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Strategic Plan Evaluation (SPE) of the Makana Municipality Intervention Plan (MIP)

• July 2015 • by Edward Thabani Mdlongwa

Makana Municipality

Strategic Plan Evaluation (SPE) of the MIP

2014/15

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July 2015

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Contents

1. Introduction	3
2. Makana Municipality: A Crisis of Governance and Service Delivery Failings	3
3. Section 139(1) Interventions in Local Government in South Africa	5
4. Assessment of the Makana Intervention Plan (MIP)	7
4.1 Diagnosis of the problems in Makana	7
4.2 SMARTness of the Makana Intervention Plan	7
4.3 Challenges in implementing the MIP	9
5. Conclusion	11
6. Recommendations- Turnaround Intervention Plan for Makana	11
Recommendation One	11
Recommendation Two.....	11
Recommendation Three	11
Recommendation Four	12
Recommendation Five	12
References	13
Annexure: Key elements of Makana Intervention Plan	16

1. Introduction

The 2014/15 Strategic Plan Evaluation (SPE)¹ focusses on the Makana Intervention Plan (hereafter MIP or the intervention plan) adopted by the Makana Local Municipality (hereafter Makana Municipality)² on the 4th of December 2014 rather than the Integrated Development Plan³. Consequent to the intervention by the Eastern Cape MEC for Cooperative Governance and Traditional Affairs (COGTA) in October 2014, the intervention plan constitutes the main planning document for Makana Local Municipality for the remainder of the 2014/15 year.

The rest of the report is divided into four sections: Section 2 provides a contextual analysis of the crisis of governance and service delivery in Makana Municipality which is followed up in section 3 by an analysis of the so-called section 139(1) interventions in local government in South Africa. Section 4 titled 'assessment of the Makana Intervention Plan' considers the intervention plan in terms of the diagnosis of the problems in Makana Municipality, the provision of measurable indicators, as well as assessing whether or not the plans are realistic, and what measures (if any) have been put in place to ensure that the municipality and municipal officials are held accountable for their actions. The report concludes by providing some recommendations with regards to the MIP in Section 6.

2. Makana Municipality: A Crisis of Governance and Service Delivery Failings

Early in 2014 it became evident that Makana Municipality faced a crisis in governance, infrastructure delivery, and finance. This crisis was documented in the print media especially the Daily Dispatch and the Grocott's Mail. On the 11th of July 2014 The Eastern Cape Provincial Treasury (ECPT) invoked section 154(1) of the Constitution to assist Makana Municipality with financial management emanating from the long standing and pervasive weaknesses in the financial management and related business processes such as:

- Lack of reliable information needed to make sound decisions and reporting on its financial status.

¹ PSAMs Strategic Plan Evaluations are analyses of the coherence and responsiveness of a government department's Annual Performance Plan (three-year plan) and Operational Plan (one-year plan). The evaluation focuses on the final draft of plans for departments.

² The Makana Local Municipality is located in the Eastern Cape Province and falls under the Sarah Baartman District Municipality. It consists of 14 wards and has its seat in Grahamstown

³ Municipalities are required to draw up an Integrated Development Plan (IDP) - principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality - on a yearly basis in terms of the Municipal Systems Act 32, 2000 and the Municipal Finance Management Act (MFMA) 56 of 2003.

- Operational inefficiency in providing municipal services such as delivery of water services.
- General vulnerability of municipalities to fraud, waste and abuse.”

There is compelling evidence that Makana Municipality had exhibited such challenges for some years, which had compromised its service delivery capacity. For example the Office of the Auditor-General (AG)⁴ had in the preceding four years⁵ delivered disclaimers of opinion in its audit reports for Makana Municipality. A disclaimer is defined as “the situation where the accounts of the municipality were too deficient in essential detail for the Auditor General to form an opinion as to the financial viability of the municipality.”⁶ The Auditor General reported that the annual financial statements had also been submitted late. The 2012/2013 and 2013/2014 audit reports had drawn attention to a wide range of failures in legal and regulatory requirements at Makana Municipality. Furthermore, public servants and politicians were not being held adequately accountable for their actions.

Following a period of sustained civil society pressure including an open letter by both the Public Service Accountability Monitor (PSAM) and the Unemployed People’s Movement (UPM) on the 27th of August 2014^{7,8}, calling on the government to intervene in the management of Makana municipality; the MEC for Cooperative Governance and Traditional Affairs in the Eastern Cape province Mr Fikile Xasa, invoked Section 139 1 (b) of the SA Constitution, on the 28th of August 2014. Subsequently, Ms Pamela Yako was appointed as the Administrator on the 1st of October 2014.^{9,10}

⁴ <http://www.treasury.gov.za/v>

⁵ These are financial years 2010/11, 2011/12, 2012/13, 2013/14

⁶ <https://www.agsa.co.za/Auditinformation/Auditterminology.aspx>

⁷ The New Age Newspaper. 29th August 2014. *Makana under administration for 3 months*. Available at http://www.thenewage.co.za/136231-1016-53-Makana_under_administration_for_3_months

⁸ The Public Service Accountability Monitor (PSAM). 25th August 2014. Available at <http://www.psam.org.za/press-release/1544/open-letter-with-regard-to-governance-and-accountability-failings-in-makana-municipality-that-require-provincial-government-intervention-in-accordance-with-section-139-of-the-constitution-.htm>

⁹ Grocott’s Mail Newspaper. 1st October 2014. *Get ready to change fast, says new administrator*. Available at <http://www.grocotts.co.za/content/onlinefirst-news-get-ready-change-fast-says-new-administrator-01-10-2014>

¹⁰ Daily Dispatch, 2 October 2014. *Tough job to fix the chaos in Makana* <http://www.dispatchlive.co.za/news/tough-job-to-fix-the-chaos-in-makana/>

3. Section 139(1) Interventions in Local Government in South Africa

South Africa's local government faces a number of challenges, many which have been well documented in different reports by civil society groups, the Department of Cooperative Governance and Traditional Affairs (COGTA) and the South African Local Government Association (SALGA). Primarily the challenges relate to governance failures, financial management failures as well as failure to meet service delivery obligations. Although these failures are widespread¹¹, they have not always resulted in interventions. Section 139 of the Constitution authorizes provincial government interventions in local government as a corrective measure where prescribed procedural and substantive requirements for interventions exist i.e. that interventions must occur in a manner and to the extent prescribed by the Constitution (procedural requirements) and must happen with reason (substantive requirements). In terms of section 139 (1) of the Constitution, the provincial executive may take appropriate steps to ensure the fulfillment of the obligation including:

- issuing of a directive to the Municipal Council describing the extent of the failure to fulfil its obligations and stating steps required to fulfill the obligations;
- assuming responsibility for the relevant obligation in the municipality to the extent required by the Constitution i.e. for example placing certain executive obligations that the municipality has failed to execute under an administrator.
- dissolving the Municipal Council and appointing an administrator until the election of a new Council, if this is warranted by exceptional circumstances.¹²

According to COGTA (2009), interventions must be seen as part of a broader supervisory strategy comprising of monitoring, support and as a last resort intervention.

As such while problems in local government are widespread, interventions are relatively few. In terms of the Section 139(1) under which the intervention in Makana intervention occurred, the provincial executive may intervene when a municipality cannot or does not fulfill executive obligations such as the delivery of basic services, improvement of the lives of people, development of policy and initiation of by-law and the implementation and administration of legislation related to local government.¹³ In Makana Municipality the key challenges that faced the municipality included the following:

¹¹For example A National Treasury report in 2014 showed that 86 of the 278 municipalities were classified as "financially distressed" <http://www.bdlive.co.za/opinion/editorials/2014/12/11/editorial-municipalities-in-dire-straits> and <http://www.bdlive.co.za/national/2014/12/10/treasury-admits-failure-with-municipalities>

¹² Interventions NCOP Presentation. Available at: [www.salga.org.za/.../INTERVENTIONS%20NCOP%20Presentation\(1\).p..](http://www.salga.org.za/.../INTERVENTIONS%20NCOP%20Presentation(1).p..)

¹³ Ibid.

- serious leadership and governance challenges including weak responsiveness and accountability to communities;
- poor financial management;
- poor record of delivery of basic services and failure to facilitate local economic development of the area.

Yet the problems in Makana Municipality are not unique. Table 1 below shows the nature and scope of selected Section 139 (1) interventions since 2009 and key among the reasons for the interventions are financial maladministration, poor service delivery, and governance failures.

Table 1: Selected Section 139 (1) Interventions in South Africa since 2009

Municipality & Province	Year	Reasons for intervention
<ul style="list-style-type: none"> • Nala Local Municipality, Free State 	2009	Financial maladministration, high vacancy rate, existence of ghost workers, poor service delivery; breach of various municipal management legislation. ¹⁴
<ul style="list-style-type: none"> • Mkhondo Local Municipality, Mpumalanga 	2009	misappropriation of funds, lack of service delivery, nepotism, poor implementation of the Integrated Development Plan and lack of proper consultation in terms of resource distribution and infrastructure. ¹⁵
<ul style="list-style-type: none"> • Msunduzi Local Municipality, KwaZulu Natal 	2010	The collapse of governance and financial management. ¹⁶
<ul style="list-style-type: none"> • Thembisile Hani Local Municipality, Mpumalanga 	2010	Service delivery protests, destruction of property, governance issues of corruption and mistrust and the institution of a Section 106 investigation. ¹⁷
<ul style="list-style-type: none"> • Emalahleni Local Municipality, Mpumalanga 	2013	The failure to provide basic services including its financial commitments. ¹⁸
<ul style="list-style-type: none"> • Madibeng Local Municipality, North West 	2014	Municipality dysfunctional and had failed to fulfil its legislative obligations as what is required in terms of local government legislation. ¹⁹

¹⁴ <https://pmg.org.za/committee-meeting/11207/>

¹⁵ http://www.mpumalanga.gov.za/media/statements/traditional/30062009_traditional.htm

¹⁶ <http://www.iol.co.za/dailynews/news/praise-for-turnaround-at-msunduzi-municipality-1.1308553#.Vbivbfmqgko>

¹⁷ <https://pmg.org.za/committee-meeting/13542/>

¹⁸ <http://www.mpumalanga.gov.za/media/statements/cogta/23042013.htm>

¹⁹ <http://www.sanews.gov.za/south-africa/madibeng-placed-under-administration>

4. Assessment of the Makana Intervention Plan (MIP)

4.1 Diagnosis of the problems in Makana

The Administrator points out in the MIP that Makana Local Municipality is underperforming in almost all of the areas that characterize a well-functioning municipality.²⁰ Some of these challenges include the lack of capacity, the poor provision of basic services (including water and sanitation); poor financial management and credit control (including a failure to improve AG outcomes); allegations of nepotism and corruption; poor governance and political oversight challenges, lack of connection with communities and key stakeholders; and a weakening administration.²¹ In addition there were challenges in capacity at Senior Management. Furthermore there has been a number of public protests and a range of stakeholders have indicated their unhappiness with the current state of affairs.²²

The MIP is premised on four pillars, namely: reconnecting with communities, driving service delivery, governance and oversight, and ensuring financial viability.²³ While it identifies the critical areas for action, there is not enough emphasis on poor governance and not enough 'naming of names' and thus shies away from providing accountability on the systemic and governance issues. Many of these systemic and governance challenges are known and have even identified in the Kabuso Report into fraud and maladministration as well as successive audit reports yet these issues remain unaddressed²⁴, as such a window of opportunity to restart on a clean slate was lost in the initial stages of the MIP.

4.2 SMARTness of the Makana Intervention Plan

The SMART criteria²⁵ have been adopted for assessing the Makana Intervention Plan. The acronym SMART stands for **S**pecific, **M**easurable, **A**ssignable, **R**ealistic, and **T**ime-related. SMART criteria are especially useful for returning negatively deviated aspects of an organisation to normalcy as well as setting goals for incremental improvements to a system. While the administrator outlines what specific areas require improvement in the intervention plan, the objectives of the intervention plan lack most of the SMART criteria.

While table 2 below summarises the Key Performance Areas (KPA) and elements of the Makana Intervention Plan (MIP) 2014/15 and certainly has identified key components which

²⁰ Makana Intervention Plan 28 Nov 2014. Available at: <http://www.makana.gov.za/statutory-documents/general/>

²¹ Ibid

²² Ibid.

²³ Makana Intervention Plan 28 Nov 2014. Available at: <http://www.makana.gov.za/statutory-documents/general/>

²⁴ Names behind Makana Fiasco September 3, 2014. Available at: <http://www.dispatchlive.co.za/news/names-behind-makana-fiasco/>

²⁵ Writing SMART Objectives. 2009. Available at: <http://www.cdc.gov/healthyyouth/evaluation/pdf/brief3b.pdf>

are required in order to turnaround the municipality these lack most of the SMART criteria. The administrator's intervention plan should have assigned responsibility and who would be held responsible against each KPAs and each of the elements, how each of the KPAs and elements would be assessed for progress, and what in what timelines.

Table 2: Makana Intervention Plan (MIP) KPAs 2014/15 and Key elements

Makana Intervention Plan KPAs 2014/15	Key Elements
1. Reconnect with Communities	<ul style="list-style-type: none"> • Functional Ward Committees • Community Engagement Campaigns • Regular public meetings and engagements • Establishment of Functional Sector Forums • Creating a vibrant partnership with the communities and civil society
2. Driving Service Delivery	<ul style="list-style-type: none"> • Water and sanitation provision and maintenance • Improved Roads and Storm water Drainage • Electricity provision and maintenance • Waste Management
3. Governance and Oversight	<ul style="list-style-type: none"> • Developing and implementing an Audit Intervention Plan • Ensure organization wide legislative compliance • Oversight Committees meet and play their role • Ensure Functional Local Labour Forum
4. Ensuring Financial Viability	<ul style="list-style-type: none"> • Revenue enhancement Plan and implementation; • SMME Development and the creation of an enabling and environment; • Marketing & Investment Promotion • Job Creation and Empowerment
5. Capacitate the Municipality	<ul style="list-style-type: none"> • Develop and implement a delegation framework • Institute an organization wide Performance Management System • Implement a skills development programme • Review and finalize an Organogram • Improve records management • Educate staff and various users on various policies

**Table 1 adapted from Makana Intervention Plan. Available at*

<http://www.makana.gov.za/statutory-documents/general/>

For example, with regards to the KPA of 'capacitating the municipality', one of the elements is the implementation of a skills development programme. In the intervention plan this involves the revision and implementation of the Workplace Skills Development Plan and ensuring that the training committee is functional and the areas prioritised in the intervention plan are also given immediate attention.²⁶ A number of questions arise. How does one measure progress in this regard? Why was the work skills development plan not working in

²⁶ Makana Intervention Plan 28 Nov 2014. Available at: <http://www.makana.gov.za/statutory-documents/general/>

the first place? Answers to these questions needed to be provided in the MIP for a dysfunctional municipality, but there is no indication that this has been done.

Another weakness of the MIP, is that it rarely specifies who is going to be held responsible for implementing the KPAs and their key elements. This would fall mostly with the Senior Managers or Directors and the Municipal manger whilst oversight or final responsibility falls with the Mayor and the council to oversee these processes. In most cases responsibility is generically assigned, such as to the Executive Mayor and Councillors, but not to directors and specific departments within Makana Municipality which risks continuing the existing lack of accountability and transparency.

The final point of emphasis based on the SMART criteria is that the MIP lacks realism given the available resources and the time lines outlined to deal with each of the various KPAs and their elements. Furthermore, the MIP is not sufficiently differentiated i.e. most of the KPAs and the elements in the intervention plan have timelines between 6-18months, there is no distinguishing longer-term and urgent, easy and difficult objectives

A good example to illustrate this point is that the administrator's intervention plan with regards to the ***reintroduction of effective administrative management***²⁷, pointed out some of the following issues as critical to address and the timelines for achieving these goals:

- There is an urgent need to develop performance contracts for Senior Managers tied to performance **(next 6 months)**
- A Performance Management System must be in place **(next 6 months)**.²⁸

The two above issues should not take 6 months to effect, but a much shorter time line of a month of the intervention taking place for all Senior managers or commonly referred to as "Section 57 employees" as per the Municipal Systems Act 32 of 2000 (MSA) to have had their contracts tied to performance. In terms of format, Makana Municipality could for example base these contracts and performance management system of another municipality. This would have enabled the administrator to apply pressure on these Directors or Senior managers to perform.

4.3 Challenges in implementing the MIP

Some of the challenges which the administrator pointed out as impeding on the successful implementation of the MIP were outlined in an interview by the Grocott's Mail newspaper

²⁷ Ibid

²⁸ Ibid

relating to the first six months of the intervention from October 2014-March 2015 are political interference, the depth of incapacity in Makana municipality and a lack of funding.²⁹ While these are genuine reasons and should not be discounted, they could not alone be enough to justify the lack of progress to date.

One of the most important challenges which the administrator faced when the MIP kicked off was that two of the most senior positions in the municipality, the Chief Financial Officer (CFO) and Municipal Manager were vacant. Six months into the administrator's tenure these had not yet been filled. It is important to point that the process of filling these posts was undertaken by the administrator only for the MEC for COGTA Mr. Fikile Xasa not to concur with council recommendations and ordering Makana Municipality to re-advertise both posts stating that both candidates appointed by Council did not meet the minimum requirements in terms of the MSA Act of 2000.³⁰

In the case of the Municipal Manager, the MEC pointed out that the appointment was not in line with the provisions of Section 54 of the Amendment Act," and that the candidate chosen by the Makana council did not meet the minimum requirements in terms of the Municipal Systems Act No. 32 of 2000 as amended. Section 54A states that:

"A decision to appoint a person as municipal manager, and any contract concluded between the municipal council and that person in consequence of the decision, is null and void if-

(a) the person appointed does not have the prescribed skills, expertise, competencies or qualifications; or

(b) the appointment was otherwise made in contravention of this Act."³¹

Furthermore the MEC instructed the municipality to re-advertise the vacant post of municipal manager as the other candidates also do not meet the minimum competency requirements of the National Treasury Regulations of 2007 and that the department will be able to assist the municipality with technical expertise in the prescribed processes and avoid a repeat of some of the recruitment irregularities reflected in the recruitment report.³²

²⁹ Makana: the administrator's wrap. Grocott's Mail, 2015. Available at:

<http://www.grocotts.co.za/content/news-plus-makana-administrators-wrap-23-04-2015>

³⁰ MM post to be re-advertised. Grocott's Mail, 2015. Available at: <http://www.grocotts.co.za/content/news-mm-post-be-re-advertised-07-05-2015>

³¹ MM post to be re-advertised, Grocott's Mail newspaper, May 2015. Available at <http://www.grocotts.co.za/content/news-mm-post-be-re-advertised-07-05-2015>

³² Ibid.

5. Conclusion

In conclusion, the MIP for Makana Municipality lacks in crucial detail for effective implementation which was further exacerbated by a number of factors which include political interference, a lack of decisiveness and leadership at the provincial level, and by the administrator failure to hold transgressing to account. These issues require immediate attention, regardless of who assumes overall administrative authority after the expiry of Ms Pam Yako's contract on 22nd July 2015.³³ Crucially the new administrative authority would need to move swiftly to fill the critical positions of Chief Financial Officer and Municipal Manager.

6. Recommendations- Turnaround Intervention Plan for Makana

Given the challenges identified above with regards to the MIP intervention plan we would recommend the following to strengthen the intervention plan for Makana municipality and ensure accountability, transparency and especially that service delivery is restored.

Recommendation One

The administrator should revise the MIP to make it more SMART, which will sharpen the focus of the intervention plan, and assign individuals within the municipality to certain tasks. This will make assessing or tracking performance of municipal officials much easier and will also result in them taking more responsibility for their actions as part of the intervention plan. This will create more transparency and more importantly accountability as part of the intervention and long term future.

Recommendation Two

The Administrator and COGTA should identify the most pressing areas required in the intervention plan, with COGTA providing a Provincial Intervention Task Team (PITT) to assist the administrator in executing the intervention.

Recommendation Three

The administrator will have to show firmness in dealing with individuals who have been implicated in corrupt activities as detailed in forensic audit reports such as the Kabuso Report into Fraud and Maladministration.

³³ <http://www.grocotts.co.za/content/news-administrator-bids-farewell-under-uncertain-circumstances-23-07-2015>

Recommendation Four

The administrator must require all senior managers, (the so called Section 57 employees³⁴ under the MSA of 2000) to sign performance contracts and agreements as soon as possible.

Recommendation Five

The critical posts of the CFO and Municipal Manager must be filled urgently.

³⁴ Section 57' is a term commonly used for managers employed according to the requirements of section 57 of the Local Government: Municipal Systems Act, 2000 (Act no. 32 of 2000). These managers are sometimes called 'Section 57 Employees' briefly described as 'Municipal Managers and Managers directly accountable to Municipal Managers'. Available at http://www.durban.gov.za/City_Government/Administration/city_manager/performance_management_unit/Pages/Section-57-Performance-Plans-and-Agreements.aspx

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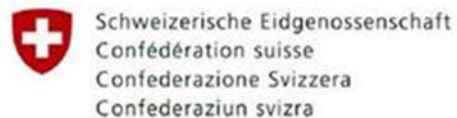
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Annexure: Key elements of Makana Intervention Plan

NB: The full Makana Intervention plan is available at <http://www.makana.gov.za/statutory-documents/general/>

ORGANISATION OF WORK

The work will be organized in terms of the following work streams and should be made up of representatives from Council, the Administrator's Strategic Management Team and members of civil society.

The work streams will be made up of a minimum of 6 and a maximum of 10 members. Each work stream will include the following members: Council representatives (2); representatives of organized labour (2), Director (s)/or nominee and representatives drawn from civil society. A member of the Administrator's Strategic Management Team will chair the work streams.

The work streams are established to provide extra support to the work of the Administrator by offering expert advice and make recommendations on implementation.

The work streams are not decision making structures but their role is primarily advisory either Council or the Administrator.

The Executive Mayor and Speaker of Council are ex-officio members of the work streams and free to attend any scheduled meetings.

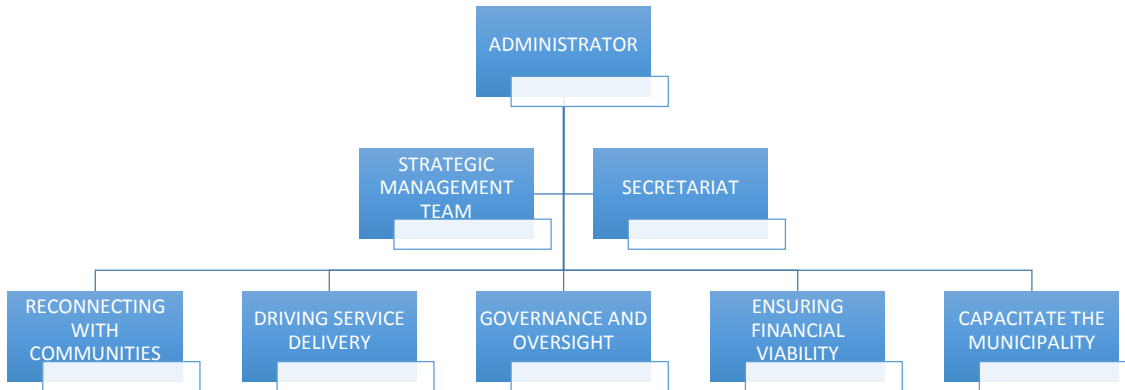
The Acting Municipal Manager and Directors/officials have to ensure that the recommendations of the work streams are implemented (upon approval) within and through the necessary institutional governing structures and processes.

The work streams are specifically excluded from dealing with the procurement of services and their specific mandate is to:

- Based on research, experience and insights provide information on the nature and extent of the challenge (diagnostic role);
- Recommend various options/approaches for solving the problems;
- Receive reports from various stakeholders on key issues facing residents and process these through the work streams;
- Complement the work of the existing structures of Council

The work streams will meet twice a month at a time and venue to be agreed amongst the members. All proceedings and presentations made will be recorded and a secretariat service will be provided to each work stream. A schedule of meetings will be agreed to at the first meeting and the Administrator will sanction any change in dates. Four (4) members of the work stream will constitute a quorum.

6. GOVERNANCE STRUCTURE



7. SPECIFIC INTERVENTIONS - FINANCE

The Stakeholder Consultation and Workshops held developed specific actions to be taken in the short term (6 months) and the medium term (remainder of the term). It must be noted that the Section 139 (1)(b) intervention is only for a period of 6 months and some of the actions will have to be institutionalized within the existing structures and Council processes.

The specific interventions are discussed below:

7.1 FINANCE

The financial issues can be organized in terms of 2 aspects and these are dealt with in the successive sections:

- Revenue enhancement
- Expenditure reprioritization

7.1.1 *Revenue enhancement*

This part of the program has two objectives

- To collect revenue already owing to the municipality;
- To make a start on re-establishing the implicit contract between the municipality (as service provider) and those who pay services charges and taxes.

A campaign to improve revenue collection

Makana LM should launch a revenue enhancement campaign, led by the Mayor (supported by the Administrator) and with the full support of all Councilors. Some preparation time will be required. The campaign should possibly be launched in January after the break). At least the following preparation will be needed (for more details see below):

- Ensure that some kind of quick win service delivery improvements are visible first and these could include a special effort to fix all the potholes in the CBD where appropriate;
- Ensure that tighter meter reading management is already in place;
- Ensure that a staff member is assigned to the work of receiving meter readings telephonically and appropriately prepared for the task;
- Select the top 20 debtors, confirm their debt, and prepare to approach them, secure in the knowledge that they cannot dispute what they owe;
- Confirm the legal position around using name and shame as a (last resort) credit control measure;
- Amend credit control policies;
- Prepare communication campaign and associated materials;
- Prepare councillors, by amongst others, rendering a workshop on revenue enhancement) to lead the process and play their role properly.

A political and communication campaign

The campaign, must be led politically, by the Mayor and supported by all other Councillors. This is not a technical matter to be dealt with by officials only, but a fundamentally political issue, involving the relationship between all sections of the community and the municipality where everyone knows has not been performing well. Given this background it is not easy to go out and be tough about collecting what is owed. The Mayor will need to show appropriate leadership and humility on this point.

The communication campaign must take care to speak to and address the concerns of all parts of the community and also the business sector. The major messages for the campaign could include:

- Council is in the middle of a financial recovery plan, which will improve its management, service delivery and financial performance;
- Council must collect from its debtors to pay its creditors, in order to deliver services;
- Council has already made a start on improving the delivery of services and will take strong actions against officials and others found to be in transgression of policies and the law;

- Council has taken steps to improve metering and install new meters;
- Council has now tightened its credit control policies, tightened rules for arrangements; and will name and shame debtors which extremely poor records of non-payment;
- Council has introduced austerity members and continues to ensure the reduction of wastage.

The Mayor and/or the Administrator needs to call the CEOs of the 20 largest debtors and ask them to settle their accounts. The phone calls should cover the main messages above.

Revise Makana LM credit control policy

The credit control policy should be tightened, among other aspects to include:

- Once disconnected, full payment is required for reconnection (unless the disconnection was the result of an erroneous account);
- Failure to keep to an arrangement will result in immediate disconnection;
- Council may 'name and shame' recalcitrant debtors; etc.

Build credit control capacity at Makana LM

Resources should be put into improving credit control capacity at Makana LM, as the additional income will greatly exceed the cost of the additional staff.

Since the PWC report (on organizational structure) does not deal adequately with the staffing elements the BTO should consider the actual requirements, obtain standardized role profiles and grading from NT and generate an urgent report to Council to create the new permanent posts required. The additional capacity should specifically include additional supervisory capacity.

Thereafter the posts should be advertised and filled as soon as possible.

Improve meter management at Makana LM

Resources should be put into improving meter reading capacity at Makana LM, as the additional income will greatly exceed the cost of the additional staff.

Since the PWC report does not deal adequately with this function, the CFO should consider the actual requirements, obtain standardized role profiles and grading from NT or (for example) eThekweni MM, and generate an urgent report to Council to create the new permanent posts required. The additional capacity should specifically include additional supervisory capacity.

Thereafter the posts should be advertised and filled as fast as possible.

It is also critical to improve interdepartmental management and co-ordination around meter reading. The most effective way of doing this would be to institute a weekly meeting between Finance and Infrastructure services with the following mandate:

- Co-ordination between DTIS and Finance;
- Oversee project to install new meters;

7.1.2 Expenditure re-prioritization

This aspect of the program also has three (3) objectives namely:

- To reprioritize actual spending to that only priority spending is permitted, and low priority, wasteful and illegal spending is eliminated;
- To immediately settle creditors and bring an end to litigation against the municipality;
- To re-establish the relationship between revenue and spending such that an operating surplus of at least 15% is achieved every year (such a target is essential if Makana LM hopes to ramp up its capital spending to reasonable levels – without an operating surplus, the Makana LM will forever be reliant upon grants for its capital spending; and they will always be inadequate and unreliable).

Curtail low-priority expenditure

Freeze the filling of any post unless it can be demonstrated that that post will result in additional revenue (amounting to at least 10 times the costs to employer) or additional savings (amounting to 5 times the cost to employer)

- Prohibit all overseas flights/trips;
- Require all domestic flights and associated accommodation and other cost to be approved by the Administrator, and make it clear that very few applications will be approved.
- Vehicle management: launch an exercise in terms of which each department must justify its need for a vehicle and re-instate tight vehicle management through logbooks. There must be an audit of logbooks each month and those managers who allow vehicles under their authority to be abused or who do not keep log-books up to date to be acted upon;
- Discipline any supervisor or manager who allows his or her departmental overtime without proper motivation and preparation. An investigation into a shift system must be investigated with immediate effect. **Trade-offs:** 60% of the overtime budget has been used already – phase out overtime and introduce a shift system.

Ensure that the 2015/16 and subsequent budgets are fully funded (next 18 months)

- Run an intense budget process in which finance officials thoroughly scrutinize all budget proposals from line departments;
- Ensure revenue projections are not exaggerated to balance the budget;

- Make a full provisions for bad debt; and
- Cut spending budgets accordingly,

An initial assessment in the lead up to the budget adjustment process needs to be undertaken and where legally and practically feasible.

Ensure that assets are maintained (within 6 months)

Expenditure on maintenance is far cheaper than expenditure on replacement:

- The BTO needs to produce a template for emergency and preventative maintenance plans;
- DTIS needs to produce emergency and preventative maintenance plans for Roads, Water, Sanitation & Electricity;
- Corporate Services to produce emergency and preventative maintenance plans for Council buildings;
- Allocate at least 7% of opex budget for this purpose;
- Institute a monthly interdepartmental meeting, chaired by the Administrator involving at least DTIS and Corporate Services, to oversee the implementation of the plans.

Reduce technical water and electricity losses (within 18 months)

- Investing in reducing water and electricity losses can potentially save a great deal, provided the projects are well conceived and implemented;
- DTIS needs to produce a plan to reduce technical losses in water and electricity and a realistic target must be set and monitored;
- Get an independent assessment of the problem and the plan to address it;
- Allocate resources according to aspects of the plan likely to yield the best and fastest results;
- Establish a Steering Committee to oversee implementation and track results.

Supply Chain Management (next 6 months)

- Capacitate the SCM unit to ensure more effective procurement and contract management and reduce audit queries;
- Since the PWC report does not deal adequately with this function, the CFO should consider the actual requirements, obtain standardized role profiles and grading from NT or (for example) eThekweni MM, and generate an urgent report to Council to create the new permanent posts required. The additional capacity should specifically include additional supervisory capacity;
- Thereafter the posts should be advertised and filled as fast as possible.

Internal audit (next 6 months)

- Capacitate the Internal Audit unit to ensure reduce the scope to misuse Council resources;
- Since the PWC report does not deal adequately with this function, the CFO should consider the actual requirements, obtain standardized role profiles and grading from NT or (for example) eThekweni MM, and generate an urgent report to Council to create the new permanent posts required. The additional capacity should specifically include additional supervisory capacity;
- Thereafter the posts should be advertised and filled as fast as possible;
- An audit intervention plan (external and internal) should thereafter be developed and implemented;
- It may be useful to start with an experienced contractor to boost IA capacity and launch it into playing a useful and powerful role.

8. REINTRODUCTION OF EFFECTIVE ADMINISTRATIVE MANAGEMENT

- Appointment of Senior Management (MM & CFO) – this will bring the much needed stability to the institution. The filling of these critical posts will also ensure that these senior managers are an integral part of the intervention plan **(next 6 months)**
- There is an urgent need to develop performance contracts for Senior Managers tied to performance contracts **(next 6 months)**
- A Performance Management System must be in place **(next 6 months)**
- Engage in a team effectiveness exercise for all managers in the institution **(next 6 months)**
- Revise and implement the Workplace Skills Development Plan and ensure the training committee is functional and the areas prioritised in the intervention plan are also given immediate attention. **(next 6 months)**
- Revise the Organogram and ensure a budget for critical posts is set aside and prioritised **(next 6 -18 months)**
- Ensure that adequate and protective clothing is provided for all staff.

9. WASTE MANAGEMENT AND COMMUNITY SERVICES

What can be done in the next 6 months to bring face of city back?

- Community and NGOs must be involved at all levels and Council must have a clear program stipulating what must be done to assist. This will assist public confidence, investor confidence. Look at the smallest of things that could make a big difference. Look for partnerships to assist. **(next 6 months)**

- Culture of litter must be changed. – an anti-litter campaign led by the councillor need to launched as soon as possible and funds must be raised and partnerships explored on how best to run a campaign to beautify and keep Makana clean. **(next 6 months)**
- A waste management project that explores the possibility of creating jobs and using waste management as a vehicle for community empowerment as well as education and awareness. **(next 6 months)**
- Stringent law enforcement of illegal dumpers. (could use a name and shame campaign and train law enforcers in every department to enforce the bylaws pertaining to that department; **(next 6 months)**
- Make use of everyone that could contribute to a cleaner town. (Schools, organisations, businesses) **(next 6 months)**
- A concept note and business plan must be developed in the next 2 months and it be used for fund-raising an increasing stakeholder awareness and participation **(next 6 months)**
- The collections of waste as per the back to basics programme needs to be instituted. There is a need to reprioritise the budget and expenditure to ensure that this service is restored and each household in Makana receives a service at least once a week. **(next 6 months)**
- There needs to be proper costing and the concept note must include the need to restore the provision of the service. **(next 6 months)**
- The concept note should explore the establishment of a Section 21 Company which can be assisting with the cleaning of verges and open spaces. **(next 6 months – 18 months)**

10. TECHNICAL SERVICES

The provision of basic services is the core mandate of this Directorate and hence there is a need to conduct a proper assessment and provide resources in order to address the challenges faced.

The provision of core municipal services is fundamental to regaining the MLM's credibility and hence the need to undertake a detailed and informed diagnostic of this area. The specific issues to be investigated are in terms of all the functions i.e. water, sanitation, storm water drainage and roads the following needs to be undertaken:

1. Status Quo Assessment of all functions **(next 6 months)**
 - What are the current challenges (with regard to provision, maintenance and continued delivery of the functions)?
 - What are the current statutory plans that are in place and therefore what needs to be prioritized?

- What is the current skills base?
- What are the technical and budget requirements?
- What are the current projects that are being implemented? What do they seek to address? What is the deficit in terms of resources, technical skills, planning and implementation.

The status quo assessment must be done within two months of the adoption of the plan in order to prepare appropriate response mechanisms.

2. The development of an overarching infrastructure development and investment plan as well as a funding strategy or resource requirements is critical for the success of the intervention plan and this work must be prioritized as soon as possible. **(Next 6-18 months)**

3. Restoration of the provision of services – this includes a programme/campaign to fix potholes across the municipality; fixing of leaks across the municipality; installation of meters and providing temporary sewerage facilities for those communities that are currently not serviced. **(Next 6 months)**

4. Develop an organizational structure for the proper rendering of the functions that fall under the Directorate Technical Services. Advertise and fill vacant and funded posts. **(Next 6 months)**

5. Develop a skill development plan for key functions including the sourcing of mentors to staff in order to ensure the passing of skills – this to include the immediate training of staff in project and contract management **(Next 6 months)**

6. The relocation of the PMU to DTEIS in order to increase and co-ordinate capacity under single management; **(Next 6 months)**

7. The development of a projects dashboard and all technical projects being monitored and reported on monthly; **(Next 6 months)**

8. The development of a plan to ensure compliance with Green Drop and Blue Drop requirements **(Next 6 months - 18 months)**

11. COMMUNICATION AND CUSTOMER CARE

The MLM's communication with the public has been very weak at best and non-almost nonexistent. There is a need to develop an organization wide communication and customer program. The program will include:

1. The development of a communication strategy and plan; **(Next 6 months)**
2. The staffing of the function; **(Next 6 – 18 months)**
3. The creation of customer complaints and response plan and infrastructure; **(Next 6 months)**

4. The training of front-line staff on customer care and responding to customer concerns;
(Next 6 months)
5. The establishment of customer care centers **(Next 6 - 18 months)**

12. FRAUD PREVENTION

There have been allegations of corruption against councilors and officials and these impacts negatively on the image of the Council. At the center of such allegations is the need to complete the work done on the Internal Audit investigation. There is a need to address the following:

- The development of a fraud prevention plan; **(next 6 months)**
- The finalization of the Kabuso report; **(next 6 months)**
- The establishment of fraud reporting line; **(next 6 months)**
- The creation of adequate capacity to monitor and act on reported cases. **(next 6 months)**

13. CREATION AND STRENGTHNING OF ADMINISTRATION SYSTEM

Some of the work is already covered under the finance section and a strong administrative system is a key to the functioning of the municipality. There is a need to strengthen and create systems for the following:

- Document management and record-keeping; **(next 6 -18 months)**
- Management of attendance and staff leave; **(next 6 months)**
- Work shopping and training staff on key policies. **(next 6 months)**

14. CONCLUSION

The intervention plan has been developed in order to give effect to the terms of reference of the Section 139 (1)(b). It focuses in those areas that fall within the ambit of the intervention and in so far as it impacts on the rest of the organisation such lessons and gains will be extended across.

A specific action plan with clear responsibilities and time lines will be developed for each of the areas.

The success of the plan lies in building ownership and partnership and there is a need for ongoing monitoring and evaluation.