

Chapter 2

Governance



Chapter 2 – Governance

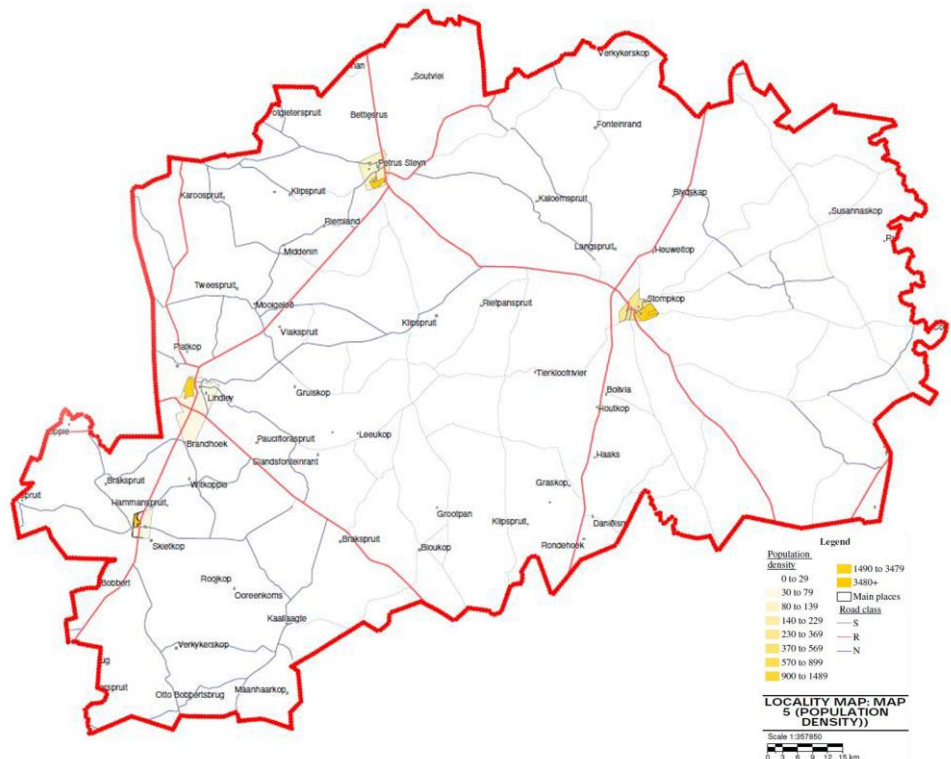
Component A: Political and Administrative Governance

Nketoanana Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The municipality has thirteen wards.

Figure / Table 2.1: Wards of the Nketoanana Local Municipality

Ward	Total Voters
Ward 1	3296 voters
Ward 2	3716 voters
Ward 3	3599 voters
Ward 4	3118 voters
Ward 5	3151 voters
Ward 6	2816 voters
Ward 7	3402 voters
Ward 8	2830 voters
Ward 9	3617 voters
Total Nketoana	29545 voters

(Source: <http://www.demarcation.org.za>)



(Source: Spatial Development Framework 2010)

2.1 Political and Administrative Governance

Political Leadership



Mayor Cllr. M. Molapisi
Finance Chairperson (PR)



Cllr. P. Nkomo
Speaker



Cllr. M. Malindi
Chief Whip (PR)



Cllr. M. Moloedi
Mamafubedu Ward 2



Cllr. M. Mphaka
Arlington (PR)



Cllr. M. Blignaut
Reitz Ward 6



Cllr. N. Tshabalala
Petsane Ward 7



Cllr. T Radebe
Lindley Ward 3



Cllr. G. Nhlapo
Arlington Ward 5



Cllr. M. Semela
Petsana Ward 9



Cllr. P. Moshoadiba
Lindley (PR)



Cllr. P. Mofokeng
Lindley Ward 4



Cllr. S. Henning
Lindley (PR)



Cllr. P. Sibeko
Reitz Ward 6



Cllr. M. Nakedi
Mamafubedu



Cllr. M. Mosia
Mamafubedu Ward 1



Cllr. S. du Preez
Mamafubedu



Cllr. K. Mokoena
Petsane Ward 8

Administrative Leadership



L.I. Mokgathle
Municipal Manager



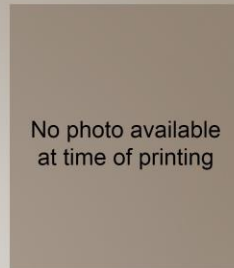
S.M. Nhlapo
Director Corporate Services



M. Manzi
Director Community Services



M. Moletsane
Director Technical Services



S.S. Sithole
Chief Financial Officer

Mayor		Speaker	
Executive Committee	MD Molapisi (PR - ANC) Lindley MS.Malindi (PR - ANC) Chief Whip Arlington PM Moloedi (Ward 2 - ANC) PetrusSteyn MR.Mphaka (PR - ANC) Arlington M Blignaut (Ward 6 - DA) Reitz	IDP Standing Committee	NP Nkomo (PR - ANC) Reitz Mayor MD Molapisi Cllr MS Malindi Cllr PM Moloedi Cllr MR Mphaka Cllr M Blignaut MM: LI Mogatlhe Directors: MS Nhlapo, MP Manzi, MM Moletsane, FV Mzizi Manager IDP &PMS: S.Venter
Finance Standing Committee	Cllr. MD Molapisi Chairperson Cllr. KA Mokoena Cllr. SG Henning Cllr. MT Nakedi Cllr MJ Mosia	Human Resources Standing Committee	Cllr. PM Moloedi Chairperson Cllr. LG Nhlapo Cllr. NS Tshabalala Cllr. MS Semela
Community Services Standing Committee	Cllr MR Mphaka Chairperson Cllr PA Sibeko Cllr. TP Radebe Cllr. SJS Du Preez	Technical Services and Infrastructure Development Standing Committee	Cllr. MS Malindi Chairperson Cllr. PP Mofokeng Cllr. M Blignaut Cllr PZ Moshwadiba

2.1.1 Ward Committees

Figure / Table 2.2: Ward Committee Members

WARD 1 COMMITTEE MEMBERS	WARD 2 COMMITTEE MEMBERS
Cllr. MJ Mosia	Cllr PM Moloedi
1. Maria Mkhwanazi	1. Mmatefo Merriam Nkomo
2. Ida Mokoena	2. Lindiwe Elizabeth
3. Dikiledi Mokoena	3. Monaheng Peter Mokoena
4. Seipati Letsela	4. Simon Tshabalala
5. Madilahloane Sompane	5. Lolo Elias Motaung
6. Thabo Mokoena	6. Mantwa Anna Motaung
7. Daniël Rantso	7. Kgantshe Mofokeng
8. Mbangiso Radebe	8. Mamollo Sana Lelemakoro
9. Elias Moloedi	9. Daniël Nthebe
10. Joseph Mokoena	10. Khahliso Abram Mosia

WARD 3 COMMITTEE MEMBERS	WARD 4 COMMITTEE MEMBERS
Cllr. TP Radebe	Cllr. PP Mofokeng
1. Joël Moosi	1. Mafa Sithole
2. Tieho Leotlela	2. Oupa Nala
3. Johannes Tshabalala	3. Masontaha Mofokeng
4. Monica Matona	4. Lefu Radebe
5. Modiehi Mofokeng	5. Mamosebetsi Mofokeng
6. Gilbert Khumalo	6. Mantja Mofokeng
7. Mlindwane Mpembe	7. Thethiwe Letha
8. Emily Mosia	8. Lerato Mofokeng
9. Joshua Mosia	9. Joseph Shibila
10. David Tladi	10. Johannes Colyn Lamber

WARD 5 COMMITTEE MEMBERS	WARD 6 COMMITTEE MEMBERS
Cllr.LG Nhlapo	Cllr M Blignaut
1. Matshosana Mofokeng	1. Nhlanhla Gaba
2. Kgubedu Mofokeng	2. Betty Nyambose
3. Sello Mokoena	3. Jabulani Nhlapo
4. Molefi Mokoena	4. Mataleate Tshabalala
5. Themba Mbele	5. Thabang Mokoena
6. Motumi Mothamaha	6. Margaret Motsitsi
7. M Mofokeng	7. Daniël Mofokeng
8. Machere Mofokeng	8. Lucas Mposula
9. Fusi Hlahane	9. Mzondeki Maseko
10. Mamphoro Matla	10. -

WARD 7 COMMITTEE MEMBERS	WARD 8 COMMITTEE MEMBERS
Cllr NS Tshabalala	Cllr. KA Mokoena
1. Mathokoana Rasebonang	1. Teboho Mokoena
2. Julia Mphuthi	2. Pule Mahlangu
3. Vangile Mbhela	3. Phinda Dlamini
4. Velaphi Mhlambi	4. John Miya
5. Emma Mofokeng	5. Ntsietseng Mokoena
6. Selina Motaung	6. Khali Mazibuko
7. Mbuyiswa Sithebe	7. Mmadieketseng Mokoena
8. Jabulani Mzizi	8. Vigile Mnguni
9. Sarah Tsotetsi	9. Sarah Tsotetsi
10. Fikile Mphuthi	10. Mokula Molefe

WARD 9 COMMITTEE MEMBERS
Cllr. MS Semela
1. Maria Mokoena
2. Lefu Sotetsi
3. Mosebetsi Radebe
4. Jankie Sekgotho
5. Ditaba Motsoeneng
6. Lucy Molakeng
7. Masontaha Molefe
8. Sonto Mnguni
9. Fikile Makhoba
10. Fanyana Bocibo

Component B: Intergovernmental Relations

Intergovernmental Forums utilised by the Nketoanana Local Municipality:

- Premier's Coordinating Forum (MM and Mayor)
- Premier's Coordinating Technical Forum (MM and Technical Managers)
- SALGA: LED Committee, Finance Committee, Corporate Governance Committee
- Province:
- DWA: Bulk Water Committee
- COGTA: Infrastructure Forum
- District: DME and Electricity Forum, LED Forum, Finance Forum, Technical Forum

Component C: Public Accountability and Participation

The Nketoanana municipality has put in place specific arrangements to ensure the realisation of public accountability in and between its political and administrative branches. These arrangements include the following:

- The separation of duties, with a formal, written set of delegation of powers and authority to arrange the relationship among these various structures.
- Institutional controls, including information systems, administrative policies, plans and strategies.
- The implementation of strategic planning arrangements (IDP, SDBIPs) to formalise Council's performance priorities and guide managers in their operational activities.
- The implementation of a performance management system to monitor and evaluation the performance of the municipality and its managers against the IDP and SDBIP objectives and targets.
- An Audit Committee evaluate the service delivery and financial performance of the municipality and advise Council and management regarding appropriate improvement enhancing initiatives and controls.

The Municipality involve our communities in its affairs by means of public advertisements of the Integrated Development Plan and Service Delivery and Budget Implementation Plan, as well as its performance plans, with specific reference to the Annual Report. They also advertise the activities of the Oversight Report and invite participation from their communities.

The community also participate through the structures of the IDP Representative Forum and the annual IDP and budget road shows that we conduct annually. Politicians and managers also conduct public engagement session when major new (or reviewed) by-laws, policies, strategic or sector plans and strategies are considered.

2.2 IDP Participation and Alignment

The Municipality compiles its IDP in terms of the relevant laws and regulations; implying the following:

- The municipality has identified impact, outcome, input and output indicators
- The IDP contains priorities, key performance indicators and development strategies
- The IDP has short, medium and long-term strategic targets
- The budget is alignment with the performance indicators and targets from the IDP
- The IDP is aligned to the performance agreements of section 56/57 managers
- The IDP indicators and targets are translated into in-year performance indicators and targets through the SDBIP
- The IDP and SDBIP indicators are translated to the public
- A mid-year budget and performance report and an Annual Report were compiled to reflect performance in terms of the IDP and SDBIP

Persisting challenges that reduce the efficiency of existing community engagement structures and processes include the following:

- The possibility always exist that community members and stakeholders do not turn up for meetings. Varied methods of notifying people of the meetings are used to ensure optimum attendance of meetings.

Component D: Corporate Governance

The Municipality has considerably strengthened its corporate governance capacity with implementation of an Audit Committee and the approval of an Anti-fraud and Corruption Policy.

2.3 Risk Management

Accountability is the key to providing a deterrent for fraud and theft. Training limits the opportunity for staff to claim ignorance when policies are being enforced as stated in the Fraud Prevention Plan Strategy.

Risk assessment should address both the internal and external environments and they should cover all functions and operations to establish the level, nature, form and likelihood of risk exposure. This is accomplished by the:

- Identification of specific fraud risks that may be present within each operational management unit
- Assessment of the effectiveness of internal controls in force that would tend to impact on the risks identified.
- Determine of an overall risk rating for each risk identified
- Development of strategic measures to counter the impact of each fraud risk in light of individual risk ratings.

A risk management plan has since been compiled; which will inform the internal audit plan of the municipality.

The Municipality has identified the following key risks:

- Global Warming - Unsustainable extraction of freshwater and other human interference with the water cycle are the immediate causes of water scarcity within a river basin as well as reductions in rain falls which will affect the supply of clean water. Increase in air pollution also affects the quality of water. These will ultimately lead to an increase in purification costs.

- Disaster mechanisms shortfalls. The backups of the financial systems are stored on site, no off-site storage of backups is being done. The data that is back up on site is not tested to ensure it can be restored should the need arise.
- Cost recovery: The municipality has not been able to collect all its debts effectively. Consumer debtors amounted to R195 million in the previous financial year. Provision for impairment amounted to R153 million. There has been slow recovery of debts from the consumer. Non-payments could affect the income generation capacity of the entity and threaten the survival of the municipality.
- Roads Infrastructure: Poor condition and poor maintenance of internal roads infrastructure which impact the service delivery.
- The municipality is rendering the fire brigade services. The staff and equipment located at the Head office has to service the whole of Nketoana Area. However the municipality does not have the necessary equipment and staff to render these services.
- There is a shortage supply of bulk water supply in Mamafubedu (Petrus Steyn), Lindley and Arlington which affects the service delivery.
- Water networks need to be upgraded so as to avoid possible water contaminations, spillage of water and improve the quality of drinking water.
- Electricity distribution system is currently operating at full capacity and has to be upgraded in order to accommodate future extensions. Existing low voltage problems experienced will also have to be upgraded in future.
- Storm Water: Almost 70% of all systems in both Reitz and Petsana are not functioning properly which could lead to flooding. The lack of maintenance of existing storm water systems contribute to the problem. The maintenance of existing channels are poor and render the channels ineffective when storm water needs to be controlled.
- The municipality renders services with very old vehicles. Equipment maintenance is done regularly due to the age and vehicles spares are not always available. Consequently it becomes very costly for the municipality to maintain and service the vehicles.
- Sanitation: VIP toilets in Arlington need to be converted to water bourn systems.
- There is a lack of distribution failures reporting mechanisms. The community may not be informed timeously regarding electricity and water failures.
- Water Affairs Minister red flagged Nketoana Local Municipality as one of the municipalities within the Free State where residents were warned about the conditions of tap water.

Risk Register

The most important risks as stated in the risks register are:

Risk Identification			Qualitative Rating				Risk Response		
Risk	Risk Category	Classification	Likelihood	Impact	Risk Score	Risk Ranking	Risk Response	Status	Risk Owner
Global Warming - Unsustainable extraction of freshwater and other human interference with the water cycle are the immediate causes of water scarcity within a river basin as well as reductions in rain falls which will affect the supply of clean water. Increase in air pollution also affects the quality of water. These will ultimately lead to an increase in purification costs.	Strategic Risks	Environment	5	5	25	1	Building of more dams and reservoirs to reserve more water in order to meet the demand/capacity.	The municipality is still having challenges of water supply in Arlington and Petrus. There is pipe that municipality is installing between Reitz and Petrus to solve the problem.	Director Technical
Disaster mechanisms shortfalls. The back ups of the financial systems are stored on site, no off-site storage of backups is being done. The data that is back up on site is not tested to ensure it can be restored should the need arise.	Strategic Risks	Disaster Management	5	5	25	1	Municipality should have an off site back up system outside. The information should also be tested regularly to ensure that it can be restored should the need arise in the case of a natural or any other disaster.	Server is placed in a strong room for cases like fire, and IT&A information technology company is responsible for Nketoana Local Municipality backup storage	Chief Financial Officer
Cost recovery: The municipality has not been able to collect all its debts effectively. Consumer debtors amounted to R195 million in the previous financial year. Provision for impairment amounted to R153 million. There has been slow recovery of debts from the consumer. Non payments could affect the income generation capacity of the entity and threaten the survival of the municipality.	Financial Risks	Financial	5	5	25	1	Development and implementation of a fully operational Bad Debt Policy that presents steps and guidelines to be followed when assessing outstanding debtors. Assessing the recoverability of the individual debtors on a monthly basis to ensure that any amounts that may be indicative of not being recovered should either be written off as a bad debt or that these individual debtors should be handed over for collection purposes to the appropriate attorneys to try and recover some of the outstanding monies before these amounts can be written off. This should be done promptly to ensure that long outstanding accounts are being handed over for legal action and possibility for	The consultants have been appointed to collect the outstanding revenue to the customers who are capable of pay rates and taxes.	Chief Financial Officer

Risk Identification			Qualitative Rating				Risk Response		
Risk	Risk Category	Classification	Likelihood	Impact	Risk Score	Risk Ranking	Risk Response	Status	Risk Owner
							collection before debtors are impaired.		
Overspending of the budget: Currently the municipality have overspending of budget which will lead to future external funding (Loans/overdrafts)	Financial Risks	Financial	4	5	20	1	Budgetary controls should be in place and the budget should regularly reviewed to avoid overspending.	The municipality has investment ,and currently does not use overdraft facility	Chief Financial Officer
Roads Infrastructure: Poor condition and poor maintenance of internal roads infrastructure which impact the service delivery.	Operational Risks	Technical	5	5	25	1	Action plan on improvement, maintenance and construction of roads as needed.	Roads are being maintained and all 80% of potholes are being attended.	Director Technical Services
The municipality is rendering the fire brigade services. The staff and equipment located at the Head office has to service the whole of Nketoana Area. However the municipality does not have the necessary equipment and staff to render these services.	Operational Risks	Disaster Management	5	5	25	1	The municipality should improve investment in the fire brigade services throughout Nketoana.	The municipality has fire bakkie and there are staff that are available to render that services, but is not the core function of the local municipality, is the district function.	Director Community Services
There is a shortage supply of bulk water supply in Mamafubedu (Petrus Steyn), Lindley and Arlington which affects the service delivery.	Operational Risks	Technical	5	5	25	1	Building of more dams and reservoirs to reserve more water in order to meet the demand/capacity.	The municipality is busy installing the pipe water in Mamafubedu (Petrus Steyn) to solve the problem of water.	Director Technical Services
Water networks need to be upgraded so as to avoid possible water contaminations, spillage of water and improve the quality of drinking water.	Operational Risks	Technical	5	5	25	1	Upgrading of the water network infrastructure.	Increase chlorine dosage to disinfest the line twice a month in the water networks.	Director Technical Services
Soil pollution which cause contact with clean water , Ignition which may lead to stomach illnesses, Injuries, Respiratory Illnesses, Fatalities.	Operational Risks	Technical	4	4	16	1	Trained personnel; Safety posters; Equipment checklist; On the job supervision.	After pipe burst lines are being flushed to remove any contaminated water which may	Director Technical Services

Risk Identification			Qualitative Rating				Risk Response		
Risk	Risk Category	Classification	Likelihood	Impact	Risk Score	Risk Ranking	Risk Response	Status	Risk Owner
								occurred as the result of pipe burst.	
Electricity distribution system is currently operating at full capacity and has to be upgraded in order to accommodate future extensions. Existing low voltage problems experienced will also have to be upgraded in future.	Operational Risks	Technical	5	5	25	1	Upgrading of the electricity distribution system.	The municipality does have enough electricity to absorb expansion of new areas. For 2012/13 the power outage was minimum	Director Technical Services
Storm Water: Almost 70% of all systems in both Reitz and Petsana are not functioning properly which could lead to flooding. The lack of maintenance of existing storm water systems contribute to the problem. The maintenance of existing channels are poor and render the channels in-effective when storm water needs to be controlled.	Operational Risks	Technical	5	5	25	1	Upgrading of the storm water and drainage infrastructure.	Municipality hired vacuum trucks to clean all storm channels in the municipality	Director Technical Services
The municipality renders services with very old vehicles. Equipment maintenance is done regularly due to the age and vehicles spares are not always available. Consequently it becomes very costly for the municipality to maintain and service the vehicles.	Operational Risks	Technical	5	5	25	1	The municipality should consider auctioning/disposing of the old vehicles which are in poor working condition and purchase new ones.	Old municipality vehicles has been disposed and the new fleet will be procured	Director Technical, Director Community, Director Corporate Services
Sanitation: VIP toilets in Arlington need to be converted to water bourn systems.	Operational Risks	Technical	5	5	25	1	Develop and implement a sewer network and treatment system in Arlington. Convert VIP toilets to water bourn systems.	water borne toilets cannot be developed due to the fact there is a problem of water shortage at Arlington	Director Technical

Risk Identification			Qualitative Rating				Risk Response		
Risk	Risk Category	Classification	Likelihood	Impact	Risk Score	Risk Ranking	Risk Response	Status	Risk Owner
There is a lack of distribution failures reporting mechanisms. The community may not be informed timeously regarding electricity and water failures.	Operational Risks	Technical	5	5	25	1	The municipality should implement mechanisms that will enable the municipality to identify and report distribution failure to community before it occurs.	During these financial year the municipality experience few power outages,if there is upgrading of electricity the municipality informed the community through notices	Director Technical Services
Water Affairs Minister red flagged Nketoana Local Municipality as one of the municipalities within the Free State where residents were warned about the conditions of tap water.	Strategic Risks	Technical	5	5	25	1	Municipality have to look into mechanisms to improve the quality of water.(SHEG and quality management)	The municipality has hired manager waste water and water purification services.Samples are being taken every month to to Rand Water Laboratory Services for testing and the results are loaded on blue drop and green drop system every month	Director Technical Service

2.4 Anti-Corruption and Fraud

The terms fraud and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act,
- Forgery or alteration of any document, or account belonging to a customer,
- Forgery or alteration of a cheque, bank draft, or any other financial document,
- Misappropriation of funds, securities, supplies, or other assets,
- Impropriety in the handling or reporting of money of financial transactions,
- Accepting or seeking anything of (material) value from vendors or persons providing services/materials to the council (exception: perishable gift less than R100.00 in value intended for a group of employees, such as, (candy, flowers), and which are disclosed.
- Destruction or disappearance of records, furniture, fixtures, or equipment,
- Disclosing to outside persons security arrangement and procedures.
- Irregularities with procurement.

The Municipality has adopted a Fraud Prevention Plan Strategy, which touch on the following matters:

- Nketoana Local Municipality subscribes to the principles of good corporate governance, which requires conducting business in an honest and transparent fashion.
- Consequently Nketoana Local Municipality is committed to fighting fraudulent behaviour at all levels within the organization.
- The Plan is premised on the organizations core ethical values driving the business of
- Nketoana Local Municipality, the development of its systems, policies and procedures, the public and other stakeholders, and even decision-making by individual managers representing the organization. This means that in practice all departments and other business units of Nketoana Local Municipality and even external stakeholders must be guided by the plan as the point of reference for their conduct in relation to Nketoana Local Municipality.
- In addition to promoting ethical conduct within Nketoana Local Municipality, the Plan is also intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption.
- This dynamic document details the steps, which have been, and will continually be taken by Nketoana Local Municipality to promote ethical conduct and address fraud and corruption.

The municipality has further also introduced the following measures to combat fraud and corruption in its ranks:

- Nketoana Local Municipality has created an Internal Audit Unit, which will include anticorruption capacity under the guidance of an Audit Committee. In terms of its Charter, the primary role of the Audit Committee will be to:
 - Evaluate the performance of internal audit;
 - Review the internal audit function's compliance with its mandate as approved by the Audit Committee;
 - Review and approve the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal control;
 - Review significant differences of opinion between management and internal audit function;

Fraud Prevention Plan for Nketoana Local Municipality

- Evaluate the independence and effectiveness of internal auditors; and
- Review the co-operation and co-ordination between the internal and external audit function and co-coordinating the formal internal audit work plans with external auditors to avoid duplication of work.

The anti-corruption capacity within Nketoana Local municipality will be responsible for the investigation of allegations of fraud and corruption that is brought to its attention. Additionally, it will support the risk management procedures from a fraud risk identification perspective.

Nketoana Local Municipality recognises the fact that the positive support by all its managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the Plan. Where managers are found to be slow in addressing internal control and shortcomings raised by Internal Audit, firm action will be considered.

- Awareness strategies will also be developed to enhance managers' understanding of the role of Internal Audit.
- Nketoana local Municipality is also the subject of annual external audits. These audits include the following tasks:
 - Examining evidence supporting the amounts and disclosures in the financial statements;
 - Assessing the accounting principles used and significant estimates made by management; and
 - Evaluating the overall financial statement presentation.

2.5 Supply Chain Management

The Council implemented a Supply Chain Management policy and system. The policy regulates the procurement of goods and services for the municipality; as well as the management of and control over major municipal assets.

During the 2012/13 financial year, orders and procurement from the operating budget were as follows:

Figure / Table 2.3: Orders and Procurement, 2013/14

Department	Amount
URBAN PLANNING	R 293 200.96
MUNICIPAL MANAGER	R 8 874 296.83
SPORTS	R 5 842 670.81
OFFICE OF THE SPEAKER	R 1 926 152.94
CORPORATE SERVICES	R 13 099 202.60
COMMUNITY SERVICES	R 481 797.76
PARKS & CEMETERY	R 1 981 566.85
OFFICE OF THE MAYOR	R 4 117 335.84
REFUSE	R 6 917 568.82
FINANCE	R 10 356 249.44
ROAD	R 23 224 024.19
TRAFFIC	R 3 365 318.73
ELETRICITY	R 59 008 060.27
SEWERAGE	R 6 408 956.66
WATER	R 25 812402.42

2.6 Web-site (www.Nketoanana.gov.za)

The municipality's web-site at www.Nketoanana.gov.za is managed by the Department of the Premier.

