

**6.1.11 SUPPLY CHAIN MANAGEMENT (SCM)**

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*To be expanded upon in the Final IDP Review.*

The primary objective of this section is to provide supply chain management which is fair, transparent, efficient, equitable, and competitive and which ensures best value of money for the municipality and promotes local economic development.

**6.2 FINANCIAL VIABILITY & MANAGEMENT: SWOT ANALYSIS**

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*To be completed in the Final IDP Review.*

<b>7. GOOD GOVERNANCE &amp; PUBLIC PARTICIPATION ANALYSIS</b>
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**7.1 GOOD GOVERNANCE ANALYSIS**

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**7.1.1 NATIONAL AND PROVINCIAL PROGRAMMES ROLLED-OUT AT MUNICIPAL LEVEL**

*To be included in the Final IDP Review.*

**7.1.2 IGR**

**1.11.8.1 LEGAL FRAMEWORK**

Intergovernmental Relations (IGR) in South African context concern the interaction of the different spheres of government. The Constitution declares that government is comprised of National, Provincial and Local spheres of government which are distinctive, interdependent and interrelated. According to the Constitution of the Republic of South Africa, Act, No.108 of 1996, Section 41 (2), an Act of Parliament must establish or provide structures and institutions to promote and facilitate Intergovernmental Relations and provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

**1.11.8.2 DEVELOPMENT OF AN IGR STRATEGY AND FRAMEWORK**

**7.1.2.1.1 Background**

In its endeavor to strengthen relations amongst its institutional and co-operative governance structures as well as to accelerate service delivery excellence the Zululand District Municipality (in conjunction with the Department of COGTA) is developing an IGR Strategy and Framework which will promote co-ordination, and integration of efforts, as well as monitoring and evaluating implementation. The IGR Strategy and Framework has the following targeted objectives:

- a) Establishment of a fully functional and operational IGR structure;
- b) Development of a business engagement model which will encourage all stake holder involvement towards economic viability within the district;
- c) Capacitation of Mayors on IGR; and
- d) Development of a monitoring mechanism which will be used to track and report on IGR progress.

**7.1.2.1.2 Project Steering Committee**

A project steering committee has been established and comprises of the IGR Champion (Zululand District Municipality), the Service Provider, COGTA and Local Municipalities.

**7.1.2.1.3 Protocol Agreement**

A protocol agreement was signed between all the Mayors in Zululand back in February 2012 committing themselves towards improving Inter-governmental Relations.

**7.1.2.1.4 Established Forums**

There are two forums established for inter-governmental relations, the IGR Forum for the mayors of the municipalities that comprise the area of jurisdiction of the Zululand District Municipality and a Technical Forum to be attended by the respective municipal managers; however, neither of these forums currently meet on a regular basis which complicates the communication processes that are essential for cooperation and coordination to take effect.

In the past the sector departments of the KZN Provincial Government have delivered projects and programmes within the service area of the Ulundi Municipality without reference to the needs expressed in the IDP; in preparation for this IDP review significant contact has been made with the sector department representatives in order to promote alignment between the programmes and projects driven by the Municipality and those that are undertaken by sector departments, whether at a national or provincial level. In future it is purposed that a regular schedule of engagement between the Municipality and the sector departments will be agreed and adhered to.

**7.1.3 MUNICIPAL STRUCTURES**

*To be included in the Final IDP Review.*

**7.1.4 AUDIT COMMITTEE**

**7.1.4.1 AUDIT AND RISK MANAGEMENT COMMITTEE**

The Zululand District Municipality has an Audit and Risk Management Committee set up in accordance with the prescripts of the Municipal Finance Management Act No. 56 of 2003, section 166. The Committee comprises of two independent members, who are not in the employ of the Zululand District Municipality, nor are they political office bearers.

The Chairperson of the Audit Committee is an independent person who is knowledgeable of the status of the position and has the requisite legal, business and leadership skills. The Committee operates in terms of written terms of reference approved by the municipality's Accounting Officer and Council's Executive Committee, which is in accordance with best practice.

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The Committee performs its responsibilities as required in terms of the Municipal Finance Management Act (MFMA), as well as the code of Corporate Governance. The Audit Committee meets a minimum of four (4) times during a financial year. The Following issues are deliberated upon:

- The adequacy, reliability and accuracy of financial reporting and information;
- The activities and effectiveness of internal audit function;
- The accounting and auditing concerns identified as a result of the internal or external audits;
- The effectiveness of the internal control systems;
- Risk Management;
- Compliance with the MFMA and other applicable legislation;
- Performance Management; and
- Reports on forensic investigations.

### **7.1.4.2 INTERNAL AUDIT**

The Zululand District Municipality has a system of Internal Audit under the control and direction of its Audit and Risk Committee. Based on the results of assurance work carried out by the Internal Audit unit, areas of weakness are identified and addressed. The weaknesses in internal control systems are brought to the attention of management to take corrective measures.

### **7.1.5 STATUS OF MUNICIPAL POLICIES**

*This sub-section to be updated in the Final IDP Review.*

All the financial policies will be revised to ensure that they comply with the most recent legislation and that they are in line with the current policies set by the Council. The following policies will be revised:-

- Subsistence and Traveling policy
- Credit control policy
- Tariff policy
- Investment and cash management policy
- Insurance policy
- Supply chain management policy
- Asset management policy
- Risk management policy
- IT Disaster Recovery Plan
- Fraud Prevention Strategies

The above policies should amongst other legislation, take into account the relevant sections of the MFMA.

### **7.1.6 MUNICIPAL BYLAWS**

*This sub-section to be provided in the Final IDP Review.*

Apart from the public participation processes pursued as part of the IDP preparation, communication with constituents is achieved in the municipal area by way of newsletters, radio and other media forms.

More specifically, the following organization arrangements are in place for the IDP preparation process:

- **IDP Steering Committee** was resolved by the Council to act as a support to the ZDM Municipal Forums, the Municipal Manager and the IDP Manager.
- The ZDM **Representative Forum** is the participation forum that has to recommend the IDP for adoption to the Zululand District Municipality Council.
- **IDP Planners Forum** is a technical forum that supports the IDP Steering Committee and consists of planners and IDP experts from within the District. The coordination of alignment of interaction with sector Departments and Local Municipalities.
- The **LED Forum** is a technical forum consisting of three sub-forums namely agriculture, business and tourism. The LED forums reports and give input to the IDP Steering committee. These sub-forums are used as a platform for interaction with the private sector.

It should also be noted that the IDP and its implementation for the ZDM will start focusing on international alignment with the district international neighbour, i.e. Swaziland. At the district alignment level, work sessions have been held with neighbouring district while an Inter-municipal Forum (IMUF) has been established as part of the Pongolapoort Dam Development Initiative.

Some of the tools used for communicating the IDP include:

- Road shows during the IDP comment phase
- Advertisements in local and provincial newspapers as required
- Local Service Providers/Stakeholders Alignment meetings

## **7.3 GOOD GOVERNANCE & PUBLIC PARTICIPATION: SWOT ANALYSIS**

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### **7.3.1 STRENGTHS/OPPORTUNITIES**

- Intention to prepare and implement an Infrastructure and Services Provision Communication Strategy.
- Various forums have been established to ensure coordination of service delivery.
- To cater for the social development needs of youth, women, the disabled and the aged, a relevant Participation Strategy is being prepared.
- The Audit and Risk Management Committee to facilitate the development of a formal Risk Management Framework and Strategy.
- Comprehensive IT security policy in place to minimize the risk of errors, fraud and the loss of data confidentiality, integrity and availability.
- Numerous organizational arrangements are in place for the IDP preparation process.

### **7.3.2 WEAKNESSES/THREATS**

- The municipality is exposed to various risks of loss including theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employee health and natural disasters.
- Fraud and Corruption can surface at a number of levels in any organization.

**8. COMBINED SWOT ANALYSIS****8.1 STRENGTHS/OPPORTUNITIES**

- Well-functioning Portfolio, EXCO and Council structures.
- Communication Plan and IDP Alignment processes in place.
- MTAS in place.
- Implementation of the Electronic Records Management System (EDMS) since 2006 has made considerable progress in modernizing and improving ZDMs Records system.
- Sub-forums under the Local Economic Development Forum include Tourism and the recently established General Business and Agricultural forums.
- LED Directorate's achievements created further opportunities for growth and development.
- Functional GIS section.
- Planning Shared Services in place.
- Compliance with financial requirements and submission deadlines.
- Intention to prepare and implement an Infrastructure and Services Provision Communication Strategy.
- Various forums have been established to ensure coordination of service delivery.
- To cater for the social development needs of youth, women, the disabled and the aged, a relevant Participation Strategy is being prepared.
- The Audit and Risk Management Committee to facilitate the development of a formal Risk Management Framework and Strategy.
- Comprehensive IT security policy in place to minimize the risk of errors, fraud and the loss of data confidentiality, integrity and availability.
- Numerous organizational arrangements are in place for the IDP preparation process.
- Education, Health and Community Service Sector Plan in place although it required a review.
- Concerted effort to involve widows, orphans and people living with disabilities in social and economic development programmes.
- It is evident that the district's largest contributors to GVA are not necessarily the fastest growth sectors.
- A number of tourism developments are in the pipeline or being implemented, notably the Pongolapoort Dam Proposals as well as the Emakhosini Ophathe Development Proposals.
- The commercial sector is well established in the towns of the District.
- Opportunities generally promoted in the region in terms of agri-processing include traditional medicines, venison production for export, leather production as well as vegetable and fruit processing. The diversification of agricultural production in the District will lead to further potential for agri-processing.
- The diversification of the products of the district and the improvement of marketing systems that will open up new local, national and international markets.
- Opportunities relating to timber product manufacturing should continue to be investigated. Timber construction relating to specifically the tourism industry may present opportunities for local contractors in future.
- Opportunities exist for the development of clothing and textile as well as building materials sector in the District.
- Rural road maintenance and upgrading of rural roads which will continue to establish better linkages between settlements, rural nodes and municipal centres, thus increasing access to economic opportunities whilst increasing access to job opportunities.
- The proposed petrol filling station and information centre (Ulundi "19") is viewed as a lead project impacting on both the transport and tourism sector in the District. This strategically located development will increase the attractiveness of this alternative route between Gauteng and the KwaZulu-Natal coast. It will also provide an opportunity for informing people passing through the area of the attractions which the area has to offer.
- Opportunities still exist for small scale mining relating to mine rehabilitation as well as equipment maintenance and support.
- The ZDM has an indigent policy in place.
- To measure consumption in unmetered zones, the municipality uses the water balance to determine consumption.
- The Zululand District Water Services Plan gives a clear indication as to where and when water infrastructure will be provided in the District. It provides a clear indication of what amount of water capital infrastructure will be provided when and at what cost and during which year. MIG business plans in excess of R1,5 billion have already been approved.
- The following forums are in place to attend and align disaster management responses: