unauthorized, irregular and fruitless expenditure as contemplated in section 32 of the Municipal Finance Management Act, 2003.



POLITICAL AND ADMINISTRATIVE STABILITY

Some of the topics addressed:

- Institutional Capacity (Appointment of Senior Managers, Organogram, Skills Audit)
- Functionality of Ward Committees
- Functionality of Governance Structures
- Consequence Management including Investigations
- Councillor Security
- Public Protests
- Financial Governance



INSTITUTIONAL CAPACITY

Organogram Review



- Currently operational municipal organogram was approved in 2013.
- Organogram was reviewed successfully, approved by the Accounting Officer in the 2021/ 2022 and is due for implementation w.e.f. July 2022 after Job Description review/ write-up.
- Municipality currently employs 3393 employees across six departments on its Organogram, of which 3236 are permanent and 216 are on fixed term contracts, namely:
 - Corporate Business Unit (including City Manager and Mayor's Parlor)
 - Sustainable Development and City Enterprises
 - Infrastructure Services
 - Budget and Treasury
 - Community Services
 - Corporate Services
 - **A new department *Electricity Supply Services* was established with effect from July 2021**

TOP MANAGEMENT - 2013 STRUCTURE

(Sec 56/57 Managers)



All Senior Management positions are filled for established Business Units

Business Unit	Post	Post Holder and Start Date	Race & Gender
Budget and Treasury	Chief Financial Officer	Nelisiwe Ngcobo - June 2012	African; Female
Corporate Services	General Manager	Mosa Molapo - December 2013	African; Female
Sustainable Development & City Enterprises	General Manager	Felix Nxumalo - May 2019	African; Male
Infrastructure Services	General Manager	Vusumuzi Cele - November 2020	African; Male
Community Services	General Manager	Mbongeni Mathe - January 2021	African; Male
Electricity Supply Services	General Manager	Ngangenkosi Mpisi – (Acting) 1 Sept 2021	African; Male
City Manager		Madoda Khathide - April 2020	African; Male

- **Additional Electricity Supply Services Business Unit and Senior Management position was created in 2021.**
- **Position is currently filled by an acting incumbent.**
- **Post being advertised in October 2021 for filling.**
- **No other vacancies are filled in the Business Unit as post Job Descriptions are being drafted**

ORGANOGRAM ANALYSIS – 2013 STRUCTURE

JANUARY 2022 PAYROLL



Functional Unit	Total per 2013 organogram	Permanent	Contract	Executive	Leanerships / Students	Total
City Manager (incl. Council)	244	78	45	1	19	143
Corporate Services	248	154	5	1	25	185
Budget and Treasury Office	650	427	24	1	30	482
Community Services	2531	1374	348	1	44	1767
Sustainable Development	425	203	47	1	36	287
Infrastructure Services (incl. Electricity)	2072	824	7	1	70	902
TOTAL	6170	3060	476	6	224	3766

Notes

- The detailed breakdown of employees excludes:
 - ✓ Audit Committee Members - 5
 - ✓ Councillors - 81
 - ✓ Ward Committee Members – 413
 - ✓ Pensioners - 930
- At the time of this presentation HR was busy with the termination of the ward committee members in preparation for the new uptake.

DETAILED VACANCY RATE

(Based on the 2013 organogram)



STRUCTURE	FILLED	VACANT	TOTAL	%VACANCY
MANAGEMENT				
Top Management	1	0	1	0
Senior Management	5	0	5	0
SM: Electricity Supply Services	0	1	In progress	Recruitment
BUDGET AND TREASURY OFFICE				
Asset and Liability Management	50	81	131	61.8
Budget Planning and Implementation	16	11	27	40.7
Expenditure Management	32	9	41	22.0
Finance Governance and Performance	15	8	23	34.8
Revenue Management	261	84	345	24.3
Supply Chain Management	98	25	123	20.3
CITY MANAGERS OFFICE				
Internal Audit	13	9	22	40.9
Office of the City Manager	42	21	63	33.3
Political Support	17	86	103	83.5
Strategic Planning	12	30	42	71.4
COMMUNITY SERVICES				
Area Based Management	61	110	171	64.3
Public Safety	449	370	819	45.2
Recreation and Facilities	581	477	1058	45.1
Waste Management	289	190	479	39.7

STRUCTURE	FILLED	VACANT	TOTAL	%VACANCY
CORPORATE SERVICES				
Human Resources	79	57	136	41.9
ICT	23	7	30	23.3
Legal Services	10	10	20	50.0
Secretariat and Auxiliary Services	41	18	59	30.5
ELECTRICITY				
Electricity	219	513	732	70.1
INFRASTRUCTURE SERVICES				
Mechanical Workshops	36	58	94	61.7
Project Management Office	12	13	25	52.0
Roads and Transportation	269	316	585	54.0
Water and Sanitation	287	336	623	53.9
Water Services Authority	3	8	11	72.7
SUSTAINABLE DEVELOPMENT & CITY ENTERPRISES				
City Entities	59	29	88	33.0
Development Services	23	11	34	32.4
Human Settlements	50	20	70	28.6
Planning and Envir Management	114	117	231	50.6
TOTAL VACANCY	3173	3030	6203	48.8

REMEDIAL MEASURES BEING IMPLEMENTED



- To augment existing capacity the municipality retained the services of a landfill/waste management expert, This is an external service provider whose primary focus is to assist the municipality comply with the requirements of the Landfill Licence including the preparation of a decommissioning plan.
- MISA provides support in respect of Electricity. The services of an Electricity Technician/Engineer were made available to the municipality free of charge as part of the intervention recovery plan.
- Cogta also deployed short term support in respect of Electricity when the municipality experienced a crisis at the Northdale Primary Substation in December 2021. A Project Manager was contracted by Cogta to look into the causes of fire at the Northdale Substation and recommend remedial steps that could be replicated across the municipality. The report therefrom, is still being processed within Cogta and will be shared with the municipality in due course.

REMEDIAL MEASURES BEING IMPLEMENTED ... cont.



- Cogta deployed a financial expert to assist the municipality with a range of matters including but not limited to financial reporting. This is a twelve months appointment effective from January 2022.
- Cogta has also deployed an Engineer whose job is to assist the Infrastructure Unit with planning and implementation, particularly of capital projects. This is a twelve months appointment effective from January 2022.
- A report will serve before the Municipal Council on 28 February 2022 to constitute the panel to interview candidates for the position of General Manager Electricity Supply Services
- MISA stands for Municipal Infrastructure Support Agency. It is an entity of the National Department of CoGTA (DCoG)
- It is common cause that Council set aside **R70 million in the 2021/2022 budget** to fund the filling of critical posts across all departments
- To date 272 posts have been advertised and are in the process of being filled. This will go some way towards reducing the municipality's dependency on consultants, although this may take some time and more investment to reduce to an acceptable level. The City Manager is in the process of releasing delegations to General Managers to constitute selection panels.

STATUS OF SKILLS AUDIT & TRAINING - POST SKILLS AUDIT



- (2434) Msunduzi employees participated in the COGTA sponsored Skills Audit Project in 2019/2020.
- (628) employees were audited internally after the COGTA Project in 2020/ 2021

Audited by COGTA in 2019	Outstanding Audited Internally 2020	2020 Additional (new incumbents)	TOTAL
2434	628	165	3218

- Gaps identified by the Project have led to the possibility of viable training interventions for the 2022/ 2023 Workplace Skills Plan
- Due to the Financial position of Msunduzi Municipality during the 2020 /2021 Financial Year, focus was on legislative & compliance training.
- Few Management training programmes and Councillor development programmes were funded by external stakeholders such as COGTA and SALGA.
- A total of 508 people were trained in the 2020 / 2021 Financial Year in various Skills Development Interventions.

TRAINING CONDUCTED IN 2020 /2021



Qualification/ Programme Title/ Learnership Title	Skills Development Intervention	Number trained	Funding Source
Environmental Practice Learnership	Learnership	20	Municipal / LGSETA Mandatory Grant
Bricklaying	Section 28 Apprenticeship / RPL	15	Municipal / LGSETA Mandatory Grant
Electrical	Section 28 Apprenticeship / RPL	10	Municipal / LGSETA Mandatory Grant
Plumbing	Section 28 Apprenticeship / RPL	15	Municipal / LGSETA Mandatory Grant
Brush cutter	Skills Programme	13	Municipal / LGSETA Mandatory Grant
Bucket Truck	Skills Programme	5	Municipal / LGSETA Mandatory Grant
Call Centre	Skills Programme	29	Municipal / LGSETA Mandatory Grant
Chainsaw	Skills Programme	11	Municipal / LGSETA Mandatory Grant
Community Development Facilitation	Skills Programme	15	Municipal / LGSETA Mandatory Grant
Disciplinary Collective Agreement	Skills Programme	23	Municipal / LGSETA Mandatory Grant
Disciplinary Regulations	Skills Programme	28	Municipal / LGSETA Mandatory Grant
Fire Arm Training	Skills Programme	178	Municipal / LGSETA Mandatory Grant

TRAINING CONDUCTED IN 2020 /2021 ... cont.



Qualification/ Programme Title/ Learnership Title	Skills Development Intervention	Number trained	Funding Source
First Aid Level 1	Skills Programme	20	Municipal / LGSETA Mandatory Grant
First Aid Level 3	Skills Programme	26	Municipal / LGSETA Mandatory Grant
Forklift Training	Skills Programme	7	Municipal / LGSETA Mandatory Grant
Health & Safety Training	Skills Programme	27	Municipal / LGSETA Mandatory Grant
Human Factor / Partac	Skills Programme	14	Municipal / LGSETA Mandatory Grant
Peer Learning & Knowledge	Skills Programme	6	Municipal / LGSETA Mandatory Grant
Supervisory Training Course	Skills Programme	31	Municipal / LGSETA Mandatory Grant
TLB Operator	Skills Programme	5	Municipal / LGSETA Mandatory Grant
Tractor Driver	Skills Programme	10	Municipal / LGSETA Mandatory Grant
Total		508	

REMEDIAL MEASURES BEING IMPLEMENTED POST SKILLS AUDIT ASSESSMENT

ASSESSMENT OF QUALIFICATIONS



- Individualized skills audits for L2 to L4 management, augmenting the COGTA audit have recently been undertaken in-house, August 2021.
- A total of 97 Managers were audited and their inherent qualifications compared to the qualification as per their substantive Job Descriptions per below table.
- Out of the 97 managers audited issues were found with personnel data of 22 **[23%]**

Hierarchical Level	Definition	Number of Managers
2	General Managers reporting to MM	5
3	Senior Managers reporting General Managers	22
4	Managers reporting to Senior Managers	70
Total		97

- Preliminary findings of the qualifications audit have shown serious gaps.
- Accounting Officer has directed that all Managers with gaps identified to submit their certificates and other pertinent documentation for final assessment of their qualifications by HR.
- Skills development gaps identified will lead to viable training interventions for 2022/ 2023 Workplace Skills Plan

REMEDIAL MEASURES BEING IMPLEMENTED POST SKILLS AUDIT ASSESSMENT TRAINING PROGRAMMES



- Msunduzi Municipality submitted a Workplace Skills Plan (WSP) to LGSETA on 30 April 2021.
- The approved budget for the 2021/2022 at the Msunduzi Municipality is **R 13 954 491** for Internships, Skills Programmes & Learnership, Study Assistance and External Bursaries.
- This is a limited budget and will not allow full implementation of training planned, inclusive of outcomes identified in the COGTA Skills Audit and internal individualized skills assessments of L2-L3 Managers.
- The funding shortfall is around **R 13m to R15m**.
- The Municipality submitted a Discretionary Grant funding application for various Apprenticeships, Bursaries, Learnership and Skills Programmes to the LGSETA.

REMEDIAL MEASURES BEING IMPLEMENTED POST SKILLS AUDIT ASSESSMENT

TRAINING PROGRAMMES ... cont



Qualification/ Programme Title/ Learnership Title	Number to be Trained	Skills Development Intervention	Funding Source
Occup. Cert: Diesel Mechanic	10	Sec 28 - Apprenticeship / RPL	LGSETA Discretionary Grant
Electrician	15	Sec 28 - Apprenticeship / RPL	LGSETA Discretionary Grant
Bricklayer and Plasterer	25	Sec 28 - Apprenticeship / RPL	LGSETA Discretionary Grant
Fitter and Turner	10	Sec 28 - Apprenticeship / RPL	LGSETA Discretionary Grant
Occup Certificate: Plumber	30	Sec 28 - Apprenticeship / RPL	Other Funding
Diploma : Local Government	20	Bursary	LGSETA Discretionary Grant
NC: Public Administration	30	Learnership	LGSETA Discretionary Grant
NC: Community House Building	30	Learnership	LGSETA Discretionary Grant
FET Cert: Environmental Practice	30	Learnership	LGSETA Discretionary Grant
ND: Public Finance Manag & Admin	30	Learnership	LGSETA Discretionary Grant
HET Cert: Development Practice	30	Learnership	LGSETA Discretionary Grant

REMEDIAL MEASURES BEING IMPLEMENTED POST SKILLS AUDIT ASSESSMENT

TRAINING PROGRAMMES ... cont



Qualification/ Programme Title/ Learnership Title	Number to be Trained	Skills Development Intervention	Funding Source
Occup. Cert: Valuer (Property Assessor)	10	Learnership	LGSETA Discretionary Grant
NC: Local Economic Development	30	Learnership	LGSETA Discretionary Grant
NC: Construction: Roadworks	40	Learnership	LGSETA Discretionary Grant
FET Cert: Community Development	20	Learnership	LGSETA Mandatory Grant
NC: Organ Transformation & Change Management	40	Learnership	LGSETA Mandatory Grant
NC: Generic Management	30	Learnership	LGSETA Discretionary Grant
FET Cert: Adult Education and Training	60	Skills Programme	Other Funding
NC: IT: End User Computing	40	Skills Programme	LGSETA Discretionary Grant
Peace Officer Certificate:	50	Skills Programme	Other Funding
Cert: Gardening & Horticulture	30	Skills Programme	LGSETA Discretionary Grant
NC: Lifting Machine Operations	25	Skills Programme	LGSETA Mandatory Grant
Airport Aviation training (PARTAC)	30	Skills Programme	LGSETA Mandatory Grant
Bid Committee & Supply Chain Training	30	Skills Programme	Other Funding

REMEDIAL MEASURES BEING IMPLEMENTED POST SKILLS AUDIT ASSESSMENT

REVIVAL OF SKILLS DEVELOPMENT COMMITTEES & STATUS OF HRM POLICIES



- Skills Development Committees aim to assist management to implement appropriate skills interventions in the form of various institutionalized Skills Development Programmes derived from approved Skills Development Policies:
 - Study Assistance Policy
 - External Bursaries Policy
 - Learnership Policy
 - Internship Policy
 - Recognition of Prior Learning Policy
 - Professional Development of Professionals Policy
- Skills Development Programmes are also derived from MFMA Legislated mandatory financial training.

- The following reviewed Human Resources Management Policies will be before Council for approval on 29 September 2021:
 - External Bursary Policy
 - Internship Policy
 - RPL Policy
 - Adult Education Training Policy
 - Professional Membership
 - Study Assistance Policy
 - Training and Development Policy
 - Work Exposure Policy
 - Alcohol and Drug Policy
 - Smoking Policy
 - Employment and Selection Policy
- The following Standard Operating Procedures have been developed and approved to facilitate and maintain the discharge of sound Employer & Employee Relations and proper discipline in the Municipality:
 - Disciplinary Procedure Guidelines and Standard Operating Procedure
 - Grievance Procedure and Standard Operating Procedure
 - Abscondment Procedure and Standard Operating Procedure

CONSEQUENCE MANAGEMENT: DISCIPLINARY MATTERS



DESCRIPTION	NUMBER OF CASES						COMMENTS/PROGRESS
	As at 31 Mar 2021	As at 31 May 2021	As at 31 Jul 2021	As at 31 Aug 2021	As at 30 Sep 2021	As at 17 Nov 2021	
1. Status of Disciplinary Case Roll	30	59	66	62	66	64	<ul style="list-style-type: none"> Cases delayed by postponements Cases delayed by withdrawals of either Presiding officers or Prosecutors Municipal Manager is in the process of appointing new presiding officers and prosecutors Municipal Manager to take action against willful, unreasonable delay of cases
2. Status of Suspensions among those facing discipline	0	0	1	3	0	1	<ul style="list-style-type: none"> Most Cases are processed while employees are working following risk assessment regarding their presence. There is currently one suspension on the roll
3. Status of Dismissals	2	3	3	3	3	3	<ul style="list-style-type: none"> 3 BTO Dismissals, 1 of which is now at SALGBC Referral Dispute For Conciliation/ Arbitration

CONSEQUENCE MANAGEMENT: DISCIPLINARY MATTERS ... cont



DESCRIPTION	NO CASES						COMMENTS/PROGRESS
	As at 31 Mar 2021	As at 31 May 2021	As at 31 Jul 2021	As at 31 Aug 2021	As at 30 Sep 2021	As at 17 Nov 2021	
4. Status of Sanctions	5	6	12	14	15	20	<ul style="list-style-type: none"> 1 Contract lapsed SDCE (exited before Hearing) 2 Early retirement SDCE & CSE (exited before Hearing) 1 Guilty Verdict & Final Warning CSE (appeal lodged and pending set down) 1 Guilty Verdict & Final Warning/ Apology to AO CS 1 Not Guilty Verdict CBU (Cases closed) 2 Not Guilty Verdicts IS (Cases closed) 4 Not guilty Verdicts CSE (Cases closed) 2 Case Withdrawal (Insufficient Prosecution Evidence) 1 Case <u>Provisionally</u> Withdrawal (Misplaced Prosecution Exhibits) 2 Cases Informally addressed, Guilty, Written Warnings issued IS (Cases closed) 1 Case closed (Medical Boarding) 2 Employee deceased (CSE) and IS
5. No. Complete/ Closed Cases	7	9	12	14	15	20	1 Contract Expiry before DC + 3 Dismissals + 8 Sanctions + 2 Written Warnings + 2 Early Retirements before DC's + 1 Resignation before DC's + 1 Medical Boarding + 2 Employee Deceased
6. No. Ongoing Cases	23	50	58	64	63	60	Hearings scheduled/ ongoing and/ or Charges yet to be drafted/ served

CONSEQUENCE MANAGEMENT: FINANCIAL MISCONDUCT CASES



Position	Nature of alleged financial misconduct (Details of the non-compliance)	Date referred to the disciplinary board	Outcome of investigation	Amounts in the process of recovery
Driver	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R111 685.78
Acting Supervisor/Driver	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R 5 324.64
Acting Foreman	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R12 575.58
Driver	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R3 812.28
Driver	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R7 418.81
Driver	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R6 962.73
14 General Assistants	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R26 130.68
Supervisor	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R37 129.76
Fuel Attendant	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R1 424 280.21
Senior Supervisor	Caused fruitless and wasteful expenditure	09/09/2020	DB confirmed financial misconduct	R564 940.02
Foreman	Caused fruitless and wasteful expenditure	28/01/2021	DB confirmed financial misconduct	R93 129.17
Plumber	Caused fruitless and wasteful expenditure	28/01/2021	DB confirmed financial misconduct	R48 335.28
3xSenior Managers	Caused fruitless and wasteful expenditure	28/01/2021	DB confirmed financial misconduct	None
2xManagers	Caused fruitless and wasteful expenditure	28/01/2021	DB confirmed financial misconduct	None
Total (for recovery)				R2 341 724.94

CONSEQUENCE MANAGEMENT: FINANCIAL MISCONDUCT RECOVERIES



DATE OF INSTRUCTION	REF	DESCRIPTION	VALUE	STATUS OF RECOVERY
23 March 2021	FI-35/2018-19	Damage to Motor Vehicle Isuzu NPC 7622, Abuse thereof and Fraud	R 259 782,53	Handed over to Debt Collectors
23 March 2021	FI-38/2018-19	Alleged Irregular Acquisition of Land for the establishment of a Municipal Cemetery on portion A of remainder of portion 3 for the farm Lamontsvale No 1210	R26 340 510.08	File prepared to hand over for advice on evidence on prospects of success.
23 March 2021	FI-42/2018-19	Municipal vehicle abuse, EW Cop Drivers tag swopping, absenteeism from work. Mr P Sukrajh (7002410) and Moso (7010710). NPC6260 and NPC6501.	R 77 986,69	Summons awaiting issue by court for service on Defendant.
17 August 2021	FI-01 IDT/2019/20	Progress Civil recovery & Criminal Investigation on Independent Development Trust (IDT)	Anti-corruption Task Team to conduct its investigation	Summons issued and litigation proceeding
23 March 2021	FI-05/2019-20	Municipal vehicle abuse (Water Tanker), theft of fuel and fraudulent overtime	R94 861.02 R5 090.98 R2 177.42	Handed over to Debt Collectors
23 March 2021	FI-06/2019-20	Municipal vehicle abuse, Overtime Fraud & conducting private business of Recycling	R199 654.38 R146 431.02 R16 649.50 R1 727 425.69 R313 671.31	Handed over to Debt Collectors
23 March 2021	FI-07/2019-20	Alleged overtime fraud - Edendale Depot	R 177 544,10	Handed over to Debt Collectors
23 March 2021	FI-08/2019-20	Alleged absenteeism, overtime fraud & vehicle abuse on private trips	R37 129 76	Handed over to Debt Collectors
23 March 2021	FI-09/2019-20	Misuse of municipal resources and overtime fraud	R712 686.49	Handed over to Debt Collectors

CONSEQUENCE MANAGEMENT

WHAT REMEDIAL STEPS ARE BEING/HAVE BEEN IMPLEMENTED?



- The City Manager has identified the slow payment of SALGA Panel Members who are assisting the municipality with prosecution, as a bottleneck. The City Manager has since instructed the CFO and other relevant managers to resolve this matter speedily
- Another bottleneck identified by the City Manager is the reluctance by some Senior Managers to undertake the function of prosecuting or presiding over disciplinary tribunals. Again the City Manager has directed that such managers should themselves be charged with insubordination for failure to carry out lawful instructions that part of their job definition. It remains to be seen whether this strategy will propel managers to speedy up these cases or whether it will be counterproductive.
- There is not much that the municipality can do to fast track matters that are before the SALGBC as the municipality is merely a party to the proceedings. The SALGBC sets down the matters on the basis of availability of their Commissioners.
- The Legal Services Unit of the municipality was directed to prioritize the recovery of monies to avoid prescription. To date the Unit has handed over 25 cases to external attorneys for the purposes of recovering monies due to the municipality.

FORENSIC INVESTIGATIONS

ACTION PLAN FOR THE IMPLEMENTATION OF COUNCIL RESOLUTIONS ON THE RECOMMENDATIONS OF COGTA, KZN
FORENSIC INVESTIGATION ON MSUNDUZI MUNICIPALITY "SANTHOS MANILALL FORENSICS REPORT" (SMF-REPORT)



NO	RESOLUTION	ACTION TAKEN PRIOR SMF REPORT	ACTION TO BE TAKEN	RESPONSIBLE PERSON/S	PROGRESS
1	The Msunduzi Council accepts the Department of CoGTA KZN's Report on the forensic investigation into the affairs of Msunduzi Municipality "the SMF Report"	Forensic Investigation by Internal Audit used as basis/ input to "the SMF Report"	Council accepts the Department of CoGTA KZN's Report on the forensic investigation into the affairs of Msunduzi Municipality	Council	Completed
2	The Council notes the findings and recommendations emanating from the Department of CoGTA KZN's forensic investigation into Msunduzi Municipality, "the SMF Report"	An SIU Report was used as basis/ input to "the SMF Report"	The Council accepts the findings and recommendations emanating from the Department of CoGTA KZN's forensic investigation into Msunduzi Municipality	Council	Completed
3	The Council authorises the Municipal Manager to implement the recommendations of the "the SMF Report" that relates to the circumstances surrounding the engagement of KSA security and the possible fruitless and wasteful expenditure associated therewith.	3 officials were suspended in September 2019 pending finalization of charges of misconduct and the appointment of Presiding Officers	Municipal Manager to institute disciplinary against the officials and report on the outcome	Municipal Manager	MM has instituted disciplinary action against the implicated officials. Presiding Officer and Prosecutor has been appointed. The MM has instructed Legal Services to commence with recovery processes against KSA security.
		A Settlement Agreement was entered into with Mr Hadebe by Msunduzi Municipality to settle disputes between the parties with regard to his dismissal.	Municipal Manager to seek legal opinion on the prospects of success of instituting a civil claim for the recovery of the costs incurred, having regard to the content of the Settlement Agreement.	Municipal Manager i.c.w. GM: Corporate Services/ Senior Manager: Legal Services	MM has provided a legal brief to Legal Services to provide him with a legal opinion on the prospects of success of instituting a civil claim for the recovery of the costs incurred, having regard to the content of the Settlement Agreement. Awaiting opinion from Legal Services

FORENSIC INVESTIGATIONS ... cont

ACTION PLAN FOR THE IMPLEMENTATION OF COUNCIL RESOLUTIONS ON THE RECOMMENDATIONS OF COGTA, KZN
FORENSIC INVESTIGATION ON MSUNDUZI MUNICIPALITY "SANTHOS MANILALL FORENSICS REPORT" (SMF-REPORT)



NO.	RESOLUTION	ACTION TAKEN PRIOR SMF REPORT	ACTION TO BE TAKEN	RESPONSIBLE PERSON/S	PROGRESS
4	The Council authorises the Municipal Manager to consider the recommendations of the SMF Report relating to the irregular appointment of Izingodla and the role played by the former GM: Infrastructure Mr S Nomnganga	4.1 Internal Audit made recommendations regarding the irregular appointment of Izingodla. 4.2 A Settlement Agreement was entered into with Mr Nomnganga relating to his dismissal The Settlement Agreement was made an order during arbitration	Municipal Manager to review the Nomnganga Settlement Agreement in consultation with the Senior Manager: Legal Services with a view to assessing whether the recommendations of Internal Audit can still be implemented against Mr Nomnganga and report thereon to the Council.	Municipal Manager i.c.w. GM: Corporate Services/ Senior Manager: Legal Services	MM has provided a legal brief to Legal Services to provide him with a legal opinion. Awaiting opinion from Legal Services to assess whether the recommendations of Internal Audit can still be implemented against Mr Nomnganga. Awaiting opinion from Legal Services
			The Municipal Manager to seek legal advice on the prospects of success in instituting a civil claim against the Izingodla.		MM has provided a legal brief to Legal Services to provide him with a legal opinion on the prospects of success in instituting a civil claim against the Izingodla. The MM has instructed Legal Services to commence with recovery processes against Izingodla in the interim.
			The Chief Financial officer to confirm whether or not the amount of R 5 000 000 was disclosed in the annual financial statement for the 17/18 financial year and to report thereon to the Municipal Manager for remedial action to be taken if it was not disclosed	Chief Financial Officer	Pending

FORENSIC INVESTIGATIONS ... cont

ACTION PLAN FOR THE IMPLEMENTATION OF COUNCIL RESOLUTIONS ON THE RECOMMENDATIONS OF COGTA, KZN
FORENSIC INVESTIGATION ON MSUNDUZI MUNICIPALITY "SANTHOS MANILALL FORENSICS REPORT" (SMF-REPORT)



NO.	RESOLUTION	ACTION TAKEN PRIOR SMF REPORT	ACTION TO BE TAKEN	RESPONSIBLE PERSON/S	PROGRESS
5	The Council authorises the Municipal Manager to implement the recommendation of the SMF Report that relates to the tax certificate of Enforce Security.	An Internal Audit Report was used as basis/ input to "the SMF Report"	The Municipal Manager to instruct the Chief Audit Executive and the Supply Chain Manager to locate the missing documents and to report thereon.	Municipal Manager	All documents have since been recovered, the PO & P has been appointed for disciplinary processes against the implicated officials.
			The Municipal Manager to seek confirmation from the Supply Chain Manager on whether or not there is a policy or system in place regarding the safe keeping of documents	Municipal Manager	Completed. SCM has an existing system in place for storage of documents. There is also a strong room where documents are stored. The strong room has a fingerprint authorisation system for entry with only 2 authorised officials having access. There is also cameras in the strong room.
			The Supply Chain Manager to produce a policy or an effective management system for the safeguarding of supply chain documentation	Supply Chain Manager	

FORENSIC INVESTIGATIONS ... cont

ACTION PLAN FOR THE IMPLEMENTATION OF COUNCIL RESOLUTIONS ON THE RECOMMENDATIONS OF COGTA, KZN
FORENSIC INVESTIGATION ON MSUNDUZI MUNICIPALITY "SANTHOS MANILALL FORENSICS REPORT" (SMF-REPORT)



NO.	RESOLUTION	ACTION TAKEN PRIOR SMF REPORT	ACTION TO BE TAKEN	RESPONSIBLE PERSON/S	PROGRESS
6	The Council authorises the Municipal Manager to implement the recommendation of the SMF Report that relates to the circumstances surrounding the appointment of Mr Clive Lotz	Civil litigation against Mr Lotz has been instituted	The Municipal Manager to establish the status of Lotz civil litigation and to instruct that the process continues.	Municipal Manager i.c.w. GM: Corporate Services/ Senior Manager: Legal Services	Completed - External attorneys have been instructed to issue summons
			The Municipal Manager to seek a legal opinion on whether or not civil action may be instituted against Mr Hadebe for the recovery of losses relating to the payment of salary of Mr Lotz		
			The Chief Financial officer to confirm whether or not the amount relating to the payment of the salaries was disclosed as irregular expenditure for the annual financial years in which the payments were made and to report thereon to the Municipal Manager for remedial action to be taken if it was not disclosed.	Chief Financial Officer	This matter was delayed with by the previous MR - Mr. S. Sithole. He dealt directly with Mr. Hadebe and prepared the settlement.

FORENSIC INVESTIGATIONS ... cont

ACTION PLAN FOR THE IMPLEMENTATION OF COUNCIL RESOLUTIONS ON THE RECOMMENDATIONS OF COGTA, KZN
FORENSIC INVESTIGATION ON MSUNDUZI MUNICIPALITY "SANTHOS MANILALL FORENSICS REPORT" (SMF-REPORT)



NO.	RESOLUTION	ACTION TAKEN PRIOR SMF REPORT	ACTION TO BE TAKEN	RESPONSIBLE PERSON/S	PROGRESS
7	The Council authorises the Municipal Manager to implement the recommendations of the SMF Report relating to the applications for leave of Mr Sizwe Hadebe	Mr Hadebe's laptop was handed over to internal audit for safe-keeping and analysis	The Chief Audit Executive to attend to having the hard drive analysed and to produce a report on the outcome of the analysis to the Municipal Manager	Chief Audit Executive	An investigation was conducted by Mhlanga Attorneys. Mhlanga's investigation report which dealt with leave fraud 31 days that he claimed was not due and payable as he had taken 28 days. This means that there was no need to conduct another investigation as it would have been a duplication.
8	The Council authorises the Municipal Manager to implement recommendations relating to the adverse disclaimer of the Auditor General's report for the 16/17 financial year to whether civil action ought to be instituted against Mr S Hadebe for the disclaimer	N/A	Municipal Manager to seek a legal opinion on the desirability of and whether civil action ought to be instituted against Mr S Hadebe for the adverse disclaimer and that this opinion must form part of the same instruction as items 3 and 6 above.	Municipal Manager i.c.w. GM: Corporate Services/ Senior Manager: Legal Services	MM has provided a legal brief to Legal Services to provide him with a legal opinion on the prospects of the desirability of and whether civil action ought to be instituted against Mr S Hadebe for the adverse disclaimer and that this opinion must form part of the same instruction as items 3 and 6 above.

FORENSIC INVESTIGATIONS ... cont

ACTION PLAN FOR THE IMPLEMENTATION OF COUNCIL RESOLUTIONS ON THE RECOMMENDATIONS OF COGTA, KZN
FORENSIC INVESTIGATION ON MSUNDUZI MUNICIPALITY "SANTHOS MANILALL FORENSICS REPORT" (SMF-REPORT)



NO.	RESOLUTION	ACTION TAKEN PRIOR SMF REPORT	ACTION TO BE TAKEN	RESPONSIBLE PERSON/S	PROGRESS
9	The Council authorises the Municipal Manager to consider the recommendation relating to the suspension of 16 officials and the failure to finalise the disciplinary proceedings	Suspensions were uplifted	Municipal Manager seeks legal opinion on the prospects of successful recovery of the salaries and acting allowances incurred as a result of the suspensions from Mr Hadebe, in accordance with recommendation of SMF Report. This opinion must form part of the same instruction as item 8 and must include factors such as analysis of the settlement agreement with Mr S Hadebe and the impact that the action may have on such settlement agreement.	Municipal Manager i.c.w. GM: Corporate Services/ Senior Manager: Legal Services	MM has provided a legal brief to Legal Services to provide him with a legal opinion on the prospects of successful recovery of the salaries and acting allowances incurred as a result of the suspensions from Mr Hadebe
10	The Council authorises the Municipal Manager to implement the recommendations of the SMF Report with regard to the signing of attendance registers by Councillors at Ward Committee meetings and relating to the allegations of improper conduct and misrepresentation	N/A	The Municipal Manager to refer the matter to the Office of the Speaker to investigate the matter and institute corrective action.	Municipal Manager i.c.w. SM: Political Office	Pending

FORENSIC INVESTIGATIONS ... cont

ACTION PLAN FOR THE IMPLEMENTATION OF COUNCIL RESOLUTIONS ON THE RECOMMENDATIONS OF COGTA, KZN
FORENSIC INVESTIGATION ON MSUNDUZI MUNICIPALITY "SANTHOS MANILALL FORENSICS REPORT" (SMF-REPORT)



NO.	RESOLUTION	ACTION TAKEN PRIOR SMF REPORT	ACTION TO BE TAKEN	RESPONSIBLE PERSON/S	PROGRESS
11	The Council authorises the Municipal Manager to implement the recommendations of the SMF Report relating to the activities of the former councillor regarding the occupation of municipal property without permission and illegally leasing structures on such property.	Letters previously sent to the Councillor threatening legal proceedings in 2017 and requesting the Councillor to cease all illegal activity on the property.	<p>Municipal Manager to direct the General Manager: Sustainable Development to verify allegations and to provide the latest information on the allegations and remedial action Planned</p> <p>General Manager: Sustainable Development to liaise with GM: Corporate Services/ Senior Manager: Legal services once investigation is complete with the view to brief the latter to institute legal proceedings against the Councillor, as applicable</p>	Municipal Manager i.c.w. General Manager : Sustainable Development & GM: Corporate Services	Pending

FUNCTIONALITY OF GOVERNANCE STRUCTURES

COUNCILLOR PERFORMANCE (ATTENDANCE OF MEETINGS -JULY 2020 TO JUNE 2021)



ITEM/STRUCTURE	PERCENTAGE	NO OF COUNCILLORS
OVERALL ATTENDANCE (FULL COUNCIL)		
Average attendance	73%	78
Excellent attendance	100%	10
Very Good attendance	80%-99%	20
Good attendance (above average)	above 74% below 80%	25
Poor attendance (below Average)	less than 74% above 40%	20
Very Poor attendance	less than 40%	3
Participation of Amakhosi at Council Meeting	100%	1
OVERALL ATTENDANCE (Executive Committee)	82%	10
OVERALL ATTENDANCE (MPAC)	68%	14
OVERALL ATTENDANCE (ISP)	68%	10
OVERALL ATTENDANCE (CSP)	75%	13
OVERALL ATTENDANCE (CORP)	62%	11

FUNCTIONALITY OF GOVERNANCE STRUCTURES

STATUS OF IMPLEMENTATION OF EXCO & COUNCIL RESOLUTIONS

(AS AT THE 31ST OF OCTOBER 2021)



BUSINESS UNIT DIRECTED TO IMPLEMENT RESOLUTIONS	DIRECTING STRUCTURE	RESOLUTIONS IMPLEMENTED	RESOLUTIONS IN PROGRESS	RESOLUTIONS OUTSTANDING IMPLEMENTATION	TOTAL NUMBRR OF RESOLUTIONS TRACKED
CORPORATE BUSINESS UNIT	EXCO COUNCIL	2 7	0 1	0 8	2 16
CORPORATE SERVICES	EXCO COUNCIL	1 3	0 0	0 0	1 3
FINANCIAL SERVICES	EXCO COUNCIL	0 0	2 1	3 3	5 4
COMMUNITY SERVICES	EXCO COUNCIL	0 0	0 0	5 13	5 13
INFRASTRUCTURE SERVICES	EXCO COUNCIL	0 0	0 0	0 2	0 2
SUSTAINABLE AND CITY ENTERPRICES	EXCO COUNCIL	0 0	1 2	0 4	1 6
RESOLUTIONS STATUS	EXCO COUNCIL	3 10	3 4	6 30	12 44

NEW OVERSIGHT STRUCTURES



- All political/governance structures have been established following the 2021 LG Elections.
- The Municipal Council has 81 councillors from 9 Political Parties (ANC 40, DA 16, EFF 10, IFP 8, ABC 2 and 1 each from AIC, ACDP, PA, JEP as well as an Independent).
- The municipality has set up the following structures for the 2021/2026 term:
 - i) Executive Committee (10)
 - ii) Finance Portfolio Committee (13)
 - iii) Infrastructure and Electricity Supply Services Portfolio Committee (15)
 - iv) Community Services Portfolio Committee (16)
 - v) Sustainable Development & City Enterprises Portfolio Committee (11)
 - vi) Corporate Services Portfolio Committee (11)
 - vii) Municipal Public Accounts Committee (14)

SECTION 79A OF THE STRUCTURES ACT

ESTABLISHMENT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



- (1) A municipal council must establish a committee called the municipal public accounts committee.
- (2) The **mayor** or executive mayor, **deputy mayor** or executive deputy mayor, **any member of the executive committee**, any member of the mayoral committee, **speaker, whip and municipal officials** are **not allowed** to be **members** of the municipal public accounts committee.
- (3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:
 - a) review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
 - (b) review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
 - (c) initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;
 - (d) attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a councillor and the municipal manager; and (e) on its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.
- (4) Reports of the municipal public accounts committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.

CURRENT MSUNDUZI BYLAWS



No.	Bylaw	Responsible Unit	Date of promulgation
1.	Cemeteries and Crematoria Bylaws	Community Services (Parks and Recreations	25 JUNE 2015
2.	Credit Control and Debt Collection Bylaws	Finance	15 JANUARY 2015
3.	Electricity Supply Bylaws	Infrastructure Services	25 JUNE 2015
4.	Indigent Bylaws	Finance	25 JUNE 2015
5.	Municipal Property Rates Bylaws	Finance	18 JUNE 2015
6.	Public Health Bylaws	Sustainable Development (Environmental Health)	25 JUNE 2015
7.	Rules of Order Bylaws	Speaker's Office	25 JUNE 2015
8.	Street Trading Bylaws	Sustainable Development (Licensing) Community Services (Security: Enforcement)	18 JUNE 2015
9.	Advertising Bylaws	Sustainable Development (Signage)	24 June 2014
10.	Control and Discharge of Fireworks Bylaws	Community Services (Fire)	18 JAN 2013
11.	Establishment of Special Rating Areas Bylaws	Finance	18 JAN 2013
12.	Fire Prevention and Flammable Liquids and Substances Bylaws	Community Services (Fire)	24 JUNE 2014

CURRENT MSUNDUZI BYLAWS ... cont



No.	Bylaw	Responsible Unit	Date of promulgation
13.	General Bylaws	All Business Units	20 SEPT 2012
14.	Bylaws relating to manufacture, storage and sale of foodstuffs Bylaws	Sustainable Development (Environmental Health)	03 MAY 1973
15.	Noise Abatement Bylaws	Sustainable Development (Environmental Health)	04 OCT 1984
16.	Market Bylaws	Sustainable Development (Market)	24 JUNE 2014
17.	Parking Meter Bylaws	Community Services (Traffic)	22 MAR 2013
18.	Public Open Spaces Bylaws	Community Services (Parks) Planning, Land Man an Environ Management	24 JUNE 2014
19.	Smoke Control Regulations	Sustainable Development (Environmental Health)	12 DEC 1968
20.	Water Services Bylaws	Infrastructure Services (Water), Environmental Management and Environmental Health	24 JUNE 2014
21.	Waste Management Bylaws	Community Services (Waste), Environmental Management and Environmental Health	20 SEPT 2012
22.*	SPLUMA Bylaws	Sustainable Development (Town Planning)	15 SEPT 2016
23.	Wayleaves Bylaws	Sustainable Development (Wayleaves Section) Roads, Electricity, Water, Survey)	28 FEB 2019
24.	Telecommunication Mast Infrastructure Bylaws	Sustainable Development Town Planning, Environmental Management	14 FEB 2019

CURRENT MSUNDUZI BYLAWS ... cont



No.	Bylaw	Responsible Unit	Date of promulgation
25.	Caravan Camping Grounds Bylaws	Community Services (Parks)	24 NOV 1995
27.	Dairy meat and Milk Dealers Bylaws	Sustainable Dev (Environmental Health)	16 JUNE 1994
28.	Fire Brigade Services Bylaws	Community Services (Fire)	10 MAR 1953
29.	Motor Vehicles and Road Traffic Regulation Bylaws	Community Services (Traffic)	07 FEB 1958
30.	Municipal Aerodrome Bylaws	Sustainable Development (Airport)	07 JUNE 2015
31.	Problem Building Bylaws	Sustainable Development	25 AUGUST 2016
32.	Slaughtering of Animals and examination and stamping of meat other than at the Abattoir	Sustainable Development (Environmental Health)	31 JAN 1974
33.	Trails and Conservation Areas Bylaws	Sustainable Dev (Environmental Management)	13 AUG 1992

BYLAWS REVIEW PROGRAMME – 2019 - 2021



PRIORITIZED BYLAWS	FY	CUSTODIAN	STATUS
Rules of Order Bylaws	19/2020	Office of the Speaker	Council referred Bylaw to Rules of Order Committee for Review
SPLUMA Bylaws	19/2020	Sustainable Development & City Enterprises	Published in Govt Gazette No. 2332 on 28 October 2021
Waste Management Bylaws	20/2021	Community Services	<ol style="list-style-type: none">1. Review complete2. Pending Council approval3. Custodian to source funding for implementation of the programmes to be regulated [Waste Separation-to-Recycling]

BYLAWS REVIEW PROGRAMME 2021/22



PRIORITIZED BYLAWS	ANNUAL TARGET	Q1 ACTUAL	Q2 ACTUAL	Q3 TARGET	Q4 TARGET
<p>(a) Rates Policy Bylaws [BTO]</p> <p>(b) Tariff Policy Bylaws [BTO]</p> <p>(c) Indigent Policy Bylaws [BTO]</p> <p>(d) Water Services Bylaws [IS]</p> <p>(e) Electricity Supply Bylaws [ESS]</p>	Submit all reviewed Bylaws to SMC by 30 June 2022 for processing to Council for approval	<p>1. Action Plan for drafting Bylaws approved by SMC</p> <p>2. Received proposed amendments from custodians.</p> <p>3. Conducted research into relevant laws</p>	<p>1. Consultation with custodians</p> <p>2. Comments and inputs incorporated into first draft of reviewed Bylaw.</p>	<p>1. Submit Draft Bylaws to SMC for consideration and authority to publish for public comments.</p> <p>2. Publish Draft Bylaws for public comments.</p> <p>3. Consider public comments received and consult with affected Business Units/ Custodians.</p>	<p>1. Incorporate all comments and input to produce second Draft Bylaws.</p> <p>2. Finalise Draft Bylaws and prepare report to SMC towards Council approval.</p> <p>3. Business Units to Publish Bylaws in Government Gazette once authority obtained.</p>

APPROVED ICT STRATEGY & GOVERNANCE FRAMEWORK (2020/23)



- The Information Technology Strategy Plan (2020-2023) & Information Technology Governance Framework were reviewed and approved by Council **30 October 2020.** ✓
- Several **catalytic projects** were identified for implementation during the 2021/ 2022 midterm and 2022/ 2023. ✓
- The risk to successful implementation of the catalytic projects is inadequate capital funding and adverse AG Findings. ***
- Overall R19m is needed, the allocated 2021/ 2022 capital budget is R1.9m. ***
- **The funding shortfall is R17,1 and is highly risky for the stability and optimum functionality of organization-wide ICT systems.** ***

ICT CATALYTIC PROJECTS: ESTIMATED COSTS MIDTERM & 2022/23



ICT Infrastructure Project Name	Immediate Replacement Budget (Midterm 2021/22)	Later Replacement Budget (FY 2022/23)	Total Cost Estimate
Servers	R 1,000,000	R 2,000,000	R 3,000,000
Network Devices & Switches	R 5,000,000	R 11,000,000	R 16,000,000
Storage	N/A	R5,000,000	R0,00
Total Budget Required	R 6,000,000	R 13,000,000	R 19,000,000

Current Allocation 2021/ 202 = R1.9M VS Budget Required = R19,000,000

CONCLUSION OF CRITICAL ICT BUSINESS SYSTEMS SERVICE LEVEL AGREEMENTS (SLA'S)



- The following Service Level Agreements have been recently concluded for various ICT business systems. ✓
- Proper monitoring and support is also in place in collaboration with custodian departments. ✓
- The risk to successful implementation of the catalytic projects is inadequate capital funding and ongoing audit risks. *
 - Scada Water System
 - Scada Electricity System
 - Weighbridge Landfill Site System
 - Traffic Contravention System
 - Fresh Market System

UPDATED ICT POLICIES & STANDARD OPERATING PROCEDURES



ICT POLICIES

- In order to promote ICT governance within municipality, the following reviewed **ICT Policies and Procedures** were approved by Council **30 October 2020**. ✓
- The **ICT Policies and Procedures** will mitigate future adverse AG Findings. ✓
 - Information Communication and Technology Asset Management Policy
 - Change Management Policy
 - Application and Hardware Acquisition Policy
 - Incident and Problem Management Policy
 - Physical and Environmental Security Policy
 - User Access Management Policy
 - Electronic Backup Policy
 - SAP Security and Operating Policy
 - SAP Change Management Policy

ICT STANDARD OPERATING PROCEDURES

- The following **Standard Operating Procedures** were also developed and approved by Council in September 2021 to improve capacity and service efficiency within the municipality. ✓
- The **ICT Policies and Procedures** will mitigate future adverse AG Findings. ✓
 - ICT Disaster Recovery Plan
 - Application for Access Card
 - Lost computer or ICT Assets
 - Operational Level Agreement
 - Councillor Communication
 - Cell phone and Data Allowance
 - Purchasing of Multi Function Printers
 - Purchasing of Computers
 - Accessing ICT Standby Services

MAYORAL SPECIAL PROGRAMMES



OFFICE OF THE MAYOR - SPECIAL PROGRAMMES UNIT

- Advocating for the vulnerable groups i.e. youth, gender, children, senior citizens, military veterans and people with disabilities
- Advising the municipality on addressing issues of the vulnerable groups e.g. development of policies, strategic documents
- Co-ordinating and implementing all municipal programs relating to the vulnerable groups
- Mainstreaming issues of the vulnerable groups into all municipal processes and programmes
- Ensuring compliance on all prescribed legislation.

MAYORAL SPECIAL PROGRAMMES ...cont



YOUTH:

- Youth Computer Centre
- Career guidance
- Business Development
- Back to School campaigns
- Tertiary registration
- Career Expo for youth in and out of school
- Capacity building for youth representatives
- Moral regeneration skills workshop
- Rising stars - talent search
- Zonal games
- SALGA Games

WOMEN:

- Women's Month Celebration
- 16 Days of Activism and No Violence against Women and Children
- Capacity Building Programmes for Women
- Exhibition skills for women in business
- Widowhood rights

CHILDREN:

- School uniform for Orphans and vulnerable children
- Drivers license for Orphans and vulnerable children
- Child Protection week Campaign
- Take a Girl Child to Work
- Reed dance
- Early childhood development programmes
- Christmas party for Orphans and Vulnerable children

PEOPLE WITH DISABILITIES:

- Tribute to women with disabilities
- Career summit
- Capacity Building programmes
- Computer training
- International Day for People with Disabilities
- Disability Games
- Braille literacy training
- Sign language training

SENIOR CITIZENS:

- Establishment of Senior citizens Forum
- Golden Games
- Respect and Recognition for Senior Citizens
- Social Support
- Active living and community participation
- Transport
- Health and well-being
- Information and communication
- Advocacy and influence
- Older person's conference

STRUCTURES:

- Vulnerable groups committee
- Disability Forum
- Senior Citizens Forum
- Children's Rights Stakeholders Forum
- Women's Council
- Youth Representatives Forum

MAYORAL SPECIAL PROGRAMMES ...cont



Programme	Sector/ Category	Purpose	Status	Remarks
Career Guidance	Children	To provide Career Advice to Matriculants about various fields of study in tertiary institutions in KZN	Complete	
Stakeholder Appreciation	Children	To appreciate institutions and cementing Stakeholder Relationships	Complete	
Literacy Programme	Children	To inculcate the culture of Reading in three of the nine Schools adopted by the Mayor	Complete	
COVID-19 temperature Scanner	Children	To donate a Temperature Scanner for Berg Street Primary School to assist with CoVID-19 safety	Complete	
School Uniform & Shoes Donation	Children	Donation of School Uniform and Shoes to Bongudunga, Siyahlomula, Georgetown, Msilinga, Ashburton, and ML Sultan	Complete	
Freedom Day Celebration	Children	Debate in commemoration of Freedom Month inculcate public speaking to children in an effort to align with the Children's participation framework as informed by the Municipal Systems Act.	Complete	
Business Management Training	Disability	To capacitate People with disability to enable them to be self sufficient in compliance with the UN Convention for People with Disabilities.	In Progress	12 Month Programme
Sign Language Training	Back2Basics	To train Msunduzi Municipality front line staff on sign language	Complete	

MAYORAL SPECIAL PROGRAMMES ...cont



Programme	Sector/ Category	Purpose	Status	Remarks
Sign Language Training	Back2Basics	To train Msunduzi Municipality front line staff on sign language	Complete	
Soccer for Deaf People	Disability	To encourage deaf people to get involved in active lifestyles in compliance with the UN Convention for People with Disabilities.	Ongoing	
Provincial Wheel Chair Basket Ball	Disability	Provide transportation for the Pietermaritzburg Disabled Basket Ball Team	Ongoing	
Learner Placements	Social Responsibility	Facilitate the admission of Children leveraging the relationship of the Mayor's Office with Schools	Ongoing	
All-in-Africa Conference Commemorative Walk	Mayoral Legacy Project	To commemorate the historic All-in-Africa Conference	Ongoing	
Launch of Msunduzi Disability Business Forum	Disability	To establish a formal structure for businesses owned by disabled people	Ongoing	
GBV Prayer	Gender	To seek God's intervention into GBV matters facing the City	Complete	
Local Drug Action Committee	Social Cohesion	To establish a formal structure to tackle the issue of drug and substance abuse in the City	Ongoing	

MAYORAL SPECIAL PROGRAMMES ...cont



Programme	Sector/ Category	Purpose	Status	Remarks
Victim Empowerment Forum	Gender	To establish a formal structure to tackle issues related to GBV in the City as per Domestic Violent Act	Ongoing	
Women Empowerment Programme	Gender	to capacitate Women on sourcing funding from different Institutions	Complete	
Title deeds handover to 122 Unit DD Imbali residents	Mayoral Legacy Project	Restoration of human dignity through home ownership	Complete	
Title deeds handover to 62 Sobantu Village Citizen	Mayoral Legacy Project	Restoration of human dignity through home ownership	In Progress	
Container Laboratries x2	Mayoral Legacy Project	To enhance the practicality of physical science into High School i.e Siyahlomula High and Ntabende High	In Progress	
Container Libraries x2	Mayoral Legacy Project	To promote the culture of reading in schools with limited or no library facility i.e Nichols Primary and Bongundunga High	In Progress	Awaiting conclusion of an MoU with the Department of Education and ensure security of the containers.
Office Space	Mayoral Legacy Project	To offer the principal office space to perform his services after giving out children a class to ensure social distances	In Progress	Awaiting conclusion of an MoU with the Department of Education and ensure security of the containers.
Women Empowerment Programme	Gender	To assist women to access financial support from various institutions	Complete	
School's Agricultural Project	Children	To enhance Agricultural Science and ensure food security.	In Progress	Awaiting Launch Date

MAYORAL SPECIAL PROGRAMMES ...cont



STRUCTURES:

- Vulnerable groups committee
- Disability Forum
- Senior Citizens Forum
- Children's Rights Stakeholders Forum
- Women's Council
- Youth Representatives Forum
- Local Drug Action Committee
- Victim Empowerment Forum
- Military Veterans Council (to be established)

COUNCILLOR & EMPLOYEE SECURITY MATTERS



Councillor Security

- The expenditure on security for councillors peaked during the 2019/2020 financial year when the municipality spent just over R27 million on security for officials and councillors.
- This was reduced drastically during the 2020/2021 financial year, especially between January and October 2021 when new measures were implemented.
- Following the Local Government Elections, only five councillors security services from the municipality at the cost of about R5.2 million per annum of which R2.5 million had been spent as at 31 December 2021. This cost excludes vehicles and costs of security personnel directly employed by the municipality.

Employee Security

- No employee receives security services from the municipality with effect from March 2021 when services were terminated for the three officials who were receiving such services.

GENERAL SECURITY MATTERS



External Service Providers

- The municipality finally awarded the security tender to eight companies, of which only six are currently active, namely: 1) Wise Training Centre 2) Magma Risk Solutions 3) Royal Security, 4) AET Security Services 5) Thabzo Security Services and Unitrade t/a Isidingo Security.
- The two inactive companies are Mabotwane Security Services and XTLG Consulting and Projects t/a Excellent Security. Their price structure is high, thus the municipality opted not to activate the appointment until agreements on acceptable prices have been reached.
- The costs of guarding municipal assets have been increasing steadily for various reasons. The main contributing factors have been general escalation, land invasions, vandalism and stealing of timber from the municipal forestry as well as the rampant vandalism of municipal infrastructure particularly substations, the stealing of transformers, copper cables as well as metal objects. Between 2020 and 2021, the costs of theft, vandalism and the associated damage to electricity infrastructure was estimated at over R90 million and counting.
- The loss of electronic equipment from individual offices, especially laptops, has led to the increase in security in some of the buildings of the municipality.

Internal Security Service

- The municipality employs 108 security personnel who are responsible for the following: Protection of the Nature Reserves, Anti-Land Invasion, Enforcement of Bylaws related to Street Trading, Guarding of some Municipal Buildings such as the Airport and City Hall & Drivers for Political principals.

GENERAL SECURITY MATTERS

REMEDIAL MEASURES IMPLEMENTED



- The provision of security personnel should be augmented by extending technology such as cameras, access control devices and the use of drones where required.
- Management have:
 - attended to the appointment of a Forester who is responsible for the management of the forest,
 - deployed security to prevent loss of timber.
 - Awarded the contract to manage the forest on behalf of the municipality.
 - Attended to the question risk cover subsequent to the withdrawal of the previous provider
- There has been a marked reduction in the vandalism of electricity infrastructure due in part to management decision to deploy extra security and the collaboration between the municipality and the security agencies as facilitated by the Msunduzi War Room. Between 2020 and 2021, the costs of theft, vandalism and the associated damage to electricity infrastructure was estimated at over R90 million and counting.
- The reduction in the councillor security costs as at the beginning of this term should be sustained going forward as it frees up resources for service delivery in the municipality.

FUNCTIONALITY OF WARD COMMITTEES

January – Sept 2021



Functional wards	Functional wards	Poorly functional wards	Reasons for poor functionality
(JANUARY - MARCH 2021)			
21 (53%)	2,3,4,5,13,15,17,19,20,24,25,28,30,31,32,33,34,35,36,38 and 39	18 (47%) - 1,6,7,8,9,10,11,12,14,16,18,21,22,23,26,27,29 and 37	Wards 1,6,7,10,14,22,23,26,27 and 29 Non submission Wards 7,8,21 and 37 No community feedback and ward report Wards 18 and 12 No quorum and community feedback Ward 9 No sectoral reports and ward report Ward 16 Dates are not corresponding
(APRIL - JUNE 2021)			
20 (51%)	2, 4, 5, 8, 12, 13, 14, 15, 17, 18, 19, 21, 31, 32, 33, 34, 35, 36, 37 & 39	19 (49%)	Ward 1, 6, 7, 9, 10, 11, 16, 20, 22, 23, 26, 27, 29 & 30 – Non submission Ward 3 & 25 – No community meetings Ward 24 & 40 – No WC meetings due to quorum Ward 28 – No WC meetings due to quorum & no community meetings Ward 38 – No WC meetings & ward report not signed by Cllr
(JULY – SEPT 2021)			
6(15%)	4,17,19,34,35,38,	33(85%)	Ward 1,3,5,6,7,9,10,11,14,15,16,20,22,23,26,27,29, 30,: Non- submission of evidence for all indicators Ward 2: Dates of ward committee meetings do not correspond with minutes of meetings, no sectoral reports and no ward report. Ward 8: No quorum for a ward committee meeting and no ward report Ward 12,21,25,31,33,37: No community meeting and no ward report Ward 13,32,36: No community meeting Ward 18,28: No quorum for ward committee meetings, no community meetings and no ward report Ward 24: No quorum for ward committee meetings Ward 39: No ward report

FUNCTIONALITY OF WARD COMMITTEES... cont

January – Sept 2021

REMEDIAL MEASURES



- **Note** - As can be seen above, the functionality of Ward Committees deteriorated even further in the build up to the 2021 Local Government Elections (53% January-March; 51% April-June and 15% July-September 2021).
- **Are there remedial steps are being implemented?** - Not applicable at this stage. The functionality of the new structures will be monitored and reported on, quarterly per the Cogta Monitoring Framework and Guidelines.
- The establishment of the new Ward Committees is almost complete with only 4 wards remaining as at 24 February 2022. Namely wards 11, 13, 38 and 41. Every attempt is being made to constitute the Ward Committees before the statutory deadline. Failing which the municipality must apply for an extension to the MEC.

PUBLIC PROTESTS

JULY 2020 TO JUNE 2021



DATE	NATURE OF COMPLAINTS	WARD	INTERVENTION	AFFECTED DEPARTMENTS	STATUS
	Electricity	05	Rapid Response Chair, Electricity	Electricity	Electricity restored
07/07/20	Prolonged Electricity outages	34	SAPS	Electricity	Electricity restored
27/07/20	Prolonged Electricity outages	24	Pol Support, Electricity Dept	Electricity	Electricity restored
20/08/20	Land invasion	23	Rapid Response Chair, Electricity	SAPS, REs, TP, HS	Ongoing Monitoring
21/08/20	Prolonged Electricity outages	01	Councillor & Electricity	Electricity	Electricity restored (unstable)
02/09/20	Prolonged Electricity outages	02	SAPS, Electricity Department	Electricity	Electricity restored(unstable)
24/08/20	Land invasion	29	Land invasion Unit, SAPS	SAPS, REs, TP, HS	Ongoing Monitoring
09/2020	Road construction delay	05	Rapid Response Chair,	DOT , COGTA	DOT attending to the Matter
09/2020	Prolonged water outages	06	Temporal water solution	Water Department	Temporal water provision
09/2020	Military veterans (housing)	13	Political Support,	DOH	Being attended by DOH
10/2020	Ward Demarcation Board issues	1	Assisted with Demarcation board complaint	Speakers Office	Complaint submitted MDB
10/2020	Political issues	29	Rapid Response Chair, Electricity	SAPS, real estates, Town Planning, Human Settlements	Ongoing Monitoring
11/2020	Izinduna payments	N/A	PT/COGTA Councillor & Electricity	COGTA & PT	COGTA&PT
10/2020	Prolonged Electricity outages	02	SAPS, Electricity Department	Electricity	Electricity restored(unstable)
11/2020	Human settlements / water & Sanitation	36	Temporal water solution	Human Settlements and Infrastructure	Human settlement Project in planning stage and Temporal water solution provided

PUBLIC PROTESTS

JULY 2020 TO JUNE 2021 ... cont



DATE	NATURE OF COMPLAINTS	WARD	INTERVENTION	AFFECTED DEPARTMENTS	STATUS
11/02/2021	Road Issues D2069	02	SAPS & Roads Dept.	SAPS & Roads Dept.	On going
15/02/2021	Water Issues	05	Water & sanitation department	Water & Sanitation Dept.	Water was adjusted from the reservoir
20/02/2021	All Service Delivery	27	Office of the Speaker	Infrastructure & Community Services Unit	Ongoing engagements
13/05/2021	Electricity (area of Eskom supply)	22	SAPS, Councillor	Eskom	Matter was resolved after two meetings with Eskom, Ward Councillor, Ward Committee, Office of the Speaker & Infrastructure Chair The Deputy Mayor
26/05/2021	Housing provision (Tamboville)	38	SAPS & Councillor	Land invasion Unity, HS	Ongoing engagements
26/05/2021	Housing provision (Eastwood Sec School)	38	SAPS, Deputy Mayor, Councillor	Eastwood sec School, Human Settlement	Ongoing engagements
27/05/2021	Housing provision (Glenwood)	38	The Chief Whip, SAPS & Councillor	Human Settlement	Ongoing engagements
08/06/21	Electricity (east & pietermaritz St.)	32	SAPS, Councillor	Eskom	Matter was resolved after two meetings with Eskom, Ward Councillor, Ward Committee, Office of the Speaker & Infrastructure Chair The Deputy Mayor
09/06/21	Electricity (east & church St.)	32 & 33	SAPS & Councillor	Electricity	Ongoing engagements
09/06/21	Electricity (east & burger St.)	33	SAPS, Deputy Mayor, Councillor	Electricity	Ongoing engagements
22/06/21	Water issues at Snathing	11	SAPS	Water and Sanitation	Water department continues to find solutions to the water problems

PUBLIC PROTESTS

JULY 2020 TO JUNE 2021 ... cont



DATE	NATURE OF COMPLAINTS	WARD	INTERVENTION	AFFECTED DEPARTMENTS	STATUS
22/06/21	Transportation	CBD	Msunduzi Officials and SAPS	Traffic	Ongoing engagements
23/06/21	Water issues at Snathing	11	Speakers Office	Water, Eskom	Water department continues to find solutions to the water problems
23/06/21	Water issues at Snathing	11	Deputy Mayor	Water, Eskom	Water issues are due to Eskom electricity cut of and engagements ongoing
23/06/21	Manor Flats evictions	33	Human Settlement, Deputy Mayor, RRTT	Human Settlement	Ongoing engagements by human settlement
25/06/21	Electricity	18	Saps & Councillor	Electricity	The Speaker to address the protesters
28/06/21	Evictions at Manor Flats	33	SAPS, Councillor & Deputy Mayor	Human Settlements Department	Matter was resolved after two meetings with Eskom, Ward Councillor, Ward Committee, Office of the Speaker & Infrastructure Chair The Deputy Mayor
28/06/21	Electricity	33	SAPS, Councillor, Electricity & Deputy Mayor	Electricity	Deputy Mayor as Infrastructure had a meeting with stakeholders
30/06/21	Electricity	33	SAPS, Deputy Mayor, Councillor	Electricity Department	Ongoing engagements

PUBLIC PROTESTS

JULY 2020 TO JUNE 2021 ... cont



Nature of Protests	Total No. of Protests	Wards	Protest Triggers
Electricity	17	01, 02, 05, 13, 18, 22, 24, 32, 33 & 34	<ul style="list-style-type: none"> • Electricity issues were sparked by load shedding • Illegal connections that cause transformers to burst
Water and Sanitation	04	05, 06, 11 & 37	<ul style="list-style-type: none"> • High demand Reservoirs that are not filling up. • Water shedding
Roads	02	02 & 05	<ul style="list-style-type: none"> • Department of Transport not being able to access quarry from Ward 05
Human Settlement	04	13, 33, 37 & 38	<ul style="list-style-type: none"> • Back lock in RDP house delivery
Political	04	01, 13, 27 & 29	<ul style="list-style-type: none"> • Internal politics & Demarcations
External Stakeholders	01	CBD	<ul style="list-style-type: none"> • Santaco in conflict with private meter taxi industry (uber and others)
Land Invasion	05	14, 23, 29, 32 & 38	<ul style="list-style-type: none"> • Back lock in RDP house delivery

PUBLIC PROTESTS (JULY 2020 TO JUNE 2021)

REMEDIAL MEASURES



- Through Msunduzi Rapid Response Task Team meeting chaired by Speaker early alert issues are brought to the attention of officials from all wards to avoid possible protests
- For every protest reported Leadership and officials affected are required to attend to such protests
- External stakeholders are also engaged particularly Eskom, Human Settlements and the Department of Transport
- Internally the Water and Sanitation as well as the Electricity Units are still not adequately geared towards providing effective and immediate responses to community engaged in service delivery protests. This is a matter that both Management and the Political Leadership should give attention.

FUNCTIONALITY OF THE AUDIT COMMITTEE AND THE DISCIPLINARY BOARD ON FINANCIAL MISCONDUCT



MEMBERS OF THE AUDIT COMMITTEE

- Mrs. B MacCallum
- Mr M Shongwe
- Mr V Dlamini
- Mr LJ Quayle
- Mr T Maphumulo

MEETINGS IN 2021/2022 FY

- 24 August 2021
- 26 October 2021
- 9 November 2021 (continuation meeting)
- December 2021- Management unavailability
- 22 February 2022

MEMBER OF THE DISCIPLINARY BOARD ON FINANCIAL MISCONDUCT

- Mrs. Bronwyn MacCallum CA (SA) is the chairperson of the Board
- The committee submitted its 1st report of four (4) which Internal Audit had dealt with in the previous financial year and submitted it to Council in June 2021.
- The committee had 2 meetings during the current financial year and four (4) cases were processed and finalized.

AUDIT OUTCOMES FOR THE PAST THREE FINANCIAL YEARS



FINANCIAL YEAR	2018/2019	2019/2020	2020/2021
OUTCOME AND MAIN REASONS FOR THE AUDIT OUTCOME	QUALIFIED	QUALIFIED	UNQUALIFIED
UIFW	✓	✓	✓
Restatement of corresponding figures	✓	✓	✓
Property Plant and Equipment	✓		
Expenditure Management – External Security Services		✓	
Revenue from Exchange Transactions	✓		
Revenue from Non Exchange Transactions	✓		
Consumer Debtors	✓		
Material going concern	✓	✓	✓
Material losses Water/ Electricity	✓	✓	✓

FINANCIAL GOVERNANCE - REMEDIAL MEASURES

POST AUDIT ACTION PLAN FOR THE 2019/2020 AUDIT



Remedial Measures

- Management had resolved 63% of the matters raised by the Auditor General during the 2019/2020 audit while the balance of 61% were still in progress as at **28 February 2022**.

Matters	Annex A	Annex B	Compliance	ICT	Total
Total Findings	6	7	28	83	124(100%)
Resolved	3	13	3	44	63(51%)
In progress	3	15	4	39	61(49%)

The following key matters were still in progress as at **28 February 2022**:

- Material losses in respect of Electricity and Water
- Material uncertainty relating to the going concern
- Suppliers not paid within 30 days of receipt of invoice
- Appropriate action not taken against officials
- Breakdown of landfill site systems & instruments leading to loss of revenue

FINANCIAL GOVERNANCE - 2020/2021 AUDIT STATUS



Audit Opinion

- The Auditor General discussed the Draft Management Report with the management and political leadership on 8 February 2022 and the Draft Audit Report (audit opinion) on 21 February 2022.
- The Auditor General released the signed final 2020/2021 audit outcome on the 28th of February 2022, which is an **unqualified audit opinion** with findings.

Remedial Measures

- Management is currently developing the 2021 Audit Action Plan, so as to address the findings raised by the AG. The plan is currently at Draft stage.
- The audit action plan is monitored weekly to ensure that management implements and put measures to address internal control deficiencies identified by auditors.



SOUND FINANCIAL MANAGEMENT

- Financial Viability Ratios
- Budget Performance - Income
- Budget Performance - Expenditure
- Unauthorized, Irregular, Fruitless and Wasteful Exp. (UIFW)
- Cost Containment
- The impact of the Political Unrest on Revenue
- Breakdown of COVID-19 expenditure



BUDGET PERFORMANCE– REVENUE BY SOURCE



KZN225 Msunduzi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Budget Year 2021/22						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
<u>Revenue By Source</u>							
Property rates	1 321 379	105 646	735 064	770 804	(35 740)	-5%	1 321 379
Service charges - electricity revenue	2 961 894	197 314	1 519 464	1 727 772	(208 308)	-12%	2 961 894
Service charges - water revenue	773 217	71 835	456 741	451 043	5 698	1%	773 217
Service charges - sanitation revenue	160 155	(67 449)	103 907	93 424	10 483	11%	160 155
Service charges - refuse revenue	122 557	3 538	59 379	71 492	(12 112)	-17%	122 557
Rental of facilities and equipment	30 635	1 249	13 416	17 870	(4 454)	-25%	30 635
Interest earned - external investments	16 077	961	5 543	9 378	(3 835)	-41%	16 077
Interest earned - outstanding debtors	213 289	16 081	113 219	124 419	(11 200)	-9%	213 289
Fines, penalties and forfeits	1 895	17	326	1 105	(779)	-70%	1 895
Licences and permits	1 179	120	420	688	(268)	-39%	1 179
Agency services	634	–	1 188	370	818	221%	634
Transfers and subsidies	661 216	10 976	486 587	385 709	100 878	26%	661 216
Other revenue	154 287	2 345	53 985	90 001	(36 016)	-40%	154 287
Gains					–		
Total Revenue (excluding capital transfers and contributions)	6 418 414	342 633	3 549 239	3 744 075	(194 836)	-5%	6 418 414

FINANCIAL VIABILITY RATIOS (as at 31 January 2022)



Overview

- The municipality's cash coverage ratio has worsened to 0.07 months for the month of January 2022 (equivalent to 2.1 days). The prescribed norm for the Cash/ Cost Coverage Ratio is 1-3 months. Therefore the municipality's cash coverage ratio is below the norm. There are various reasons for low cash coverage including poor debtors' collection.
- Level of Cash Backed Reserves ratio implies that the municipality did not have sufficient cash reserves to meet its monthly fixed operating commitments during the month of December 2021 (86%) and January 2022 (21%), and this is indicative of a serious cash flow problem.
- The municipality has a current ratio of 1.69 (January 2022). The prescribed norm for a municipality's Current Ratio is 1.5 - 2.1 times. Therefore, the municipality is within the norm. However, it is still concerning that cash and cash equivalents made only 8% of the current assets, compared to debtors, which constituted 81% in January 2022.
- The municipality has a net debtor's days of 170 days as at January 2022. This is way above the norm of 30 days and implies, it would take over more than 5 months for customers to pay the municipality.
- During the month of January 2022 the collection rate, based on the General Ledger was 104% (66% in December 2021). The municipality should aim at achieving a consistent collection rate of more than 100% so as to ensure a reduction in outstanding debt, which is currently above R5 billion.

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
1. FINANCIAL POSITION									
A. Asset Management/Utilisation									
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	10% - 20%		13%	8%	8.8%	8%	7%
				Total Operating Expenditure	4,285,966,708	5,646,652,144	5,829,766,787	3,095,397,614	3,581,976,672
				Taxation Expense	-	-	-	-	-
				Total Capital Expenditure	613,486,541	479,855,222	563,995,120	269,001,214	257,797,476
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	0%		0.08%	0.07%	0.10%	0.00%	0.00%
				PPE, Investment Property and Intangible Impairment	5,719,754	5,552,410	7,607,463	-	-
				PPE at carrying value	6,645,980,240	6,583,167,558	6,887,856,277	6,980,370,527	6,832,954,677
				Investment Property at carrying value	779,067,512	821,336,190	892,583,607	877,142,335	877,142,335
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) × 100	8%		1.98%	0.69%	1.59%	0.74%	1.05%
				Total Repairs and Maintenance Expenditure	146,772,297	51,447,798	124,083,173	58,507,238	80,585,620
				PPE at carrying value	6,645,980,240	6,583,167,558	6,887,856,277	6,980,370,527	6,832,954,677
				Investment Property at Carrying value	779,067,512	821,336,190	892,583,607	877,142,335	877,142,335

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
B. Debtors Management									
1	Collection Rate	(Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100	95%		81%	79%	84%	66%	104%
				Gross Debtors closing balance	3,705,481,476	4,593,312,676	4,935,993,696	5,236,150,670	5,231,386,771
				Gross Debtors opening balance	2,966,551,942	3,705,481,476	4,593,312,676	5,089,979,304	5,236,150,670
				Bad debts written off (current period)	10,345,711	20,930,221	384,120,628	16,776,773	-6,444,558
				Billed Revenue (current period)	3,892,425,646	4,320,614,982	4,537,452,193	484,051,391	312,274,356
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	100%		0.52%	0.82%	14.42%	0.82%	0.58%
				Consumer Debtors Bad debts written off	10,345,711	20,930,221	384,120,628	23,558,600	17,114,042
				Consumer Debtors Current Bad Debt Provision	2,004,671,057	2,558,670,560	2,663,217,771	2,869,859,585	2,928,937,920
3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	30 days		159 days	172 days	183 days	168 days	170 days
				Gross debtors	3,705,481,476	4,593,312,676	4,935,993,696	5,236,150,670	5,231,386,771
				Bad debts Provision	2,004,671,057	2,558,670,560	2,663,217,771	2,869,859,585	2,928,937,920
				Billed Revenue	3,892,425,646	4,320,614,982	4,537,452,193	5,126,751,470	4,929,685,870

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
C. Liquidity Management									
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	1 - 3 Months		0.60 Month	0.87 Month	0.66 Month	0.27 Month	0.07 Month
					18.0 days	26.0 days	19.9 days	8.0 days	2.1 days
				Cash and cash equivalents	305,048,831	517,656,140	359,519,552	254,051,593	216,299,726
				Unspent Conditional Grants	103,510,102	180,851,130	96,492,198	166,244,347	217,905,963
				Overdraft	-	-	-	-	-
				Short Term Investments	15,674,518	-	32,311,434	32,311,434	32,311,434
				Monthly Fixed Operational Expenditure Excl. (Depr, Amortisation, provision for Bad Debts, Impairment, and Loss on Disposal of Assets)	361,803,191	388,419,823	444,827,269	448,940,052	441,629,489
2	Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1		1.60	1.53	1.48	1.71	1.69
				Current Assets	2,364,896,731	2,898,998,906	3,027,484,815	3,023,944,902	2,855,369,014
				Current Liabilities	1,476,198,845	1,894,703,628	2,051,671,460	1,772,150,510	1,693,283,155

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
D. Liability Management									
1	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	6% - 8%		3.2%	2.2%	2.6%	1.2%	0.5%
				Interest Paid	52,462,384	43,716,970	35,856,007	14,602,378	16,781,841
				Redemption	84,512,314	81,866,034	113,418,258	22,542,649	-
				Total Operating Expenditure	4,285,966,708	5,646,652,144	5,829,766,787	3,095,397,614	3,581,976,672
				Taxation Expense	-	-	-	-	-
2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	45%		10%	8%	5%	8%	7%
				Total Debt	480,602,288	398,736,254	285,317,996	243,902,738	243,902,738
				Total Operating Revenue	5,270,595,362	5,825,378,146	6,171,445,232	3,401,714,836	3,758,081,632
				Operational Conditional Grants	598,881,900	637,128,044	751,748,907	475,611,013	486,586,740

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
E. Sustainability									
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment Reserve - Revaluation Reserve) x 100	100%		165%	352%	308%	86%	21%
				Cash and cash Equivalents	305,048,831	517,656,140	359,519,552	254,051,593	216,299,726
				Bank Overdraft	-	-	-	-	-
				Short Term Investment	15,674,518	-	32,311,434	32,311,434	32,311,434
				Long Term Investment	-	-	-	-	-
				Unspent Grants	103,510,102	180,851,130	96,492,198	166,244,347	217,905,963
				Net Assets	7,720,491,848	7,968,759,256	8,335,649,472	8,354,581,321	8,248,339,024
				Share Premium	-	-	-	-	-
				Share Capital	-	-	-	-	-
				Revaluation Reserve	97,158,944	95,264,535	95,137,597	95,137,597	95,137,597
				Fair Value Adjustment Reserve	-	-	-	-	-
				Accumulated Surplus	7,491,578,590	7,777,912,087	8,144,660,450	8,120,327,079	8,005,315,280

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
2. FINANCIAL PERFORMANCE									
A. Efficiency									
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	= or > 0%		19%	3%	6%	9%	5%
				Total Operating Revenue	5,270,595,362	5,825,378,146	6,171,445,232	3,401,714,836	3,758,081,632
				Depreciation - Revalued Portion	-	-	-	-	-
				Total Operating Expenditure	4,285,966,708	5,646,652,144	5,829,766,787	3,095,397,614	3,581,976,672
				Taxation Expense	-	-	-	-	-
2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue x 100	0% - 15%		19%	7%	7%	3%	5%
				Total Electricity Revenue	2,235,472,736	2,209,984,732	2,334,537,372	1,363,596,357	1,561,903,584
				Total Electricity Expenditure	1,813,418,647	2,064,060,141	2,169,997,386	1,325,589,840	1,483,365,384
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue x 100	= or > 0%		17%	-14%	20%	30%	26%
				Total Water Revenue	1,063,455,446	1,060,295,199	1,172,058,172	621,343,301	711,615,678
				Total Water Expenditure	878,194,762	1,207,807,520	933,960,139	432,717,421	524,360,523
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	= or > 0%		24%	14%	22%	26%	22%
				Total Refuse Revenue	159,353,360	145,827,952	153,239,104	82,965,833	87,291,882
				Total Refuse Expenditure	120,357,955	124,834,392	119,620,191	61,654,706	68,309,993
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue x 100	= or > 0%		-16%	1%	14%	46%	12%
				Total Sanitation and Water Waste Revenue	222,239,922	254,352,472	290,245,971	249,567,832	185,043,116
				Total Sanitation and Water Waste Expenditure	258,354,772	252,760,435	250,867,005	134,133,332	163,177,380

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
B. Distribution Losses									
1	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) × 100	7% - 10%		14%	18%	22%	24%	24%
				Number of units purchased and/or generated	1,786,351,025	1,701,305,905	1,745,111,594	872,243,172	1,008,006,282
				Number of units sold	1,537,755,297	1,392,325,844	1,354,209,162	663,006,592	763,958,619
2	Water Distribution Losses (Percentage)	(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100	15% - 30%		28%	29.9%	29.8%	31%	31%
				Number of kilolitres purchased and/or purified	71,425,786	74,032,140	79,351,722	40,558,914	46,639,710
				Number of kilolitres sold	51,307,317	51,913,926	55,724,930	27,857,502	32,414,539

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
C. Revenue Management									
1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts)/ previous number of Active Debtor Accounts x 100	None		-3%	13%	-20%	-0.3%	0.2%
				Number of Active Debtors Accounts (Previous)	180,323	174,395	196,273	154,494	154,048
				Number of Active Debtors Accounts (Current)	174,395	196,273	156,572	154,048	154,400
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	= CPI		8.2%	10.5%	5.9%	28.2%	10.5%
				CPI	4.60%	3.68%	3.56%	5.15%	5.23%
				Total Revenue (Previous)	4,871,571,597	5,270,595,362	5,825,378,146	2,653,439,038	3,401,714,836
				Total Revenue (Current)	5,270,595,362	5,825,378,146	6,171,445,232	3,401,714,836	3,758,081,632
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants)/ previous period's Total Revenue excluding capital grants) x 100	= CPI		8.7%	10.9%	3.50%	28.9%	10.8%
				CPI	4.60%	3.68%	3.56%	5.15%	5.23%
				Total Revenue Exl.Capital Grants (Previous)	4,477,650,914	4,865,326,900	5,395,264,397	2,482,225,351	3,198,516,644
				Total Revenue Exl.Capital Grants (Current)	4,865,326,900	5,395,264,397	5,584,283,489	3,198,516,644	3,542,540,255

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
D. Expenditure Management									
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	30 days		37 days	73 days	75 days	73 days	80 days
				Trade Creditors	365,428,824	722,878,653	832,785,689	863,897,142	918,320,254
				Contracted Services Full Year Forecast	570,134,504	473,853,687	542,622,340	512,009,696	537,775,123
				Repairs and Maintenance Full Year Forecast	146,772,297	51,447,798	124,083,173	117,014,477	138,146,777
				General expenses Full Year Forecast	123,758,124	136,658,562	123,940,422	92,978,585	87,476,090
				Bulk Purchases Full Year Forecast	2,132,173,417	2,491,126,597	2,680,850,093	3,059,442,854	2,986,722,017
				Capital Credit Purchases Full Year Forecast	613,486,541	479,855,222	563,995,120	538,002,428	441,938,530
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	0%		9%	11%	10.5%	0.26%	0.39%
				Irregular, Fruitless and Wasteful and Unauthorised Expenditure	367,307,022	624,528,459	609,739,676	8,153,605	14,040,044
				Total Operating Expenditure	4,285,966,708	5,646,652,144	5,829,766,787	3,095,397,614	3,581,976,672
				Taxation Expense	-	-	-	-	-
3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	25% - 40%		31%	24.6%	25.2%	25%	24%
				Employee/personnel related cost	1,303,016,615	1,345,486,985	1,418,425,769	736,732,839	847,561,858
				Councillors Remuneration	44,130,681	43,759,322	51,641,246	24,156,547	28,529,148
				Total Operating Expenditure	4,285,966,708	5,646,652,144	5,829,766,787	3,095,397,614	3,581,976,672
				Taxation Expense	-	-	-	-	-
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	2% - 5%		13%	8%	9%	8%	9%
				Contracted Services	570,134,504	473,853,687	542,622,340	256,004,848	313,702,155
				Total Operating Expenditure	4,285,966,708	5,646,652,144	5,829,766,787	3,095,397,614	3,581,976,672
				Taxation Expense	-	-	-	-	-

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
E. Grant Dependency									
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	None		24%	19%	22%	33%	29%
				Internally generated funds	100,404,385	86,493,279	121,936,150	74,958,981	66,960,793
				Borrowings	47,052,852	4,229,818	-	12,660,065	7,674,871
				Total Capital Expenditure	613,486,541	479,855,222	563,995,120	269,001,214	257,797,476
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	None		16%	18%	22%	28%	26%
				Internally generated funds	100,404,385	86,493,279	121,936,150	74,958,981	66,960,793
				Total Capital Expenditure	613,486,541	479,855,222	563,995,120	269,001,214	257,797,476
3	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	None		88%	88%	87%	85%	86%
				Total Revenue	5,270,595,362	5,825,378,146	6,171,445,232	3,401,714,836	3,758,081,632
				Government grant and subsidies	1,004,150,362	1,067,241,793	1,338,910,650	678,809,205	702,128,117
				Public contributions and Donations	9,162,557	1,434,881	2,103,876	-	-
				Capital Grants	405,268,462	430,113,749	587,161,743	203,198,192	215,541,376

FINANCIAL VIABILITY RATIOS ... cont



RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Pre-Audit)	Dec-21 YTD	Jan-22 YTD
3. BUDGET IMPLEMENTATION									
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	95% - 100%		103%	64%	65%	93%	77%
				Actual Capital Expenditure	613,486,541	479,855,222	563,995,120	269,001,214	257,797,476
				Budget Capital Expenditure	595,676,035	746,398,737	872,335,432	288,150,813	336,175,949
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	95% - 100%		87%	110%	100.1%	101%	101%
				Actual Operating Expenditure	4,285,966,708	5,646,652,144	5,829,766,787	3,095,397,614	3,581,976,672
				Budget Operating Expenditure	4,923,965,656	5,127,378,095	5,822,877,741	3,051,590,298	3,560,188,681
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	95% - 100%		106%	92%	89%	106%	100.4%
				Actual Operating Revenue	5,270,595,362	5,825,378,146	6,171,445,232	3,401,714,836	3,758,081,632
				Budget Operating Revenue	4,969,187,816	6,339,716,036	6,964,548,179	3,209,207,019	3,744,074,855
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	95% - 100%		99.8%	95.2%	94%	96%	92%
				Actual Service Charges and Property Rates Revenue	3,892,425,646	4,320,614,982	4,537,452,193	2,563,375,735	2,875,650,091
				Budget Service Charges and Property Rates Revenue	3,901,166,564	4,538,474,519	4,845,558,196	2,669,601,124	3,114,534,645

REVENUE MANAGEMENT INCLUDING DEBT COLLECTION ... cont



- The collection of revenue continues to suffer from the ongoing impact of Covid-19 as well as other factors such as the July 2021 unrests as well as the downward trajectory of the country's economy which is consistently failing to create sustainable jobs. The recent geopolitical developments in Europe will have further adverse impact on the economy of the country and inadvertently Msunduzi.
- The graph below clearly shows a dip in revenue collection for the months of June & July 2021. The collection did pick up in August and plateaued after that.
- The average collection for the period January to December 2020 is 93.83%. In theory, this collection rate is excellent when compared to other municipalities in the province, however without a meaningful reduction in costs the municipality must achieve and sustain above 100% collection rates in order to reach financial stability and sustainability.

REVENUE MANAGEMENT INCLUDING DEBT COLLECTION ... cont

COLLECTION RATE

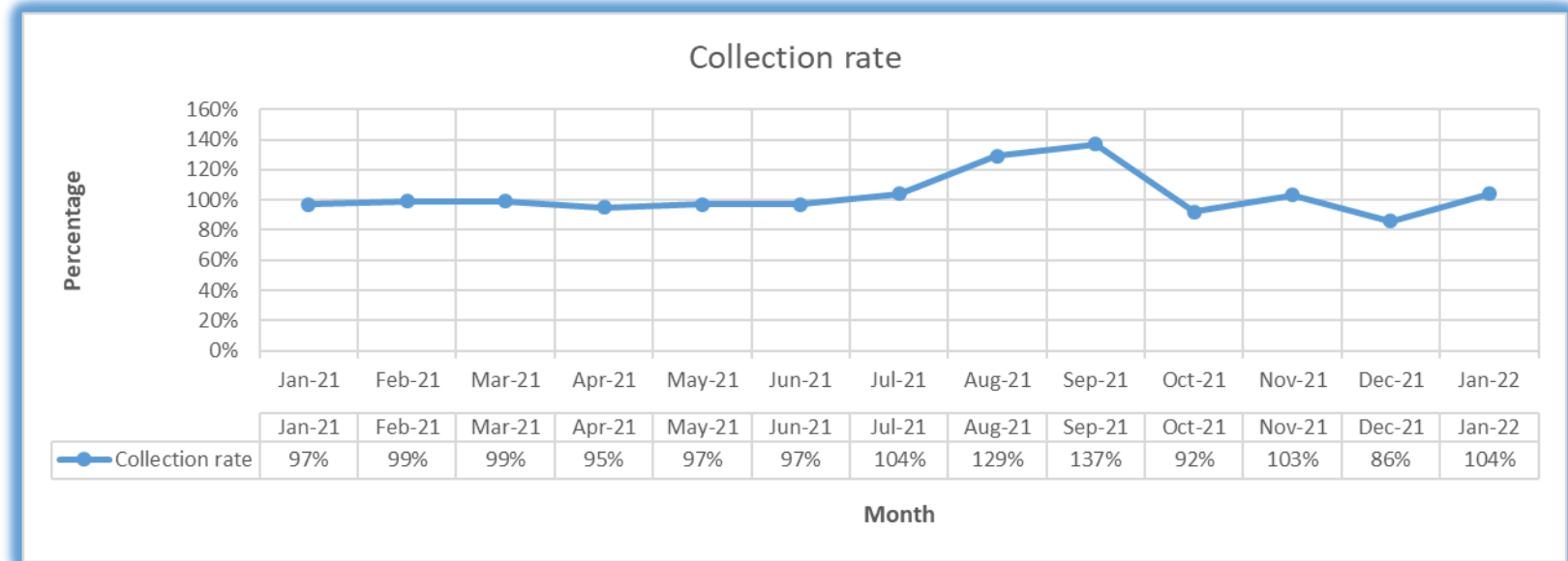


	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22
	124%	133%	92%	103%	86%	104%
Gross Debtors closing balance	5 059 603 999,47	5 074 015 092,11	5 101 927 224,41	5 089 979 304,36	5 087 777 000,78	5 231 386 771,09
Gross Debtors opening balance	4 915 508 072,11	5 218 455 850,36	5 074 015 092,11	5 101 927 224,41	5 089 879 304,36	5 087 777 000,78
Bad Debts Written Off	1 171 458,68	1 672 545,74	2 298 751,55	1 639 070,76	16 776 772,98	6 444 557,83
Billed Revenue (YTD) (i.e. Service Charges + Property Rates	899 435 806,13	426 509 975,10	369 658 368,69	383 720 193,44	484 051 391,46	312 274 356,04

- The spikes in August (124%) and September (133%) were influenced by a combination of factors:

- Government payments of annual rates;
- Disconnections

- A summary of the collection rates over the last 6 months
- The calculation of the collection rate is in line with the MFMA Circular 71, in terms of which the norm is 95%



REVENUE MANAGEMENT INCLUDING DEBT COLLECTION ... cont

DEBTORS AGE ANALYSIS (JANUARY 2022)



Category	Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance	
Business	107 952 654	107 925 574	38 122 581	27 627 316	20 145 810	148 669 059	378 349 611	828 792 604	16%
Government	- 14 193 421	28 093 663	10 719 621	11 587 267	7 660 057	38 923 575	155 246 509	238 037 272	5%
Household	115 936 302	121 633 539	81 570 512	91 747 761	76 391 209	523 490 898	2 934 666 016	3 945 436 237	75%
Other	- 4 747 016	8 133 768	5 329 060	6 770 781	5 699 467	27 213 193	177 094 372	225 493 625	4%
Grand Total	204 948 518	265 786 543	135 741 774	137 733 125	109 896 544	738 296 726	3 645 356 508	5 237 759 737	100%
	4%	5%	3%	3%	2%	14%	70%	100%	

- It is notable that 84% (R4,493 549 777) of the total debt is older than 90 days. The bulk of that debt (R3,945 436 237) is owed by households. This indicates that households are struggling as the economy is also stressed.
- It is also clear that the various measures implemented by the municipality to collect debt are not yielding the desired results.

REVENUE MANAGEMENT INCLUDING DEBT COLLECTION ... cont

DEBTORS AGE ANALYSIS (JANUARY 2022)...cont



	Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
Electricity	213 131 048	103 487 883	36 235 787	19 681 030	16 396 787	86 031 061	199 729 187	674 692 784
Water	83 759 735	61 268 280	47 944 833	49 147 700	47 476 419	339 164 136	1 794 414 518	2 423 175 621
Sewerage	-9 547 413	39 972 382	8 051 672	7 729 139	7 106 194	50 158 308	296 112 752	399 583 033
Refuse	3 727 773	6 363 145	4 502 852	4 166 930	3 934 699	27 172 120	153 523 184	203 390 703
Property Rates	110 981 224	51 229 794	37 163 114	54 371 443	31 853 877	200 823 915	832 888 605	1 319 311 973
Fire Services	65 145	14 530	4 499	4 010	56 199	148 455	643 058	935 896
Burial Services	1 679	454	335	260 486	335	38 516	29 035	330 840
Rental Services	191 450	2 279 335	799 245	1 133 897	1 396 624	6 048 713	46 224 045	58 073 308
Electrical Services	23 868	23 197	23 868	23 205	23 876	164 999	517 614	800 626
Landfill	54 022	52 291	55 130	52 623	54 072	437 343	12 341 267	13 046 748
HCM Services	9 873	9 575	9 875	9 577	9 876	205 463	1 690 770	1 945 010
Traffic Services	128 424	6 671	6 774	90 243	71 490	233 211	1 219 891	1 756 704
Other	0	0	0	0	0	13 058 187	0	13 058 187
Sundry Services	-2 014 041	873 707	889 032	859 953	881 368	9 635 068	278 029 690	289 154 777
Land Services	0	0	0	0	0	0	145 745	145 745
Not assigned	-195 564 269	205 297	54 759	202 889	634 728	4 977 231	27 847 147	-161 642 218
	204 948 518	265 786 543	135 741 774	137 733 125	109 896 544	738 296 726	3 645 356 508	5 237 759 737

- Water accounts for the highest debt at R2 423 175 621, followed by Property Rates at R1, 319 311 973 electricity at R674 692 784 and sewage at R399 583 033. These four items account for 91% or R4,816 763 411 of the debt

REVENUE MANAGEMENT INCLUDING DEBT COLLECTION ... cont

SUMMARY OF DEBT PER WARD



Voting Ward	Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
1 to 9	16 379 305	18 033 312	12 880 825	13 661 468	11 259 756	85 746 462	438 177 774	596 138 901
10	1 021 177	1 569 076	1 425 766	1 740 466	1 775 030	12 217 425	88 200 874	107 949 813
11	570 536	675 165	674 886	932 619	649 679	5 090 732	42 124 885	50 718 503
12	1 292 582	1 342 909	1 429 961	2 038 177	1 450 171	9 599 613	62 859 619	80 013 031
13	-3 430 070	3 511 888	3 299 582	3 988 303	3 235 062	24 408 386	86 045 616	121 058 767
14	240 394	237 602	239 628	296 956	235 617	1 815 701	13 662 683	16 728 582
15	5 854 794	6 162 446	5 899 119	7 545 855	6 273 720	47 409 305	290 770 729	369 915 967
16	2 342 245	4 037 447	3 051 407	4 183 261	3 060 593	23 535 033	160 547 570	200 757 556
17	2 899 732	3 883 536	3 812 000	5 191 113	3 607 826	30 023 766	201 297 204	250 715 177
18	206 806	546 707	548 818	739 284	528 397	3 426 207	24 288 526	30 284 746
19	7 256 300	6 220 212	7 688 385	8 393 810	6 518 153	50 846 484	370 663 798	457 587 142
20	44 266	488 665	505 234	700 036	474 199	3 772 565	34 047 746	40 032 712
21	566 288	562 211	551 439	937 745	533 431	4 118 554	27 394 674	34 664 342
22	-2 667 069	4 050 131	3 661 689	4 316 483	3 311 618	24 817 017	158 619 077	196 108 946
23	14 342 519	38 645 140	20 053 627	6 040 959	4 660 654	30 591 827	175 440 139	289 774 865
24	11 455 606	10 269 566	3 581 358	4 665 384	3 814 265	21 257 205	64 796 991	119 840 376
25	8 567 318	8 461 810	4 884 442	5 555 712	3 979 792	16 675 270	43 715 176	91 839 521
26	6 223 167	11 431 741	4 087 265	4 669 461	3 891 875	14 044 923	32 518 433	76 866 866
27	3 711 500	27 795 651	9 514 764	11 263 879	7 662 305	51 164 898	144 486 774	255 599 771
29	3 505 622	5 415 762	3 454 739	3 911 793	3 625 272	24 988 002	148 266 594	193 167 784
30	10 614 723	5 337 707	2 646 228	2 268 647	1 822 327	9 936 462	38 048 003	70 674 097
31	5 605 678	6 737 910	2 832 082	3 520 371	2 823 537	15 652 473	31 759 309	68 931 359
32	26 293 662	22 553 667	8 707 860	10 215 147	7 595 066	50 599 660	203 676 986	329 642 049
33	14 749 547	11 690 912	4 738 159	5 360 298	4 042 145	30 278 855	80 450 597	151 310 512
34	9 788 349	7 285 025	3 829 169	4 069 892	3 254 467	25 152 181	127 921 393	181 300 475
35	32 491 199	18 087 809	7 036 639	4 973 140	6 648 365	43 816 554	223 404 340	336 458 046
36	6 857 299	26 551 509	5 714 771	5 100 805	3 429 714	20 662 939	46 578 740	114 895 777
37	7 360 526	5 623 999	2 725 877	3 724 742	2 348 066	15 647 508	74 160 067	111 590 786
38	4 608 290	4 269 758	3 952 777	4 926 005	5 485 264	29 386 135	174 002 141	226 630 369
28	6 196 228	4 307 272	2 313 276	2 801 316	1 900 177	11 614 581	37 430 051	66 562 901
	204 948 518	265 786 543	135 741 774	137 733 125	109 896 544	738 296 726	3 645 356 508	5 237 759 737

REVENUE MANAGEMENT INCLUDING DEBT COLLECTION ... cont

DEBT COLLECTORS (JANUARY 2020-DECEMBER 2021)



- The municipality is however vigorously implementing its Revenue and Debt Collection policy including the cutting of services from residents, business and government departments that are failing to honour their monthly accounts.
- The municipality also retained over twenty Debt Collectors who have been able to collect close to R347,9 million between January 2020 and December 2021.
- They (Debt Collectors) in turn have claimed over R46 m (roughly 14.2%) in commissions. It is clear that these efforts are not adequate to bring in sufficient cash to cover monthly operations of the municipality and to clear outstanding creditors.

	Total Recovered	Total Commission
Agent A	9 207 172	1 270 345
Agent B	6 235 724	734 362
Agent C	6 419 834	885 937
Agent D	5 415 209	747 299
Agent E	5 997 594	827 668
Agent F	8 741 946	1 142 155
Agent G	4 362 737	602 058
Agent H	20 112 781	2 608 646
Agent I	34 508 400	3 663 003
Agent J	9 674 199	2 907 767
Agent K	10 576 651	1 460 412
Agent L	31 167 376	4 253 769
Agent M	11 281 735	1 488 032
Agent N	16 922 712	2 241 098
Agent O	7 972 550	1 007 642
Agent P	12 005 178	1 619 165
Agent Q	7 811 605	1 078 001
Agent R	9 262 668	1 226 104
Agent S	17 832 488	2 276 928
Agent T	79 114 588	9 516 002
Agent U	11 054 838	1 521 401
Agent V	10 604 026	1 360 762
Agent W	11 633 216	1 630 851
	347 915 227	46 069 406

REMEDIAL MEASURES IRO REVENUE COLLECTION

GOVERNMENT DEBT



DEPARTMENT/ORGANISATION	Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
INGONYAMA TRUST	94 168,85	73 291,98	-	-	-	-	-	167 460,83
TELKOM SA	471 115,37	126 079,78	109 391,25	63 177,35	63 598,62	229 633,23	150 334,17	1 213 329,77
ESKOM	655 586,72	7 954,85	3 636,15	5 229,35	2 318,19	16 820,93	95 064,46	786 610,65
NATIONAL PUBLIC WORKS	3 312 676,62	8 926 300,49	1 926 921,09	2 015 406,82	1 722 509,78	3 646 468,18	8 628 203,77	30 178 486,75
DEPT. OF EDUCATION	577 547,03	577 800,03	3 002,53	2 719,50	2 796,47	21 736,81	405 352,35	1 590 954,72
TRANSNET	3 528 356,30	1 224 190,40	1 127 239,46	524 253,25	115 451,21	882 921,36	7 952 975,25	15 355 387,23
DEPT OF HEALTH	5 460 046,50	7 485 045,07	888 488,63	24 228,93	467,64	2 954,10	90 894,38	13 952 125,25
DEPT OF SOCIAL DEV	142 889,02	132 082,53	57 993,84	222,69	224,19	1 711,39	15 785,05	350 908,71
TRANSPORT/TRAFFIC	602 235,62	276 553,06	19 980,26	1 015,86	429,45	2 715,66	34 918,56	937 848,47
SECTION 21 SCHOOLS	2 766 919,04	1 592 461,31	1 532 952,32	1 656 397,85	1 531 016,47	8 943 550,76	23 822 572,11	41 845 869,86
UNIVERSITIES	388 190,58	449 741,90	18 362,30	17 099,72	15 789,33	90 618,89	266 011,22	1 245 813,94
HUMAN SETTLEMENT	1 398 241,46	2 315 997,87	934 190,06	1 202 883,43	726 255,47	4 850 929,57	33 756 317,93	45 184 815,79
BOTANICAL GARDENS	- 15 278,50	62 316,22	8 236,69	8 423,96	8 990,75	98 070,13	-	170 759,25
KZN WILDLIFE	- 3 620 393,91	-	-	-	-	-	-	- 3 620 393,91
UMNGUNGUDLOVU DISCTRICT MUNIC	237 021,51	229 946,68	194 774,94	21 413,47	11 566,06	53 796,94	121 570,46	870 090,06
UMNGENI MUNICIPALITY	28 339,57	27 615,47	29 010,77	29 892,10	29 043,65	172 834,27	883 225,92	1 199 961,75

REMEDIAL MEASURES IRO REVENUE COLLECTION

GOVERNMENT DEBT ... cont



DEPARTMENT/ORGANISATION	Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
TVET COLLEGE	631 814,71	24,81	25,66	470,56	-	-	4 951,17	637 286,91
ARTS AND CULTURE	99 466,33	2,56	51,32	-	-	-	515,10	100 035,31
PROVINCIAL PUBLIC WORKS	- 32 434 874,34	4 367 397,71	3 717 734,33	5 834 007,13	3 313 500,58	19 076 479,26	68 467 900,66	72 342 145,33
RURAL DEVELOPMENT	61 135,91	71 916,22	89 037,25	120 978,39	72 632,58	636 025,00	7 605 377,24	8 657 102,59
COGTA	117 172,79	-	-	-	-	-	-	117 172,79
PROVINCIAL LEGISLATURE	266 698,24	6 132,29	5 878,65	6 183,17	5 518,97	56 330,18	230 584,86	577 326,36
OFFICE OF THE PREMIER	378 868,86	3 087,02	-	-	-	-	-	381 955,88
TREASURY	125 951,45	-	-	-	-	-	-	125 951,45
SANRAL	111 284,29	43 781,16	40 664,29	41 603,00	25 898,43	42 597,55	11 470,09	317 298,81
FORESTRY	- 3 443,73	-	-	-	-	-	-	- 3 443,73
DEPT OF AGRICULTURE	171 748,14	8 866,91	0,56	0,50	0,56	4,32	143,20	180 764,19
COMMUNITY SAFETY	70 702,10	73 376,35	-	-	-	-	-	144 078,45
SPORT & RECREATION	237 412,15	40,22	-	-	-	-	-	237 452,37
Other Municipalities	- 55 019,51	11 660,24	12 048,83	11 660,24	12 048,83	97 376,76	2 702 340,73	2 792 116,12
TOTAL	- 14 193 420,83	28 093 663,13	10 719 621,18	11 587 267,27	7 660 057,23	38 923 575,29	155 246 508,68	238 037 271,95

REMEDIAL MEASURES IRO REVENUE COLLECTION

GOVERNMENT DEBT ... cont



- KZN CoGTA & Provincial Treasury have intervened assisting in the collection of Government Debt. The Government Debt outstanding as at 31 January 2022 is R 238 million. The results of the collections efforts are not desirable.
- Reconciliations of the all the accounts are being completed, with CoGTA & Provincial Treasury assisting with verification of the user department/s.
- Final demands with an intention to disconnect have been issued. All affected government Departments or entities have been notified to pay balances due on their accounts or they will be disconnected with effect from 14 March 2022.

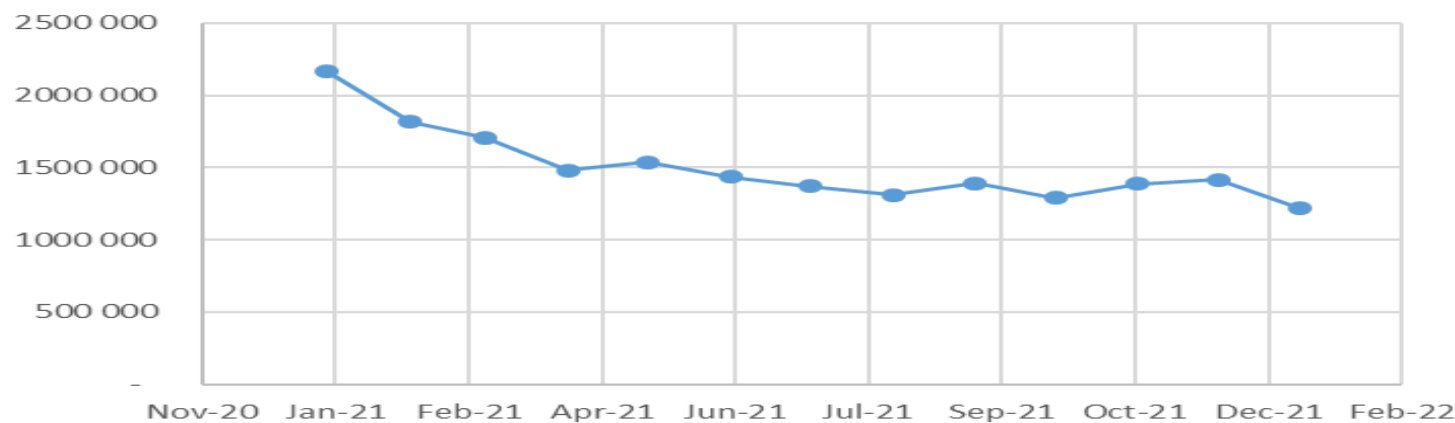
REMEDIAL MEASURES IRO REVENUE COLLECTION

COUNCILLOR DEBT



Division		Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
01	Electricity	3 542	1 082	-	-	-	-	-	4 624
03	Water	15 606	1 673	-	-	-	-	-	17 279
04	Sewerage	- 775	212	-	-	-	-	-	- 562
06	Refuse	1 297	364	-	-	-	-	-	1 660
07	Property Rates	10 006	4 983	3 247	1 550	591	591	-	20 968
#	Not assigned	- 4 126	-	-	-	-	-	-	- 4 126
		25 550	8 314	3 247	1 550	591	591	-	39 842

Staff Arrear Debt



COUNCILLOR DEBT

- The Code of Conduct for Councillors states that a councillor may not be in arrears to the municipality for rates and service charges for a period longer than three months.
- In Msunduzi, several councillors have been in arrears with the municipality for more than three months, however the debt has been coming down since the municipality started the collection campaign in November 2020

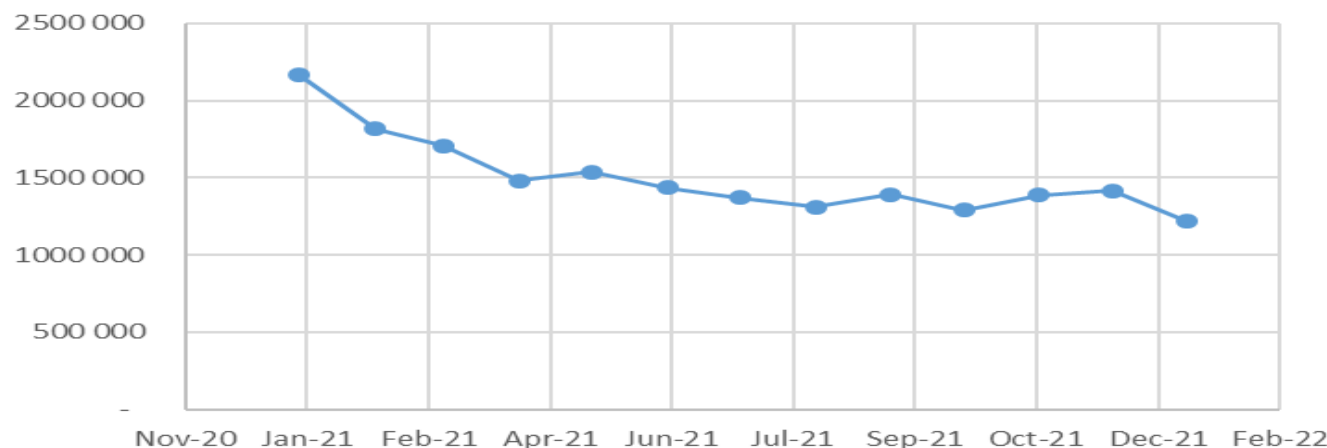
REMEDIAL MEASURES IRO REVENUE COLLECTION

EMPLOYEE/STAFF DEBT



Division		Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
01	Electricity	421 651	108 485	27 350	29 110	12 242	26 484	46 302	671 624
03	Water	125 634	82 095	39 478	60 399	36 411	351 794	318 627	1 014 438
04	Sewerage	87 653	17 082	5 005	2 940	2 583	14 118	67 337	196 718
06	Refuse	67 392	12 114	3 953	2 529	2 027	13 564	61 150	162 728
07	Property Rates	344 820	58 615	11 161	10 747	4 374	31 033	108 445	569 195
11	Rental Services	33	7 625	7 626	5 395	2 653	15 380	56 282	94 994
30	Sundry Services	344	146	8	9	11	100	20 571	21 188
#	Not assigned	-286 867	71	577	2 571	73	1 261	24 008	-258 305
		760 661	286 233	95 157	113 701	60 373	453 734	702 721	2 472 581

Staff Arrear Debt



EMPLOYEE/STAFF DEBT

- The Code of Conduct for MUNICIPAL STAFF MEMBERS states that a staff member may not be in arrears to the municipality for rates and service charges for a period longer than 3 months.
- It goes on to say that the municipality may deduct any outstanding amounts from a staff member's salary after this period.
- In Msunduzi, several staff members have been in arrears with the municipality for more than three months.
- The municipality started the campaign in November 2020 to collect this debt and it has come down slightly since that time.

REMEDIAL MEASURES IRO REVENUE COLLECTION

BULK DEBTORS



- Letters were sent to bulk debtors, whose payments were made after the due date informing them of their respective accounts being risk assessed and Councils' intention to increase their deposits due to the risk or regularity of late payment.
- A High Priority Department has been set up to deal with priority debtors, who bring in 65% of the total revenue monthly. This unit ensures payments are made and all queries are attended too speedily.
- Consolidation of accounts is also in progress to recover all debt.
- Employees in arrears have had their salaries deducted for arrear debt started in August 2020 and is continuous until all debt is paid. There is a notable declined in staff debt.
- Revenue has begun focus on Business Debtors and disconnection of the Top 250 Business Debtors has begun. All outstanding disputes are being dealt with speedily to facilitate payment of the arrear debt due too Council.

POSITIVES ON DEBT COLLECTORS



- The introduction of the revised Service Level Agreement has seen an increase in collection from the debt collectors. The average payments received from Debt Collectors per month is R 13 578 091,25. The panel initially consisted of 23 Debt Collectors and 9 have since vacated the Panel.
- The Debt Collectors, have successfully obtained 933 default judgements for arrear debt
- A total of 15 094 summons have been issued

The Ageing of Summons Issued

Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
20 065 600	29 514 322	23 744 920	27 233 048	22 779 185	171 597 279	916 857 675	1 211 792 030

- It must be noted, a Section 129 letter must be issued first before a summons is issued.
- The Debt Collectors have met with the Magistrates in an effort to iron out the slow pace of obtaining default judgements. The Magistrates have provided guidance on the criteria to proceed and debt collectors are ensuring compliance of this guidance.

POSITIVES ON DEBT COLLECTORS... cont



- All matters where Summons were issued, applications for default judgements are being made where no responses were received.
- The attachment of moveable goods process has begun.
- For some debtors, the process of attaching the immovable property has also begun, now that courts are operating at full capacity
- The process of blacklisting has also begun and Council is in the process of performing this internally.
- Increased capacity to support the requests for information.
- 48 Hour turnaround time to all requests for information
- Monthly sessions held with each Debt Collector on improvements that can be made
- Information sharing sessions have been set up amongst debt Collectors to discuss how best to increase gains and maintain the payments

REMEDIAL MEASURES IRO REVENUE COLLECTION DISCONNECTIONS



- Electricity Department is concluding the employment of 25 internal staff to attend to disconnections. This will eliminate the reliance of contractors to perform disconnections and reconnections.
- Currently a massive disconnection drive is underway. All residents with arrear debt are being disconnected.
- Plumbers have been brought into the Revenue Unit to restrict water supply. Currently they are restricting water in the Eastwood area, whilst these are yielding positive results, its imperative to increase the number of water restrictions being performed, given Water is the biggest arrear service due to Council. Additional funds were made available in the Mid Term Review.
- To ensure long term sustainability of Council, the Water Department must capacitate itself to be able too perform these restrictions internally and ensure it becomes routine. This will facilitate the culture of payment as debtors will understand the repercussions on non payment of their debtor accounts.
- The disconnection drive is inclusive of Government Departments in arrears for services and also the Section 21 schools. Provincial Treasury has committed to paying 10% of all Section 21 Schools Debt, whilst appreciate, it is not enough to suspend disconnection of electricity and restriction of the water supply.

OTHER STRATEGIES BEING IMPLEMENTED



- Consolidation of Accounts
- Increased Indigent Database
- Internal digital issuance of Final Demand Letters
- Reduction of Government Debt
- Reduction of Business Debt
- Reduction of Residential and Other Debt
- Electronic issuance of Disconnection & Reconnection lists to Infrastructure
- Data Cleansing
- Street Naming
- Improved Turn Around Time in resolving queries & disputes
- Improved Turnaround Rates Clearances
- Automated Reminders
- Vetting of Debtors & Indigent
- High Priority Debtors
- Name Changes
- Accuracy of Billing
- Reduction in Estimated Meters

OTHER STRATEGIES BEING IMPLEMENTED ...cont

CONSOLIDATION OF ACCOUNTS



- Prior to 2010, Council allowed Debtors to open separate rates, separate services and tenant/occupier accounts.
- Currently the Credit Control and Debt Collection Policy has been amended to only allow owners to have consolidated accounts.
- Thus far 11 575 accounts have been identified as not consolidated of which 6 321 accounts have been consolidated. This is an ongoing project, therefore these numbers may change. It is expected that the project will be completed by 30 June 2022.

OTHER STRATEGIES BEING IMPLEMENTED ...cont

INCREASED INDIGENT DATABASE



- There are currently 4 321 (as at January 2022) registered indigents.
- According to Stats SA, there are more than 24 000 residents in PMB living below to indigent threshold.
- Revenue is obtaining the assistance of ward based teams to go door to door completing indigent applications.
- The municipality is investigating the possibility of extending the period for SASSA beneficiaries from 1 year to 2 years

Division		Current	30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 365 Days	> 365 Days	Balance
01	Electricity	3 675 234	2 691 001	656 456	763 052	590 560	3 642 182	8 149 525	20 168 011
03	Water	2 010 181	1 651 200	1 309 130	1 445 152	1 263 733	9 534 983	30 271 326	47 485 705
04	Sewerage	97 345	380 080	257 425	240 078	215 899	1 333 420	4 568 558	7 092 805
06	Refuse	58 245	225 119	165 318	155 395	140 007	857 280	3 062 470	4 663 833
07	Property Rates	1 389 112	603 759	492 016	826 700	431 183	3 122 453	11 526 555	18 391 776
11	Rental Services	78	46 311	39 121	39 955	38 426	167 761	903 492	1 235 143
30	Sundry Services	11 678	12 358	12 440	12 951	12 398	110 660	3 650 293	3 822 777
#	Not assigned	-766 237	269	1 517	560	536	15 523	59 645	-688 186
		6 475 636	5 610 097	2 933 422	3 483 843	2 692 741	18 784 261	62 191 864	102 171 864

OTHER STRATEGIES BEING IMPLEMENTED ...cont

INTERNAL ISSUANCE OF FINAL DEMAND



- As part of the process of ensuring debtors honour their commitments by paying the monthly account timeously, the municipality is considering the possibility of issuing final demand letters digitally.
- The issuing of final demand letters is a requirement by law before a debtor can be issued a summons.
- The cost of the digital service is less than a 3rd of the cost Council is currently paying. This is therefore in line with the cost containment strategies of the municipality.

OTHER STRATEGIES BEING IMPLEMENTED ...cont

REDUCTION OF BUSINESS DEBT



- All Business Debtors have been handed over for collection and an instruction for summons to be issued. Whilst the legal process of collecting these arrears continues.
- Currently there are 89 arrear Business Accounts (more than 90 days) with Balances of above R 1 million.
- The debt on these 89 Business Accounts is R 263 597 603,57. The plan is to have all these 89 accounts disconnected and or restricted by 31 March 2022 and have these debtors come in and make payment arrangements for the arrear debt.
- Currently there are 118 arrear Business Accounts (more than 90 days) with Balances of above R 500 000 but less than R 1 million. The debt on these 118 Business Accounts is R 83 764 563,94 . The plan is to have all these 118 accounts disconnected and or Restricted by 30 April 2022 and have these debtors come in and make payment arrangements for the arrear debt.
- Currently there are 566 arrear Business Accounts (more than 90 days) with Balances of above R 50 000 but less than R 500 000. The debt on these 566 Business Accounts is R 130 057 682,37. The plan is to have all these 566 accounts disconnected and or Restricted by 30 June 2022 and have these debtors come in and make payment arrangements for the arrear debt.

OTHER STRATEGIES BEING IMPLEMENTED ...cont

REDUCTION OF BUSINESS DEBT ... cont



- Currently there are 1252 arrear Business Accounts (more than 90 days) with Balances of above R 10 000 but less than R 50 000. The debt on these 1252 Business Accounts is R 46 650 441,29. The plan is to have all these 1252 accounts disconnected and or Restricted by 30 August 2022 and have these debtors come in and make payment arrangements for the arrear debt.
- All queries and disputes will be resolved and these business properties will be disconnected and or restricted by 30 August 2022

OTHER STRATEGIES BEING IMPLEMENTED ...cont

REDUCTION OF OTHER DEBT



- Currently there are 111 arrear Other Accounts (more than 90 days) with Balances of above R 1 million. The debt on these 111 Other Accounts is R 53 104 643,97. The plan is to have all these 111 accounts disconnected and or Restricted by 31 March 2022 and have these debtors come in and make payment arrangements for the arrear debt.
- Currently there are 341 arrear Other Accounts (more than 90 days) with Balances of above R 500 000 but less than R 1 million. The debt on these 341 Other Accounts is R 88 258 128,40. The plan is to have all these 341 accounts disconnected and or Restricted by 30 June 2022 and have these debtors come in and make payment arrangements for the arrear debt.

OTHER STRATEGIES BEING IMPLEMENTED ...cont

ELECTRONIC ISSUANCE OF DEBT LISTS



- Currently the system of extracting accounts in arrears for disconnection is a manual process.
- The work flow from extraction of the debt list to the vetting of debtors and finally to the submission to the Infrastructure Department is manual and outside the system.
- With the augmentation of the SAP program currently underway, this process will be automated, leading to shorter execution periods and improved reporting.

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

DATA CLEANSING AND STREET NAMING



Data Cleansing

- Revenue is in the final process of appointing a service provider to data cleanse the debt book. The process is currently with SCM and it was expected to be concluded by 15 Feb 2022. Note: This process has stalled due to the Constitution Court decision and the communication from NT prohibiting tenders after the 16th of Feb.
- DBSA is also mandated to assist with the linking of the GV to all rates accounts. There are 87 429 properties on the GV.
- Revenue also has an internal process of all debtors who visit the Municipal Offices having to update their contact information.

Street Naming

- Council has approved a Sub Committee to oversee the implementation of street naming.
- This project will ensure all streets within the City are named and will ensure accurate property addresses to facilitate accurate meter reading.
- The Street Naming Subcommittee has however achieved very little if anything, from the time it was set up to date.

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

IMPROVED TURN AROUND TIME & AUTOMATED REMINDERS



- The turn around time to resolving queries is a contributor to the increased debtors book.
- The resolution of queries is a cross cutting function (interdepartmental) with resolution depending on new meter installations or review of the billing.
- Revenue is currently tracking the progress of these queries daily and referring those not responded too to the Departmental General Manager if need be.
- With the reimplementation of SAP currently underway, Revenue is ensuring the reminding of debtors to make their monthly obligations is automated.
- Email, SMS and MMS reminders will become standard part of the operations.
- A self help portal is also part of the scope, this will allow debtors to obtain statements via the website, this will ensure access to statements.

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

VETTING OF DEBTORS & INDIGENTS



- Currently the process of appointing a service provider to vet indigent debtors and all other debtors is underway.
- This will assist in confirming all applied indigents are not employed or have spouses employed by the state and or deceased debtors.
- A discussion with the Auditor General on using their services provider, as they have access too SASSA, Home Affairs (unemployed, marital status & Deceased), SARS and State Employees records.

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

HIGH PRIORITY DEBTORS



- A unit within the Revenue Department was set up to deal with the almost **900 High Priority Debtors** who contribute 65% of the total billed revenue monthly.
- This unit is tasked with ensuring these debtors receive accounts on time, make payments and any queries are resolved with speed to ensure uninterrupted payments by these debtors.
- The organogram was reviewed to include dedicated staff to deal with High Priority Debtors

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

RATES CLEARANCE STATS



2021 - 2022

Month	Applications Received	Assessments Issued	RCC's	Low Cost Housing	Total RCC's
JULY 2021	317	300	115	15	130
AUG 2021	507	280	260	24	284
SEPT 2021	530	415	366	22	388
OCT 2021	483	411	388	20	408
NOV 2021	505	499	314	18	332
DEC 2021	329	285	280	9	289
JAN 2022	456	455	219	35	254
FEB 2022	497	232	227	55	282
TOTAL	3624	2877	2169	198	2367

AVERAGE TURN AROUND TIMES						
MONTH	2020		2021		2022	
	Assessment	RCC	Assessment	RCC	Assessment	RCC
JAN	32,4	61,1	24,2	39,1	9,2	26,5
FEB	48,3	73,4	29,3	40,1	9,5	22.06
MAR	53,1	77,7	25,0	38,4		
APR	48,9	67.3	29,1	40,3		
MAY	44,1	63,2	19,5	34,0		
JUNE	43,9	61.5	21,9	39,8		
JULY	37,7	53,1	17,8	43,8		
AUG	31,0	45,0	19,5	42,2		
SEPT	26,8	40,6	13,0	34,6		
OCT	22,6	37,6	11.2	25,05		
NOV	20,6	32,9	8,8	22,6		
DEC	25,6	41,1	10,4	24,8		
Annual Average	33,9	51,7	19,3	36,7	9,7	25,1

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

REVENUE COLLECTED & NAME CHANGES



2021 / 2022	REVENUE COLLECTED ON RATES CLEARANCES				
		APPLICATIONS		ASSESSMENTS PAID	
	R448,50				
	July 2021	317	R142 174,50	192	R12 093 050,57
	Aug 2021	507	R227 389,50	256	R10 878 224,40
	Sept 2021	530	R237 705,00	274	R7 273 178,97
	Oct 2021	483	R216 625,50	385	R14 884 048,16
	Nov 2021	505	R226 492,50	345	R14 183 266,64
	Dec 2021	329	R147 556,50	289	R8 372 149,72
	Jan 2022	456	R204 516,00	289	R12 069 223,69
2021 / 2022	Feb 2022	497	R222 904,50	251	R14 188 037,07
	TOTAL	3624	R1 625 364,00	2281	R93 941 179,22
					R95 566 543,22

2021 / 2022	Month	RCC's issued	Total properties registered	Name Changes Completed
	JUL 21	130	251	97
	AUG 21	284	187	213
	SEPT 21	388	297	323
	OCT 21	408	258	247
	NOV 21	332	250	287
	DEC 21	289	279	240
	JAN 22	254	713	491
	FEB 22	227	'Mar 20	254
	TOTAL	2312	2235	2152

- RCC's have a 60 day validity period, therefore an RCC issued in one month will not necessarily be registered in the same month.
- A total of 2312 RCC's were issued from July 2021
- A total of 2235 properties were registered at the deeds office from July to January, February registrations will be received on the 20th March 2022.
- A total of 2152 name changes have been updated for the current financial year.

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

ACCURACY OF BILLING



- 75% realistic target for meter readings on monthly basis notwithstanding that we need to read 100% of all meters that are accessible.
- 25% of meters are **billed on estimation** due to no access, faulty meters, damaged meters, consumers not submitting their own readings.
- An intervention plan where on monthly basis they submit all meters that have been estimated for greater than 3 months due to no access is emailed to customers and due to consumers not honouring their commitment to submit their own readings on monthly basis

OTHER STRATEGIES BEING IMPLEMENTED ...CONT

REDUCTION IN ESTIMATED METERS



- Task Team for Monitoring Estimated Meters
- The team meets every Fridays or Thursdays to address all estimated meters.
- The team includes Revenue, Electricity and Water department.
- A progress report is presented and strategies are developed and shared to address challenges and improve on reducing the number of estimated meters.
- Meter changes are timeously processed for all replaced meters.

Meter reading stats for 2021/2022 financial year is as follows:

No	Month	Read	Estimate
1	March 2021	75%	25%
2	April 2021	75%	25%
3	May 2021	76%	24%
4	June 2021	79%	21%
5	July 2021	59%	41%
6	August 2021	75%	25%
7	September 2021	76%	24%
8	October 2021	79%	21%
9	November 2021	77%	23%
10	December 2021	76%	24%
11	January 2022	74%	26%

SUMMARY OF PROGRESS ON COVID 19 RELIEF CAMPAIGN



- The campaign was approved by Full Council in March 2021. The debt collectors were formally advised of the campaign. A dedicated email address was set up and is fully operational - covid19relief@Msunduzi.gov.za. The turn around time for a response is 48 hrs.
- As at 31 January 2022, a total of 2667 applications had been received of which 172 (6.4%) were business and 2495(93.6%) were domestic applications. The total debt on these applications is R 273 753 517. The table below indicates the breakdown between the two categories.

Summary of COVID Relief Debtors			
	Total	Discount	Payment
Number of applications for COVID relief	2 667		
Account balance as at application- Domestic	R261 114 861,38	R78 334 458,41	R182 780 402,97
Account balance as at application- Business	R12 638 655,66	R3 791 596,70	R8 847 058,96
	R273 753 517,04	R82 126 055,11	R191 627 461,93

BUDGET PERFORMANCE-EXPENDITURE BY TYPE



KZN225 Msunduzi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Budget Year 2021/22						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
<u>Expenditure By Type</u>							
Employee related costs	1 526 571	109 933	840 259	890 500	(50 241)	-6%	1 526 571
Remuneration of councillors	56 333	4 373	28 529	32 861	(4 332)	-13%	56 333
Debt impairment	150 000	(6 445)	17 114	87 500	(70 386)	-80%	150 000
Depreciation & asset impairment	420 918	29 735	224 850	245 536	(20 686)	-8%	420 918
Finance charges	34 724	2 179	16 782	20 256	(3 474)	-17%	34 724
Bulk purchases - electricity	2 185 393	135 536	1 319 477	1 274 813	44 665	4%	2 185 393
Inventory consumed	830 520	80 671	458 507	484 470	(25 963)	-5%	830 520
Contracted services	654 655	57 726	313 935	381 882	(67 947)	-18%	654 655
Transfers and subsidies	45 863	5 663	28 137	26 753	1 383	5%	45 863
Other expenditure	198 202	6 740	68 667	115 618	(46 951)	-41%	198 202
Losses					—		
Total Expenditure	6 103 181	426 110	3 316 257	3 560 189	(243 932)	-7%	6 103 181

GRANTS MOVEMENT AS AT MONTH END

(JANUARY 2022)



SUMMARY UNSPENT GRANT BALANCES AS AT 31 JANUARY 2022

SUMMARY BASED ON OPENING BALANCE AND ALLOCATIONS TO BE RECEIVED 2021 2022

Project	Opening Balance 01 07 2021	Audit adjustment for Accruals	Amended opening Balance	Rollovers not approved	Bridgefunding from MHOA repaid	Receipts for 2021/2022	Interest Earned 2021/2022	Total receipts to date	Allocations to be received	Total expected receipts	VAT recovered from NT Grants (Circular 58)	Expenditure incurred 2021/2022	Total actual expenditure Year to date	Closing balance-year to date (total receipts to date less total actual exp)	Percentage of exp against total receipts to date
HOUSING PROJECTS	7 909 450	-	7 909 450	-	-	12 780 635	-	20 690 085	78 517 784	99 207 869	-	-11 498 645	-11 498 645	9 191 441	55,58%
GREATER EDENDALE PROJECTS	16 651 631	82 943 802	99 595 434	-	-	-	340 060	99 935 494	-	99 935 494	-	-	-	99 935 494	0,00%
NEIGHBOUR PARTNERSHIP DEVELOPMENT GRANT	1 070 247		1 070 247	-	-	20 028 000	-	21 098 247	13 972 000	35 070 247	-796 399	-5 309 329	-6 105 728	14 992 518	28,94%
OFFICE OF PREMIER - DLULISUMLANDO FUNCTION	1 136 990		1 136 990	-	-	-	-	1 136 990	-	1 136 990	-	-	-	1 136 990	0,00%
WATER SERVICES INFRASTRUCRE GRANT	-		-	-	-	20 000 000	-	20 000 000	20 000 000	40 000 000	-2 979 610	-20 840 400	-23 820 010	-3 820 010	119,10%
TATHAM ART GALLERY	18 939		18 939	-	-	515 000	5 427	539 366	-	539 366	-	-339 656	-339 656	199 710	62,97%
EXPANDED PUBLIC WORKS PROGRAMME	469 014		469 014	-469 000	-	879 000	-	879 014	2 637 000	3 516 014	-	-1 331 527	-1 331 527	-452 513	151,48%
FINANCE MANAGEMENT GRANT	0		0	-	-	1 900 000	-	1 900 000	-	1 900 000	-	-283 400	-283 400	1 616 600	14,92%
INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME	-		-	-	-8 769 502	20 000 000	-	11 230 498	4 000 000	15 230 498	-226 534	-5 884 764	-6 111 299	5 119 199	54,42%
LIBRARY	6 508 144	-62 289	6 445 855	-	-	16 363 000	256 001	23 064 856	-	23 064 856	-	-1 673 141	-1 673 141	21 391 715	7,25%
INFORMAL ECONOMY INFRASTRUCTURE DEVELOPMENT	1 719 951		1 719 951	-	-	-	35 282	1 755 232	-	1 755 232	-	-150 457	-150 457	1 604 775	8,57%
ITPRN - PUBLIC TRANSPORT NETWORK GRANT	50 446 079		50 446 079	-	-	-	-	50 446 079	-	50 446 079	-4 712 081	-31 396 622	-36 108 703	14 337 376	71,58%
YOUTH ENTERPRISE PARK	136 270		136 270	-	-	-	2 781	139 051	-	139 051	-	-	-	139 051	0,00%
MANAYE AREA PRECINCT UPGRADE	761		761	-	-	-	16	777	-	777	-	-	-	777	0,00%
AIRPORT	359 982		359 982	-	-	-	7 352	367 334	-	367 334	-	-	-	367 334	0,00%
TOTAL OTHER GRANTS	86 427 458	82 881 514	169 308 972	-469 000	-8 769 502	92 465 635	646 919	253 183 023	119 126 784	372 309 807	-8 714 624	-78 707 940	-87 422 565	165 760 458	34,53%
HOUSING ACCREDITATION	10 064 740		10 064 740	-	-	1 626 761	170 334	11 861 835	2 637 239	14 499 074	-	-3 587 701	-3 587 701	8 274 134	30,25%
MIG	-		-	-	-	192 049 000	-	192 049 000	17 282 000	209 331 000	-16 374 363	-132 546 488	-148 920 850	13 428 150	77,54%
BALANCE OF UNSPENT GRANTS	96 492 199	82 881 514	179 373 712	-469 000	-8 769 502	286 141 396	817 252	457 093 858	139 046 023	596 139 881	-25 088 987	-214 842 130	-239 931 117	217 162 742	52,49%

CREDITORS' AGE ANALYSIS



CREDITORS AGE ANALYSIS

The Creditors Age Analysis as at 31 January 2022 is as follows:

Month	Trade Creditor Description	Current	30 Days	60 Days	90 Days	120 Days	Net Total	% of Total Trade Creditors
January 2022	Electricity Bulk Purchases	-159,216,680	0	12,667	120,000,000	-316,254,382	-355,458,395	39%
	Water Bulk Purchases	-165,906,597	15,459,200	-199,767,888	0	-159,852,694	-510,067,979	56%
	Trade payables	-36,450,687	-12,433,282	-2,838,951	-617,152	-453,808	-52,793,880	6%
	Office of the Auditor General	0	0	0	0	0	0	0.00%
	Total Trade Creditors	-361,573,964	3,025,918	-202,594,172	119,382,848	-476,560,884	-918,320,254	100%
		39%	-0.3%	22%	-13%	52%	100%	

UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (2021/2022) - SUMMARY



Expenditure	2016-17 (Restated)	2017-18 (Restated)	2018-19 (Restated)	2019-20 (Restated)	2020-21 (Audited)
Unauthorised Expenditure	355,988,291	-260,672,571	170,002,042	564,658,354	920,571,748
Fruitless and Wasteful Expenditure	11,270,534	10,970,855	3,542,655	7,507,777	6,269,071
Irregular Expenditure	150,103,360	132,509,961	193,762,325	52,362,328	44,144,461
Total Irregular, Fruitless and Wasteful and Unauthorised Expenditure	517,362,185	-117,191,755	367,307,022	624,528,459	970,985,280

Expenditure	Jul 21 YTD	Aug 21 YTD	Sep 21 YTD	Oct 21 YTD	Nov 21 YTD	Dec 21 YTD	Jan 22 YTD
Unauthorised Expenditure	0	0	0	0	0	0	0
Fruitless and Wasteful Expenditure	38,922	77,508	108,964	109,012	129,544	129,564	129,827
Irregular Expenditure	3,882,610	3,882,610	3,982,703	8,024,041	8,024,041	8,024,041	13,910,217
Total Irregular, Fruitless and Wasteful and Unauthorised Expenditure	3,921,531	3,960,118	4,091,668	8,133,053	8,153,584	8,153,605	14,040,044

SECTION 36 DEVIATIONS 2021/22



- The total Value of deviations awarded amount to R 597 933.52 (R 1 757 072,00 – 202/21).
- And expenditure spend under strip and quote which amount to R 9699 759,08 (R13 097 936,77 – 2020/2021)

Note: It be note that this amount exclude deviation that are rate based

Contract No.	Description	Service Provider	Amount	Reason for Deviating
Contract No.1/S36 OF 21/22	APPOINTMENT OF A SERVICE PROVIDER FOR BURNING AND HOEING OF FIRE BREAKINGS AND FIRE STANDBY SERVICES FOR THE MSUNDUZI FORESTY COMPANY	Mazondi Construction	R 597 933.52	The business unit had completed the procurement process for a 3 year harvesting contract which was envisioned to commence on 01 May 2021 , whereby the execution of fire breaks would have been the responsibility of the contractor. The decision to continue with the harvesting contract was rescinded after the bids were adjudicated. This then muddled the planning of the business unit. The insurer has also indicated that cover will be terminated should there be no dedicated team on the ground for firefighting.
Contract No.4/S36 OF 21/22	APPOINTMENT OF SERVICE PROVIDER FOR SOFTWARE UPGRADE AND MAINTENANCE OF THE SCADA SYSTEM	Adroit Technologies	Rate Based	The department is in possession of Adroit Technologies SCADA Software network that was developed and modeled using Adroit Technologies SCADA System which cannot be assessed using a different software. Instead purchasing software would be easier to upgrading the existing system.
Contract No.5/S36 OF 21/22	APPOINTMENT OF A SERVICE PROVIDER FOR THE IMPELMANTATION OF CONSEQUENCE MANAGEMENT	Morar Incorporated	Rate Based	Morar Incorporated prepare the report in its entirety and are required for the processes of consequence management.
Contract No.8/S36 OF 21/22	SUPPLY AND DELIVERY OF TRAFFIC SIGNAL CONTROLLERS	Syntell Pty Ltd & Siemens Mobility (Pty) Ltd	Rate Based	Due to Syntell Pty Ltd being the sole suppliers of Syntell Traffic Signal Controllers that are being utilized by the municipality & Due to Siemens Mobility (Pty) Ltd being the sole suppliers of Siemens Traffic Signal Controllers that are being utilized by the municipality

CONTRACT MANAGEMENT

CONTRACT REGISTER REVIEW



- *In 2021 the Ministerial Representative directed Management to assess and analyse all contracts that are on contract register to ascertain:*
 - ✓ *The criticality of each contract;*
 - ✓ *Determine if the services can be provided internal or external based on the current resources;*
 - ✓ *It is a service delivery contract or day to day operation of the Municipality;*
 - ✓ *Contracts that are related to compliance in terms of certain laws and regulations*
 - ✓ *Cost Containment (what the Business units are doing to make sure that there is value for money);*
 - ✓ *Overall analysis (including additions, omissions, cancellations and / advertised*
 - ✓ *projects) including projects that deemed necessary but not in place;*

CONTRACT MANAGEMENT

CONTRACT REGISTER REVIEW ... cont



OBSERVATIONS AND FINDINGS OF THE PROJECT

- Severely stressed departmental and municipal oversight resources.
- A crisis management culture which cuts corners in the planning processes
- The fragmentation of design and construction, with aspects such as constructability and cost modelling determined by the design team and cost consultants only.
- Task being allowed to take their course relatively uncontrolled, sometimes resulting in extreme and inappropriate risk avoidance or risk transfer.
- A” pay as you go” culture where significant cost overruns are the order of the day
- Consultant driven projects with perverse incentives (for example fee rates as a percentage of the value of the works)
- A history of under-expenditure and poor service delivery.

CONTRACT MANAGEMENT

RELIANCE ON CONSULTANTS



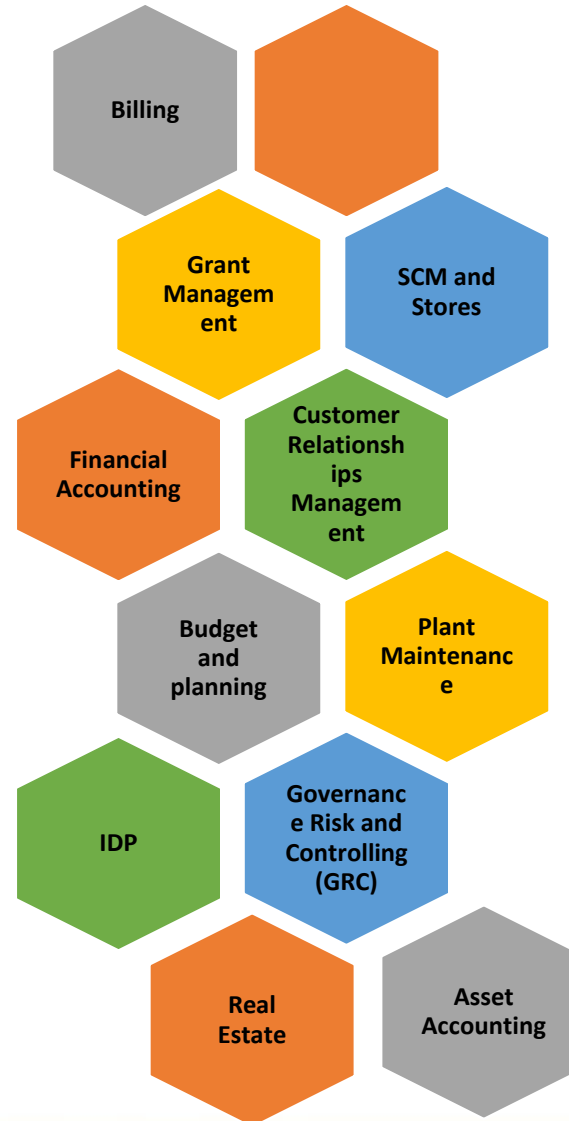
The municipality spent 137 481 884,10 on consulting services between 1 July 2020 and 30 June 2021

BUSINESS UNIT	AMOUNT	NUMBER OF CONTRACTS	%
CBU	9 055 037,47	12	7%
Budget And Treasury	40 627 708,73	11	30%
Community Services	6 012 905,00	8	4%
Sustainable Development	3 978 516,91	13	3%
Infrastructure Services	65 553 038,83	56	48%
Corporate Services	4 887 390,50	3	4%
Legal Services by Various Business Units	7 367 286,66	4	5%
TOTAL EXPENDITURE	137 481 884,10	107	100%

SAP - 'MSUNDUZI's ACHILLES HEEL '



ITEM	VALUE
Project Implementation (EOH)	78 860 879,19
Support(EOH)	42 840 900,00
mSCOA Upgrade (EOH)	8 091 440,44
Data Services	2 205 216,00
Issue Log and Risk	4 147 856,90
Project and Change Management	9 614 169,34
Safe City	10 162 188,00
Quality Assurance	41 612 812,42
Data Migration	8 839 446,00
Support (Nambithi) - 2018/2019	10 284 401.13
Support (Nambithi) – 2019/2020	30 684 425.32
Support (Nambithi) – 2020/2021	30 425 100.88
Support (Nambithi) – 2021/2022	8 351 913.60
Total costs to date	286 120 749,22
Under dispute (Msunduzi / EOH)	61 695 766,23
TOTAL incl disputed amount	347 816 515,45



Challenges

- Incorrect billing as a result of errors in meter readings and estimates
- High level of reliance on consultants even for basic transactions and reporting
- Inadequate training or lack of assimilation to new technology
- The scratched out modules remain outstanding (never implemented)
- Both the Budget & Planning as well as the IDP Modules are key to mSCOA compliance
- Costs to date do not include the costs of litigation which are unknown at this stage

Remedial Actions

- Introduce electronic methods of meter reading. Ongoing training for meter readers including consequence management measures. There is resistance to technology.
- The municipality has lodged a claim of R194 million against EOH for damages suffered. The summon was In served to EOH November 2021.
- The project for the re-implementation of SAP to ensure mSCOA compliance is in progress and projected to go live in November 2022.

COST CONTAINMENT MEASURES

COST DRIVERS



Cost Drivers	Audited Actual 2019/2020	Unaudited Actual 2020/2021	Movement
Security	R78.1	R110.6	↑
Legal	R15.3	R16.1	↑
Consultants	R114.4	R111.9	↓
Water Bulk (Umngeni)	R735.2	R752.5	↑
Electricity Bulk (Eskom)	R1 755.8	R1 928.2	↑
Overtime	R109.8	R97.7	↓
Acting Allowances	R13.3	R16.2	↑
Fuel and Oil	R28.0	R29.1	↑
Repairs and Maintenance	R57.7	R77.5	↑
OVERALL	R2 922,8	R3 139,80	↑

EFFECT OF COST CONTAINMENT

- Cost containment measures are supposed to reduce costs but the table illustrates the opposite in Msunduzi
- The main contributing areas were security which grew by just over 41.6%, electricity 9.8%, Acting Allowances 21.8% and repairs and maintenance 34.3%.
- Clearly the cost containment measures of the municipality did not produce the desired outcomes or were not effective, overall.

REMEDIAL STEPS

- Council should take the lead and **actively support** management in dealing with the root causes of increasing costs. These include high water and electricity losses, abuse of overtime and standby allowances and general acts of maladministration, fraud and corruption. The current mass disconnection programme will go no where unless supported by councillors.

COST CONTAINMENT MEASURES ... cont

AREAS OF CONTAINMENT



- Reduction in Consultants, by creating internal capacity and filling critical vacancies. The current organogram has been received, post will be filled to reduce the use of consultants. Each GM has prepared a plan to capacitate internal staff and reduce use of consultants.
- **Overtime budget** has been reduced **drastically by 60%**, General Managers responsible for monitoring overtime cost.
- Acquisition of laptops for councilors results to huge reduction in stationery as a results of a paperless system. This has drastically reduced cost of printing due to increase in use of virtual meetings.
- Review current photocopying contract and reduce number of machines on site.
- Furniture and Equipment budget for office staff reduced to the borne.
- Critical vacancies are being filled to reduce acting allowances.
- Utilization of Transversal contract.

COST CONTAINMENT MEASURES ... cont

AREAS OF CONTAINMENT... cont



AREAS OF COST CONTAINMENT	ACTUALS 2019/2020 R millions	ACTUALS 2020/2021 R	VARIANCE R
Consultants	110 077 202	83 325 607	(26 751 595)
Business and Financial Management	81 794 728	58 805 217	(22 989 511)
Organizational	3 846 272	2 368 657	(1 477 615)
Infrastructure/Planning	8 454 086	5 958 836	(2 495 250)
Legal Cost	11 640 309	6 469 055	(5 171 254)
Legal Collection (Debt Collectors Fee)	3 689 493	9 651 207	5 961 714
Air Pollution	652 314	72635	(579 678)
Travel and Subsistence	261 531	126 050	(135 481)
Printing and Publications	2 169 844	2 685 863	516 019
Security Services	78 105 483	110 637 800	32 532 317
Overtime	109 881 709	97 752 624	(12 129 085)

COST CONTAINMENT MEASURES ... cont

AREAS OF CONTAINMENT



AREAS OF COST CONTAINMENT	ACTUALS 2019/2020 R	ACTUALS 2020/2021 R	VARIANCE R
Water bulk purchases	735 226 951	752 567 032	17 340 080
Electricity bulk purchases	1 755 899 645	1 928 283 061	172 383 415
Research & advisory	7 001 385	261 816	6 739 568
Contractors: Sewerage Services	166 587 508	181 752 114	15 164 606
Bursaries (employees)	594 058	210 835	(383 223)
Catering municipal activities	538 590	156 002	(382 588)
Operating leases: Transport assets	16 707 180	18 048 060	1 340 879

- A reduction of R26,6m is evident in the use of consultants compared to previous year actual expenditure. This is mainly due to the reduction of consultants by Finance.
- A reduction of R135 481 is also evident in the cost of travelling as compared to previous year actual expenditure. This is mainly due to lockdown restrictions and the introduction of virtual meetings.

COST CONTAINMENT MEASURES ... cont



- An increase of R516 019 in printing cost is evident as compared to previous year. An increase is attributable to the office of the Speaker and Office of the City Manager.
- An increase of R32,4m is also evident in the cost of security as compared to previous year actual expenditure. Attributable to an increase in property protection due to vandalism, theft and wanton damage. Between 2020 and 2021, the costs of theft, vandalism and the associated damage to electricity infrastructure was estimated at over R90 million and counting.
- A reduction of R12.1m in overtime cost is evident as compared to previous year. This represent a 11% decrease.

IMPACT OF THE POLITICAL UNREST ON G.V. VALUES



- There were properties whose values were affected by civil unrest in July.
- The values of these properties have been adjusted in the supplementary valuation roll as per section 78 (3.1(1)(d) of the MPRA which says that a municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any ratable property of which the market value has substantially increased or decreased for any reason after the last general valuation.
- The adjustment ranged from 10% to 90% of the GV value.
- Where the building was totally damaged, the rating was not changed to vacant land as this category attracts a higher rates tariff.
- The effective date of the valuation is the 12th/13th of July 2021.

The table below provides a summary of the properties affected:

No. of properties	Initial G.V value	G.V value post unrest	Value reduction
110	R2 061 999 000	R1 025 576 400	R1 036 422 600

IMPACT OF THE POLITICAL UNREST ON G.V VALUES... cont



- An independent service provider was appointed to assess the damage to immovable property, specifically the buildings within the municipal boundaries that were damaged in the civil unrest experienced in July 2021.
- The project team comprised of a qualified quantity surveyor, structural engineer as well as a property valuer. A detailed report of the percentage damage to the properties has been provided and suggested market values have also been provided.
- There was a media statement issued by the municipality in respect of this relief.
- The Valuation roll has been adjusted with the values received from the independent valuer and will be submitted to the rates department for billing by the 10th of March 2022.
- Property owners that applied for rates relief will be notified of the outcome during the course of March 2022.
- The properties are being continuously monitored by the valuers for any rehabilitations/ refurbishments/ improvements and the values will be adjusted accordingly.

Below is an overview of the impact the unrest had on the rates base:

RATES IMPACT	
Rates prior to value adjustment	R50 312 776
Rates after value adjustment	R25 024 064
Income forgone	R25 288 711

SUMMARY OF MUNICIPAL ASSETS



- A summary of the fixed assets register as at 31 January 2022:

	Opening balance	Additions	Capital under construction	Transfers	Depreciation	Total
Agricultural assets	96 300 000,00					96 300 000,00
Heritage assets	272 918 983,91					272 918 983,91
Intangible assets	24 463 570,82		5 707 440,00		- 3 690 902,76	26 480 108,06
Investment property	892 583 607,45		2 617 005,22			895 200 612,67
Living resources	743 573,95				- 33 330,34	710 243,61
Community	434 576 451,53		7 742 943,36		- 11 183 197,13	431 136 197,76
Infrastructure	5 012 618 973,69	13 800 598,07	193 323 151,73	- 266 386,89	- 174 955 660,35	5 044 520 676,25
Land and building	907 238 167,81		-	266 386,89	- 8 085 363,74	899 419 190,96
Other assets	417 638 701,76	8 926 838,37	34 449 001,17	-	- 26 901 642,88	434 112 898,42
Total	8 059 082 030,92	22 727 436,44	243 839 541,48	-	- 224 850 097,20	8 100 798 911,64

- A summary of the Work-in-progress as at 31 January 2022:

Work in progress	AMOUNT
Opening Balance as at 01 July 2021	R1 235 634 637,43
Add: Additional projects 2021/22	243 839 541,48
Less: Capitalized projects in 2021/22	- 266 386,89
Closing Balance as at 31 January 2022	1 479 207 792,02

INSURANCE CLAIMS



- The Insurance motor claims as well as the damage and third party costs incurred by the municipality in the last 3 financial years and current financial year as at 31 January is included below:

Financial year	No of claims	Repair costs on municipal vehicles estimate	Third party vehicles damage costs estimate	Total cost incurred per year
2021/22	72	843 148,48	217 226,56	138 607,00
2020/21	68	414 196,57	60 103,86	474 300,43
2019/20	61	944 421,31	470 880,81	1 415 302,12
2018/19	104	270 535,59	164 522,31	435 057,90
TOTAL	305	2 472 301,95	912 733,54	2 463 267,45

FLEET (vehicles, plant and other)



The municipality has a total of 829 vehicles allocated to the different Business Units as follows:

Item	Operational Vehicles	Number
1	Refuse Compactor	27
2	Grab Truck	3
3	Hook lift	3
4	Pressure Cleaner	2
5	Conservancy Tanker	3
6	Water Tanker	19
7	Bus (+23 Seats)	5
8	M/Bus (Includes all 7 Seaters & Up)	20
9	Panel Van	7
10	TLB	5
11	Landfill Compactor	2
12	Excavator	1
13	Front End Loader	2
14	Dozer	1
15	Aerial Platform	5
16	Heavy Motor Vehicles (Flatbed)	68
17	Heavy Motor Vehicles (Flatbed with Crane)	8
18	Tipper Truck	5
19	Tractor	30
20	Light Commercial vehicles	347
21	Light Motor Vehicles	248
22	Motor Cycles	18
	TOTAL	829

Business Unit	Number
Community Services	409
Corporate BU	39
Corporate Services	2
Sustainable Development	14
Finance (BTO)	89
Infrastructure (Inc. Electricity)	276
Total	829

SUMMARY

- Over 82% of the vehicles and plant owned by the municipality are allocated to **Community Services and Infrastructures Services including Electricity Supply Services.**
- It is therefore expected that the bulk of accidents would happen between these two Departments.
- Over 60% of the vehicles and plant have exceeded their useful life and should have been disposed. These are the vehicles and plant that are costing the municipality more in maintenance.
- The municipality should consider investing in new fleet instead of spending more on maintenance of old fleet.

CUSTOMER QUERIES - REVENUE



- There is a strict focus on resolving queries timeously by Council
- Weekly reports are submitted to monitor progress

STATUS	JULY 2020	AUGUST 2020	SEPTEMBER 2020	OCTOBER 2020	NOVEMBER 2020	DECEMBER 2020	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021	JULY 2021	AUGUST 2021
O/BAL	0	108	104	14	15	28	87	133	128	265	114	147	195	348
RECEIVED (QUERIES)			294	137						319	247	188	233	137
RECEIVED (REQUESTS FOR STATEMENTS)	2850	3036	3735	1628	965	3284	1713	2514	3654	3214	2553	1650	1466	1427
RESOLVED	2730	2976	4015	1750	967	3225	1667	2519	3517	3100	2803	1790	1546	1665
IN-PROGRESS (CLOSING BAL)	108	104	14	15	28	87	133	128	265	114	147	195	348	247
TOTAL REGISTERED FOR AT END OF THE MONTH	2850	3144	4133	1779	980	3312	1800	2647	3782	3798	2914	1985	1894	1912
% OF COMPLETION	96,21	96,69	99,66	99,16	97,14	97,37	92,61	95,16	92,99	97,00	94,96	90,18	81,63	87,08



IMPACT OF COVID-19 ON MUNICIPAL OPERATIONS

- SUMMARY EXPENDITURE ON COVID-19 RELATED ACTIVITIES
- COVID19 IMPACT ON MUNICIPAL HUMAN RESOURCES
- KEY CHALLENGES & LESSONS LEARNT



SUMMARY EXPENDITURE ON COVID-19 RELATED ACTIVITIES/GOODS/SERVICES (APRIL 2020-FEBRUARY 2022)



- Covid-19 related expenditure is not limited to Personal Protective Equipment (PPE) but a variety of other items including overtime due to shortage of employees, homeless shelters, tools of trade, fumigation of public areas, etc.
- The Covid Expenditure as at the 25 February 2022 was:

Description	Expenditure incurred: April 2020 - June 2021	2021-22 Financial Year - (as at 25 Feb 2022)	Expenditure Incurred: - as at 25 Feb 2022
Overtime	11,082,073.21	0.00	11,082,073.21
Community and social services	251,560.00	0.00	251,560.00
Feeding of homeless/food distribution	37,552.50	0.00	37,552.50
General - other	543,869.76	0.00	543,869.76
Hired/bought tents	238,000.00	0.00	238,000.00
Protective clothing (other general workers not only health workers)	3,978,973.00	405,490.00	4,384,463.00
Provision for homeless	3,003,853.50	0.00	3,003,853.50
Sanitisation of office building	1,999,831.50	386,000.00	2,385,831.50
Sanitisation of taxi ranks	4,435,000.00	0.00	4,435,000.00
Tankering of water	156,521.70	7,500.00	164,021.70
Laptops	1,305,940.00	0.00	1,305,940.00
Other Capital expenditure – (Electrical and Petrol Mist blowers)	127,250.00	0.00	127,250.00
TOTAL	27,160,425.17	798,990.00	27,959,415.17

COVID19 IMPACT ON MUNICIPAL HUMAN RESOURCES



GENDER BREAKDOWN (June 2020 to January 2022)

MALE	131
FEMALE	128
TOTAL CASES	259

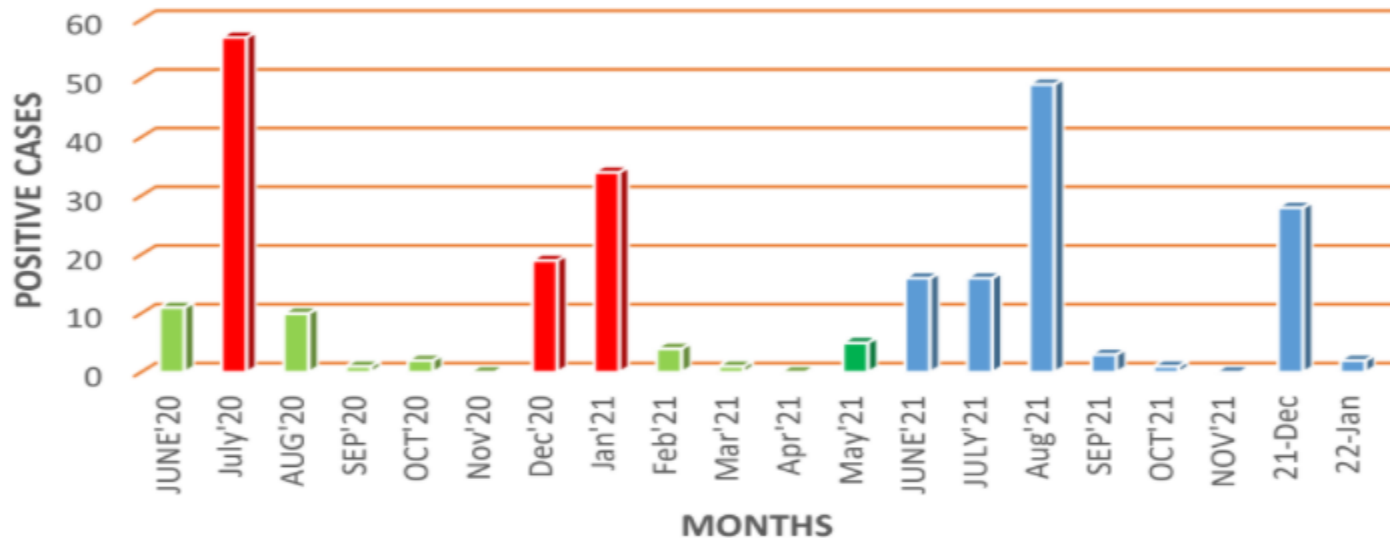
DEATHS - OVERALL

DEATHS	5
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POSITIVE CASES 20/21 FY

JULY 2021	16
AUGUST 2021	49
SEPTEMBER 2021	3
OCTOBER 2021	1
NOVEMBER 2021	0
DECEMBER 2021	28
JANUARY 2022	2
TOTAL	99

POSITIVE CASES JUNE 2020- JAN 2022



KEY CHALLENGES & LESSONS LEARNT



KEY CHALLENGES

- The Covid-19 pandemic revealed the fact that Msunduzi workplace has not yet fully embraced a culture of technological innovation and adaptation in line with 4IR demands
- Non-essential Workers were in “mini shut down mode” before L3, comprising 2/3 of the workforce. This had a significantly negative impact on full service delivery operations
- Only 1/3 of the workforce (blue collar workers) were working, doing labour intensive work, in turn resulting in higher risk exposure to COVID-19 and infection rates

LESSONS LEARNT

- Invest in new technologies that come with the 4IR to achieve more efficiency and effectiveness, ie technology aided vs labour intensive and re-skilling of workers to enable them to work with new technologies
- Introduce all-round ICT systems that accommodate:
 - ✓ Virtual working arrangements at an instant
 - ✓ Flexible working environments
 - ✓ Remote work engagements/ practices [meetings/ conferences/ workshops]



RECOMMENDATIONS



RECOMMENDATIONS



THAT:

- Council is informed of the contents of this report
- Directs Management to implement the Cost Containment Strategy/Policy of the municipality
- The CFO must submit quarterly reports to the Finance Portfolio Committee on the implementation of the Cost Containment Strategy/Policy of the municipality
- The CFO must submit detailed monthly reports to the Finance Portfolio Committee on the application of the municipality's revenue collection strategies/measures.
- Management is called upon to speed up the disciplinary processes and to this end the General Manager Corporate Services must submit quarterly progress reports to the Corporate Services Portfolio Committee.
- Notes that The municipality has lodged (November 2021) a claim of R194 million against EOH for damages suffered due to the latters' failure to implement the SAP project per agreed protocols.
- Management is called upon to fast track the process of filling critical posts particularly in trading services as part of the strategy to reduce reliance on consultants.



**THANK YOU
SIYABONGA**