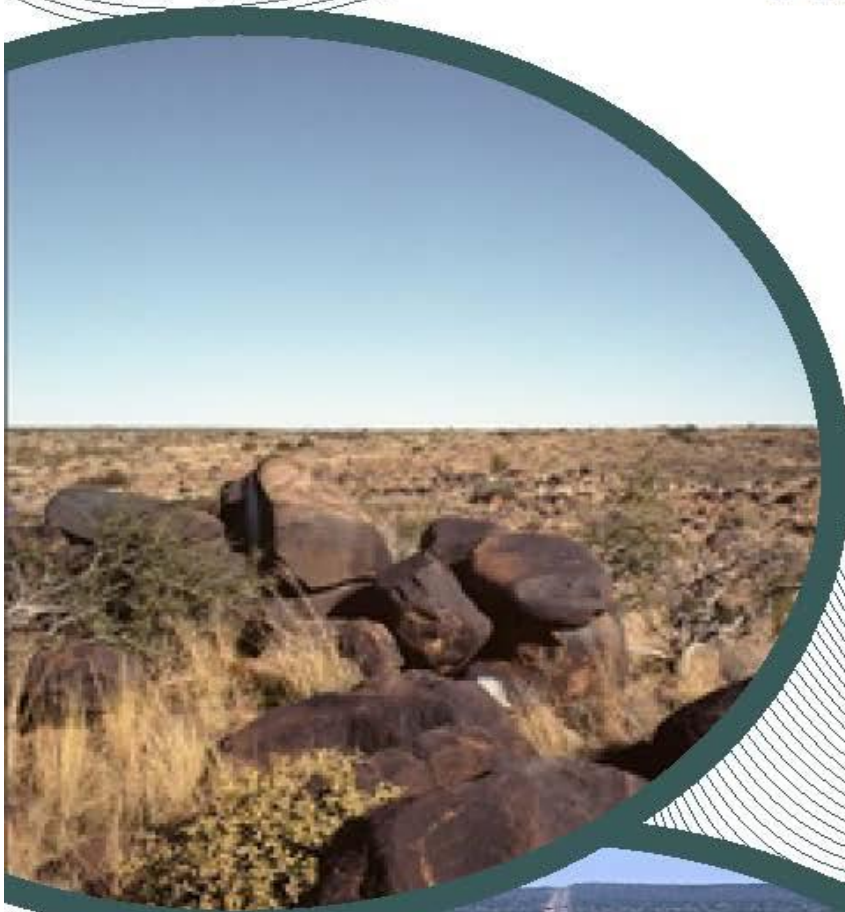


Pixley Ka Seme District Municipality

*Strategic Session
27 to 28
September
2016*



CONTENTS

| | |
|--|----|
| PROGRAMME | 2 |
| ATTENDEES | 3 |
| DAY 1: 27 SEPTEMBER 2016 | 4 |
| AGENDA SETTING - FACILITATOR | 4 |
| WELCOME AND PURPOSE OF THE SESSION - EXECUTIVE MAYOR | 4 |
| PRESENTATION ON CURRENT STATUS: MUNICIPAL MANAGER | 4 |
| PRESENTATION ON CURRENT STATUS: DIRECTORATE: INFRASTRUCTURE, DEVELOPMENT, HOUSING AND PLANNING (IDHP) DEPARTMENT | 5 |
| PRESENTATION ON CURRENT STATUS: DIRECTORATE: FINANCIAL SERVICES | 6 |
| PRESENTATION ON CURRENT STATUS: DIRECTORATE: CORPORATE SERVICES | 6 |
| PRESENTATION ON CURRENT STATUS: INTERNAL AUDIT | 9 |
| DAY 2: 28 SEPTEMBER 2016 | 11 |
| SUMMARY OF KEY ISSUES | 11 |
| SWOT ANALYSIS | 11 |
| FORMULATION/CONFIRMATION OF VISION AND MISSION/STRATEGIC OBJECTIVES | 12 |
| ACTION PLANNING | 14 |
| WAY FORWARD | 14 |
| PRESENTATIONS ATTACHED | |

Programme & Attendees

PROGRAMME

| Date | Time | Activity | Presenter |
|-------------------------|-------------------------|---|----------------------------------|
| 27 September 2016 | 09:00 - 09:15 | Introduction of Attendees, programme and arrangements, etc | Facilitator |
| | 09:15 - 09:45 | Opening and Welcome by the Mayor and MM | Mayor/MM |
| | 09:45 - 10:15 | Introduction of Strategic Planning and Group Expectations | Facilitator |
| | 10:15 - 10:45 | Political Overview by the Mayor | Mayor |
| | 10:45 -- 11:15 | Comfort Break | |
| | 11:15 - 11:45 | Presentation on Current Status: Communication & Special Programmes | MM |
| | 11:45 - 12:00 | Discussion on presentation | Facilitator |
| | 12:00 - 12:30 | Presentation on Current Status: Infrastructure, Housing, Planning and Development | Snr. Manager |
| | 12:30 - 13:00 | Discussion on presentation | Facilitator |
| | 13:00 - 13:45 | Lunch | |
| | 13:45 - 14:15 | Presentation on Current Status: Finance | CFO |
| | 14:15 - 14:45 | Discussion on presentation | Facilitator |
| | 14:45 - 15:15 | Presentation on Current Status: Corporate Services | Snr. Manager |
| | 15:15 - 15:45 | Discussion on presentation | Facilitator |
| | 15:45 -- 16:15 | Comfort Break | |
| | 16:15 - 16:45 | Presentation on Current Status: Internal Audit | Man. IA |
| | 16:45 - 17:00 | Discussion on presentation | Facilitator |
| | 17:00 | Closure | |
| | 28 September 2016 | 09:00 - 09:30 | Summary of Key Issues from Day 1 |
| 09:30 - 10:30 | | SWOT Analysis | Facilitator |
| 10:30 - 11:00 | | Introduction of Vision/Mission/Strategic Objective development | Facilitator |
| 11:00 - 11:30 | | Comfort Break | |
| 11:30 - 13:00 | | Formulation/Confirmation of Vision and Mission/Strategic Objectives | Facilitator |
| 13:00 - 13:45 | | Lunch | |
| 13:45 - 15:30 | | Group sessions: Formulation of Actions | Groups |
| 15:30 - 16:00 | | Comfort Break | |
| 16:00 - 17:00 | | Way Forward | Facilitator |
| 17:00 | | Closure | |

Programme & Attendees

ATTENDEES

| Name | Capacity |
|---------------------------|---|
| AT Sintu | Member Mayoral Committee |
| BF James | Chief Financial Officer |
| E Humphries | Representative Umsobomvu |
| Gl Nkumbi | Member Mayoral Committee |
| H Greeff | Snr Man Infrastructure, Development, Housing and Planning |
| H Marais | Proportionally Elected |
| J Grobbelaar | Proportionally Elected |
| JEJ Hoorn | Representative Kareeberg |
| JH George | Representative Siyancuma |
| JH Vorster | Representative Ubuntu |
| JT Yawa | Representative Siyathemba |
| L Billie | Representative Emthanjeni |
| LC Van Niekerk | Representative Syancuma |
| M Zwiegers | Snr Support Services Officer |
| MA Matebus | Proportionally Elected |
| ME Bitterbos | Representative Rhenosterberg |
| MK Mfazwe | Manager in the Office of the Executive Mayor |
| MT Kibi | Executive Mayor |
| NJ Batties | Representative Umsobomvu |
| Nl Hermans | Speaker |
| R Pieterse | Municipal Manager |
| R Sors | Manager Internal Audit |
| S Swartling (not present) | Representative Thembelihle |
| TA Loko | Snr Man Corporate Services |
| UR Itumeleng | Member Mayoral Committee |

DAY 1: 27 SEPTEMBER 2016

Agenda Setting - Facilitator

Key points:

- ≈ Welcomed everybody
- ≈ Everyone introduced themselves
- ≈ Confirmed the programme

Welcome and Purpose of the Session - Executive Mayor

Key Points:

Confirmed that the session is of utmost importance to determine the vision; mission and objectives for the next 5 years. Based on the introduction of everyone the following values is of importance:

- ≈ Love - Love what you are doing
- ≈ Truthful - Tell the community the truth
- ≈ Safe - We see the green light. Pull-up our socks to improve
- ≈ Collective - Need to work together
- ≈ Reliable - Community must know you are reliable and that they can count on you
- ≈ Morals - Ready to serve the community. Bring together ideas to build the district
- ≈ Ability - Have what it takes to take the district further. Not what we want, but what the community need
- ≈ Rejoice - Grateful for what we have

Council and the Administration should be accountable to ensure a clean audit outcome. Accept change. Find a vision during the strategic session. Alignment that will take the district forward. See opportunities in the lives of the community and be responsible for the community. Growth of the district is key to progress for the next generation and time for change has come

Presentation on Current Status: Municipal Manager

Expectation:

- ≈ Proper and robust reflection of the last financial year
- ≈ Strategic planning session to chart a different path of development and operation for the district
- ≈ Active participation by the councilors
- ≈ Enhance accountability measures

Successes:

- ≈ 2nd year of unqualified audit opinion with emphasis of matter
- ≈ Decrease in the number of matters emphasized in the audit report
- ≈ Stable administration, despite financial challenges
- ≈ Prudent financial management
- ≈ No litigation against the institution
- ≈ Productive relationship with the local municipalities and sector departments

- ≈ Active participation in district and provincial forums
- ≈ Acquisition of additional fleet
- ≈ Renovation of main-office building
- ≈ Healthy relationship between Council and Senior Management
- ≈ Rendering of shared services despite financial challenges and non-payment by certain local municipalities
- ≈ MPAC seen as best practice in NC
- ≈ Independent operations of the Audit Committee and Internal Audit
- ≈ Maintenance of good labour relations
- ≈ Prioritization of staff-empowerment and training
- ≈ Application for financial assistance by Provincial Treasury in advanced stage

Challenges:

- ≈ Grant dependency and related financial constraints
- ≈ Reduction of functions of the district
- ≈ Inability to pay performance bonuses of senior managers
- ≈ Members of SMT being arrested and deported
- ≈ Late payment of S+T-claims
- ≈ Resignation of technically-qualified staff
- ≈ Struggle to honor identified training-needs of staff
- ≈ Absence of female senior manager
- ≈ Failure to pay some service providers within 30 days

Please refer to the full presentation as attached for more details

Presentation on Current Status: Directorate: Infrastructure, Development, Housing and Planning (IDHP) Department

Key presentation on the past year and current status of the:

- ≈ Infrastructure Section
- ≈ Development Section
- ≈ Housing Section
- ≈ Planning Section

Challenges:

- ≈ Vacancies - Manager Planning and Tourism Officer
- ≈ Spatial Development Framework (SDF) of the district municipality needs to be reviewed - all SPLUMA applications needs to be aligned with the SDF

Recommendations:

- ≈ Revisit the LED Strategy and ensure that programs identified is implemented, since the programs are successful in other areas outside the district

Please refer to the full presentation as attached for more details

Presentation on Current Status: Directorate: Financial Services

Successes:

- ≈ Improved Auditor-General opinion
- ≈ Decreased consulting fees i.t.o. AFS presentation
- ≈ Timeous honoring of debt
- ≈ Non withholding of grants

Challenges:

- ≈ Daily cash flow
- ≈ Expenditure/Revenue/Debt management
- ≈ Budget control
- ≈ SCM (various activities)
- ≈ Financial project administration
- ≈ Payroll administration
- ≈ Attendance of various meetings (IGR, district, sector, technical, audit)
- ≈ Financial position of the district (98% of funding consists of grants)
- ≈ Diminishing grants
- ≈ Implementation of mSCOA
- ≈ Auditor-General account
- ≈ Funding of CAPEX
- ≈ Maintenance of assets
- ≈ Shared services payments
- ≈ Future SLA agreement
- ≈ IT infrastructure

Key points from discussion that must be discussed further at a later stage:

- ≈ Look at a different model for eg. Rental of infrastructure for utilization by the local municipalities

Please refer to the full presentation as attached for more details

Presentation on Current Status: Directorate: Corporate Services

Overview of different units within the directorate:

- ≈ Municipal Health Services
 - Water quality monitoring
 - Food control
 - Disposal of the dead

- Surveillance of premises
- Waste management and environmental pollution
- Chemical safety and vector control

≈ Support Services

- Archives and registry
- Administrative support to Council and all departments
- Property and asset management
- Management of the fleet
- ICT
- Policy formulation and monitoring
- Contract management
- Strategic planning

≈ Human Resource Management & Development

- Recruitment and selection
- Appointments
- Training and development
- Study assistance
- Learnership/internships
- Organisational development
- Employment equity
- Labour and management relations
- Employee wellness

≈ PMS

- Provide advisory services to the district and local municipalities
- Guidelines and information on the establishment of PMS for the district and local municipalities
- Participate in the determination of functional objectives as encompassed in the IDP's

≈ Disaster management

- Disaster Risk Assessment and Risk reduction planning for all local municipalities
- Institutional capacity for Disaster Risk Management in the municipal area
- Information management and communication in the municipal area
- Focus on funding arrangements for disaster risk management
- Disaster response and recovery

≈ Legal Unit

Challenges:

≈ Municipal Health Services

- Lack of MHS by-laws
- Loss of revenue through rendering of free services

- Shortage of staff
- Unable to comply with monthly routine inspection rates due to the high number of inspections required
- Directive from the National Health Department to move MHS to Department of Health due to poor delivery of services
- Placement of EHP's with the district not the Department of Health
- Long turnaround time to deliver reports
- Lack of operational budget
- Exposure to trauma
- Lack of office furniture

≈ Support Services

- Lack of funds hindered the operations of the Section

≈ Human Resource Management & Development

- Absenteeism
- Absence of leave planning
- Retention strategy for employees
- Funds for skills development
- Usage of relief workers for longer periods
- Senior managers taking responsibility for career path planning and training of employees
- Budget availability for study assistance
- Understudy appointments at all levels
- No dedicated budget for health and wellness

≈ PMS

- Lack of support from SALGA and COGHSTA
- Lack of training and capacity building programmes in the PMS sector
- PMS considered as a compliance matter (just sign agreements)
- Submission of quarterly reports to Council
- No involvement of communities in monitoring PMS
- High number of vacancies of Section 54A and 56 positions
- No regulatory framework to cascade PMS to lower levels

≈ Disaster management

- Lack of reports from the local municipalities
- Grant not adequate to perform all activities
- Lack of training for control room staff and volunteers
- Firefighting capacity and resources
- Lack of telephone/radio communication

≈ Legal unit

- Unresolved issues relating to the disciplinary collective agreement
- Appointment of Presiding Officers

Recommendations

- ≈ Capacitate councilors
- ≈ Investigate the cost versus the saving for implementing a paperless system for minutes, agendas, etc.
- ≈ Retention of staff
- ≈ Make the required recommendations to Provincial SALGA

Key points from discussion that must be discussed further at a later stage:

- ≈ A discussion is required with the MM and the Mayor regarding PMS and the way forward to ensure successful implementation in all the local municipalities in the district

Please refer to the full presentation as attached for more details

Presentation on Current Status: Internal Audit

Successes

- ≈ 32 quarterly audits
- ≈ 4 officials qualified as Internal Audit Technicians
- ≈ Managed to build workable relationships with Umsobomvu, Emthanjeni, Siyathemba and Thembelihle

Challenges

- ≈ Acquire the necessary skills to audit the bigger challenges IT and forensic audits
- ≈ Technology and software to perform the audits
- ≈ Improving relationships with the AC, Council, management and the AG
- ≈ Regular AC meetings
- ≈ Limited resources to meet the needs of the local municipalities
- ≈ Keep abreast with the latest developments
- ≈ Offering career paths, mobility and opportunities for growth in the organization
- ≈ Complete the audit plan
- ≈ Identify new opportunities to add value
- ≈ Changing the perception of IA
- ≈ Issue reports in a timely manner
- ≈ Aligning methodology to IIA Standards
- ≈ Establishing quality standards that are applied consistently
- ≈ Assessing, improving and monitoring the quality of the work performed by the IA function
- ≈ Developing appropriate communication protocols before, during and after each audit
- ≈ Quantifying the value, the internal audit function brings to the municipalities

Recommendations

- ≈ Key stakeholders (Council, AG, management) to attend meetings
- ≈ Align internal audit plan and meetings with Council meetings
- ≈ Source more funding so audits at municipalities could be expanded or increased

- ≈ Properly train officials within IA
- ≈ Actively participate in the activities of the IIA as the professional body regulating this profession
- ≈ Expose officials to operations of other departments for a project or limited time
- ≈ Work closely with management, audit committee and council
- ≈ Refresh risk assessments during the year
- ≈ Integrate risk assessment and plans with other risk management groups
- ≈ Branding the unit
- ≈ Adopt the IIA Framework and standards
- ≈ Training of staff
- ≈ Conduct internal and external quality reviews
- ≈ Establish a continuous quality improvement program and quality guidelines and standards for working papers and audit reports

Please refer to the full presentation as attached for more details

Summary of Key Issues

Key issues identified from day one:

- ≈ Current cost increases
- ≈ People moving - money will stay the same
- ≈ Do what you have to do not what you want to do - basic
- ≈ Do more with less staff
- ≈ Re-visit the organogram - back to basics
- ≈ 42% funding for a main function
- ≈ Staff expenditure constitutes 80% of the budget
- ≈ Shared services not optimally functional
- ≈ LED/Tourism main function in terms of the Constitution/White Paper - revisit strategy and holistic responsibility
- ≈ PMU/Housing look at holistic role not just needs basis
- ≈ Re-align staff towards main functions
- ≈ Take some tough decisions - what do we need in terms of our functions versus “nice to have’s”
- ≈ Long term sustainability

SWOT Analysis

Strengths:

- ≈ Competent and qualified staff
- ≈ Keeping and running with small budget
- ≈ Stability - Political and Administration interface
- ≈ Stable management
- ≈ Infrastructure to render an effective shared service
- ≈ Commitment of officials
- ≈ Ability to give support to local municipalities
- ≈ Capacitate staff

Weaknesses:

- ≈ Not being able to get back money from services rendered to local municipalities
- ≈ Grant dependent institution
- ≈ Level 2 accreditation
- ≈ Technical skills
- ≈ % Representation of salaries to the budget
- ≈ Debt collection
- ≈ Retention of qualified and specialized skills
- ≈ Assets
- ≈ Lack of office
- ≈ Time management

- ≈ Lack of funding

Opportunities:

- ≈ Solar and wind farms
- ≈ Additional functions
- ≈ Project management unit
- ≈ Eco Tourism
- ≈ Renewable energy
- ≈ Private funding
- ≈ Orange River for wool craft
- ≈ Revitalisation of railways
- ≈ Rent and rental of Vanderkloof
- ≈ Position of being strategically situated (National Roads)
- ≈ Capacity of some local municipalities

Threats:

- ≈ Future role of districts
- ≈ Lack of funding
- ≈ SKA - Land expropriation
- ≈ Treasury's inability to reuse grant formula's

Formulation/Confirmation of Vision and Mission/Strategic Objectives

Visions identified by groups:

- ≈ A home of sustainable service delivery
- ≈ Facilitate development creating a vibrant society
- ≈ In our diverse nature striving for development and good governance
- ≈ Creating a vibrant society
- ≈ Striving for development and good governance although diverse

Current Vision:

- ≈ "Pixley Ka Seme DM, PIONEERS of DEVELOPMENT, a HOME and FUTURE for all"

Proposed New Vision:

"Developed and Sustainable District for Future Generations"

Current Mission:

- ≈ The Pixley Ka Seme DM will achieve its vision by:
 - Using the integrated development planning process to create a home for all in our towns, settlements and rural areas through rendering efficient and effective, excellent and dedicated services
 - Providing political and administrative leadership in the development planning process
 - Promoting economic growth that is shared across and within communities;
 - Assisting local municipalities to provide a sustainable delivery of services to local communities;
 - Mainstream integrated planning in the operations of our municipalities;
 - Ensuring that all development initiatives in the district are aligned to the National Development Plan

Proposed New Mission:

- ≈ The Pixley Ka Seme DM will achieve its vision by:
 - Supporting our local municipalities to create a home for all in our towns, settlements and rural areas to render dedicated services;
 - Providing political and administrative leadership and direction in the development planning process;
 - Promoting economic growth that is shared across and within communities;
 - Promoting and enhancing integrated development planning in the operations of our municipalities; and
 - Aligning development initiatives in the district to the National Development Plan.

Proposed New Strategic objectives:

- ≈ Compliance with the tenets of good governance as prescribed by legislation and best practice.
- ≈ To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined.
- ≈ Promote economic growth in the district.
- ≈ To provide a professional, people centered human resources and administrative service to citizens, staff and Council.
- ≈ Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome.
- ≈ To provide disaster management services to the citizens.
- ≈ To provide municipal health services to improve the quality of life of the citizens.
- ≈ Guide local municipalities in the development of their IDP's and in spatial development.
- ≈ Monitor and support local municipalities to enhance service delivery.

Alignment of proposed strategic objectives and municipal functions with National KPA's:

| National KPA | Function | Proposed strategic objective | Outcome |
|--|------------|--|-----------------------|
| Good Governance and Public Participation | Governance | Compliance with the tenets of good governance as prescribed by legislation and best practice | Good clean governance |

| National KPA | Function | Proposed strategic objective | Outcome |
|--|--------------------------------|--|---|
| | Internal audit | To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined | Clean audit |
| Local Economic Development | LED | Promote economic growth in the district | Enhanced economic growth |
| Municipal Transformation and Institutional Development | Human resources Administration | To provide a professional, people-centered human resources and administrative service to citizens, staff and Council | Compliant support services |
| Municipal Financial Viability Management | Finance | Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome | Viable and compliant financial management |
| Basic Service Delivery | Disaster Management | To provide disaster management services to the citizens | Disaster readiness |
| | Municipal Health Services | To provide municipal health services to improve the quality of life of the citizens | Healthy environment |
| | Planning | Guide local municipalities in the development of their IDP's and in spatial development | Improved integrated development planning |
| | PMU Shared Services | Monitor and support local municipalities to enhance service delivery | Enhanced support to local municipalities |

Action Planning

Please refer to the detailed action plan

Way Forward

- ≈ Senior Managers must discuss the outcomes in this summary document with their departmental heads.
- ≈ Senior Managers must fine-tune the actions on the action plan with their departmental heads and add/edit where necessary to include all the aspects, challenges, etc that must be addressed in the next 5 years.
- ≈ The proposed vision, mission and strategic objectives as discussed and determined must be confirmed and approved by Council and after approval become the foundation of the new 4th generation IDP.
- ≈ The actions must be fine-tuned, expanded and approved by Council for incorporation in the IDP.
