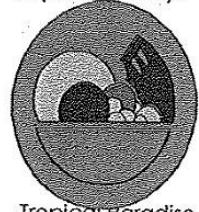


Tel: 015 307 8000
Fax: 015 307 8049

**GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN**

P.o Box 24
Tzaneen, 0850

Tropiese Paradys



Tropical Paradise

**A 32 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON
THE 2016/17 DRAFT ANNUAL REPORT.**

(E/C 2018 03 29; 2018 03 29)

(12/2/3/1/1)

RESOLVED

1. Having fully considered the 2016/2017 Draft Annual Report, the Municipal Public Accounts Committee recommends that Council adopt the Draft Annual Report 2016/17 with reservations as follows:
 - a) That the management be applauded on their effort in retaining the unqualified audit opinion and also development of the action plan.
 - b) That the management implement the action plan approved by Council.
 - c) That measures must be developed to resolve conflicts between the municipality and traditional authorities, on the distribution of land for settlement purposes.
 - d) That the Speaker must intervene in all the wards that the public participation was not conducted to priorities key service delivery services and action plan be developed to conduct public participation in all the wards.
 - e) That anti-corruption awareness be conducted from the 1st April 2018.
 - f) That performance management assessment be conducted and consequence management be implemented for those managers and directors who are not reporting on time.
 - g) That the resources to conduct the customer satisfaction survey be prioritized in the next financial year 2018/2019.

- h) That Thusong centers be equipped with furniture and necessary resources to enable the centers to be functional and it be prioritized for the financial year 2018/19.
- i) The Rapid Response Team be re-established as a matter of urgency to address protests.
- j) That the organizational structure of the municipality be reviewed to address the issues of the personnel to main new infrastructures, like the swimming pool, Relela Community hall, Runnymede sport center etc.
- k) That the engagements between the Municipality and the Mopani District be made to address the issues of the unfinished infrastructures, being implemented by the district in the Greater Tzaneen area of operation like the Leretjeni Stadium and others.
- l) That the municipality review the water service agreement with Mopani District Municipality which resulted in the Greater Tzaneen Municipality incurring R10,941,334.31 unauthorized expenditure on providing water to communities, through water tankers.
- m) That reasonable measures must be taken urgently to ensure that the collection and banking of the traffic fines money is collected and banked by the municipality.
- n) That the matter of the R484 233, 05 that was robbed during the cash in transit, be referred to audit committee for further investigation.
- o) That the Road Master Plan, Land Management Administration prevention and control of informal settlement, Fleet Management Policy and all draft By-Laws be tabled for adoption in the next normal council sitting.
- p) That all the RDP houses that are cracked and not in good condition be reported to the sector department.
- q) That the municipality ensures that the service providers of the electrification projects attend to the problems or issues raised, and the progress made be reported in the normal council sitting of the 26 July 2018.

Signed by the Speaker
Councillor DJ Mmetle.....

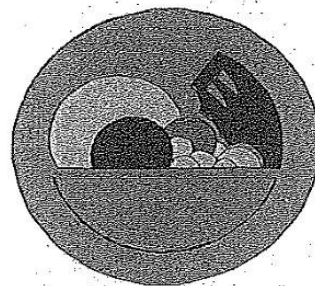




**GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN**

P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049



www.greatertzaneen.gov.za

MPAC 2016/17 OVERSIGHT REPORT

THE REPORT OF COUNCILOR DG MKHABELA

MARCH 29, 2018
GREATER TZANEEN MUNICIPALITY
38 AGATHA STREET, CIVIC CENTER, 0850

A32. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON THE 2016/17 DRAFT ANNUAL REPORT.

(E/C 2018 03 29; 2018 03 29)

(12/2/3/1/1)

**REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE CHAIRPERSON:
COUNCILOR DG MKHABELA.**

1. Purpose of the report

The purpose of the report is to report back to Council on the oversight conducted on the 2016/17 Draft Annual report and the recommendations thereof.

2. Background

The Municipal Finance Management Act, Section 129 (1), stipulates that *“the Council of a municipality must consider the annual report of the municipality and of any entity under the municipality’s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report”*. The 2016/17 Draft Annual Report was noted by council on the 25th January 2018 and referred to the Municipal Public Accounts Committee for the oversight process to be conducted.

3. Findings by the committee on the 2016/17 Draft Annual Report.

The Municipal Public Accounts Committee perused the 2016/17 Draft Annual Report and the following were some of issues encountered during the perusal and engagement with the executive during the public hearing. The committee based its finding and recommendations on the following;

- Information provided in the 2016/17 draft annual report and performance report.
- Formal clarity seeking questions and answers.

- Interview with management during public hearing which was held on the 16 March 2018 at Nwamitwa Community hall(tribal office)
- Supportive documents which were made available to the committee by management.
- 2015/16 MPAC oversight report and council resolution (A16 C 31 03 2017)

Auditor General's report and findings

The municipality has obtained the unqualified Audit opinion for the 2016/17 financial year. Management has developed Audit action plan to address findings by the auditor general and the action plan is approved by the Council and is submitted to the sector departments. Audit action plan and council resolution serves as a commitment and willingness for the municipality to address the finding by the Auditor General.

Informal settlements

The Municipality has 12 informal settlements which are not catered for in the municipal budget. The Municipality render services to these informal settlements on an adhoc basis, with budget from service departments. There is a lack of interaction between the municipality and the traditional authorities to resolve the issue of the informal settlements. Conflicts must be resolved between the municipality and traditional Authority in distribution of land for residential purposes.

Public Participation 2016/17

Public participation meetings where not conducted in several wards to priorities key service delivery issues.

- Public participation / consultation with community members on key service delivery was not conducted in the following wards 7,8,11,14,15,18,20,23,24,29,30,31,33.
- Reports of the ward committees did not serve in council for 2016/17 financial, however there is progress with Lesedi cluster report that was tabled to Council for the financial year 2017/18.

- In Ward 14 the public participation was attended by only 3 people and one official who is not designated as a Community Development Facilitator. His Job description states that he is an information officer.

Anti-corruption awareness

Following the council resolution (A16 C 31 03 2017) (f) that anti-corruption awareness be conducted at the testing station and all recommendations by the management be implemented and progress be reported in the next council meeting.

- The municipality has established the Anti-corruption committee and however the committee is not fully functional and awareness campaign was not conducted.
- No intervention has been made to improve the functionality of the committee.
- The above Council resolution was not implemented.

Despite the committee not being functional, the management made an effort to develop whistle blowing policy and an anti- corruption hotline was developed and approved by council. The acting Municipal Manager made commitment in writing and under oath during public hearing held on the 16 March 2018 to conduct anti-corruption campaign on the 4th quarter of April 2018.

Performance Management Evaluation

Following council resolution (A16 C 31 03 2017), that the management must comply with the time frames and legislations for reporting and performance management assessment be conducted and progress be reported in the next council sitting. Performance Management assessment was not conducted for past 2 financial years 2014/15, 2015/16, and the matter is still a finding even in the 2016/17 financial year.

- Performance management assessment was not conduct due to non-adherence to the reporting time frames.
- No action has been taken against those who are not adhering to the reporting time frames.
- The above council resolution was not implemented.

Customer satisfaction survey

For the past three years 2013/14, 2014/15, 2015/16 and 2016/17 financial year the municipality did not conduct the customer satisfaction survey. Following council resolution (A16 C 31 03 2018). That a customer survey plan be developed as a matter of urgency to ensure compliance with Batho-Pele Principles Policy.

- The Batho-Pele principles clearly indicates that there must be service standards which must be adhered to. The municipality is not implementing the Batho-pele principles fully.
- The above council resolution was not implemented in the 2013/17 financial year

Providing access to information

There is still challenges of the reports not being accessible at the Thusong centers, as they are not functional. Thusong Centres are not equipped with the resources that will enable officials who are supposed to be working in those areas to report as they do not have the necessary tools to enable them to execute their duties daily. Necessary resources must be provided in Thosong centres for community member to have access to information.

Municipal rapid response team & public protest

The Council took a resolution on the 31st March 2017; that the municipal rapid response team addresses the public protests conflicts regarding projects that are on hold due to protests(A16 C 31 03 2018). The Resolution was taken with specific reference to Rita to Mariveni tar road which is still reported to be on hold as a result of protest.

Rapid response team is no longer active and no intervention has been made

- The above council resolution is not implemented.
- Rita to mariveni is currently under investigation by MPAC and will be reported separately.

Lack of Integration of services within the municipality

There is a lack of integration of services within the municipality. Infrastructures are been constructed but the organizational structure of the municipality does not provide for personnel to manage and maintain those infrastructure. Examples includes Relela community hall, the hall is complete and budget for furniture and personnel to maintain the hall is not provided for. Tzaneen swimming pool, also the organizational structure does not address personnel for life guards.

Poor inter- governmental relations MDM vs GTM

There is poor inter-governmental relations between the Greater Tzaneen Municipality and the Mopani District Municipality. Leretjeni stadium in the Relela Cluster, has been abandoned by the Mopani District Municipality and there was no effort or communique made by the Municipality to the District to ensure the completion of the project in its area of operation. The infrastructure is currently been vandalized with overgrown bushes which might lead to criminal activities.

Water Services Provision

Greater Tzaneen municipality signed water service provider contract with Mopani District Municipality in April 2016. However due to the dysfunctional of some of the boreholes, temporary measures and agreements where made that the Greater Tzaneen Municipality must provide water through water tankers in those areas where boreholes are dysfunctional. However the matter became a routine and GTM render the service full time for the whole 2016/17 financial year.

- The Municipality has so far, provided water through water tankers to the unauthorized expenditure of R10, 491, 334, 31.
- The municipal public account committee reached the conclusion based on the information provided in the annual report and questions and answers on the public hearing held (16 march 2018)
- Copy of the agreement was not provided to the MPAC for further investigation.

Speed Law Enforcement Services

The service provider is issuing traffic fines and collecting revenue and bank the money on behalf of the municipality. There is no transparency and clear accountability in the process of collecting and banking of the money. The Municipality can only be able to account for payments made through speed point because the speed point is linked to the municipal system.

- The municipality cannot be able to account for the accuracy of the hard cash which is been collected and banked by the services provider.
- The municipality is in a contract for Cash in Transit with (Fidelity Cash Solutions) for collecting money from the municipality to the bank, and however traffic fines money is been collected and banked by the services provider (Mavambo intelligent transport solutions). Copy of the contract /service level agreement was request and obtained by MPAC for further investigation and therefore the following are findings;
- The contract does not authorize or makes provision for the service provider to collect revenue and bank money on behalf of municipality
- The contract does not makes provision for Traffic officers to escort the service provider to bank money
- The lives of the traffic officers, according to acting Director Community Services, Mr. MJ Malatji and the Superintendent, Mr. R Methlape are put at risk for escorting the service provider to bank the traffic fines money, whilst the municipality has contracted the services of the Fidelity cash solutions to do banking for the Municipality.
- The observation by the committee is that the contract is not well managed.

Supply Chain Management

The committee has once again observed that supply chain processes are disregarded which in turn cost the Municipality a lot of money in fruitless, wasteful, irregular and

unauthorized expenditures. Delays in the appointment of service providers delays the completion of projects and further leads to the of projects rollovers.

Cash in transit (case no 04/06/2017)

As per the 2016/17 draft annual report (infrastructure theft cases); the municipal money, was stolen at the hands of the service provider while making collections in other business area. There is no clarity as to whether the amount of R484 233, 05. belonging to the municipality has been recovered or not. We further recommend the matter to be referred to audit committee for further investigation.

Municipal Policies

Draft policies on the Road Master Plan, Land Management Administration prevention and control of informal settlement, Fleet Management Policy and By-Laws have been developed and awaiting for approval by the Council. Approval of policies must be priotised to give to promote good governance and smooth administration.

Site Inspection Visit.

Project name	Status as per annual report	Source of funds	Project start date	Project completion date	Project visited date	Physical verification of the project by MPAC	Current status of the project
Kubu to Lwandlamuni Bridge (phase2)	100%	Own funding	02/02/2017	08/06/2017	26/02/2018	The bridge is completed	The bridge is still fine and been used
Mokonyanne pedestrian Bridge	100%	Own funding			24/03/2018	The bridge is completed	The bridge is still fine and been used
Morumofase Bridge	100%	Own funding			28/02/2018	The bridge is completed	The bridge is cracking at the stairs site
Rikhotso Low Level Bridge	The project is complete (100%)	Own funding			24/03/2018	The bridge is completed	The bridge is complete

Relela community hall	95%	MIG	14/04/2016	13/10/2017	26/02/2018	Completed	Community hall is completed, however is not been maintained and is not furnished.
Morutji matswi Ksheshokolwe	74%	MIG	November 2016	30/11/2018	26/02/2018	The road is not completed	On progress and is still within the time frame ,
Runnymede sports centre	75%	MIG	March 2016	30/06/2017 and extended to 16/03/2018 due to blasting	16/03/2018	the project is practically complete	On progress (doing touch up)
Burgarsdorp sports facilities	90%	MIG	05 June 2017	05/01/2018 and extended to 16/04/2018	28/02/2018	The project is not completed and completion date is extended	On progress
Julisburg Sports Facility			12/06/2017	12/01/2017	28/02/2018	The project is no completed	On progress

Mafara to burgers dorp tar road	85%	MIG	08/08/2016	Revised date of completion is 18/03/2018	28/02/2018	The project is not completed.	On progress
Rural Waste Management			There is a lot of illegal dumping where the project is being implemented, ward 6, 2,11 etc.				Ongoing
RDP house		Coghsta	The committee conducted project site visit on all the RDP houses in all 4 clusters. Most of the RDP are Good condition, except for 2 in ward 35 for Alfred Motloutsi and Mohale Pilusa. Ward 12 for Joyce Ngobeni			Complete	Fine
Electrification Projects	Completed	DBSA	The electrification projects were also visited in all 4 clusters. The challenges are in ward 04 were the cables are too low. The issue was reported to Council in the 02 nd quarter, yet it was not resolved. Also in ward 35 the service provider abandoned the project and few of the households are not connected.			Not Complete	Fine

				Ward 07 (Madumane) the service provider abandoned site without connecting houses. Electrification is not completed at thapane/ bokhuta in ward 11		
--	--	--	--	---------------------------------------------------------------------------------------------------------------------------------------------------	--	--

RECOMMENDATIONS

1. Having fully considered the 2016/2017 Draft Annual Report, the Municipal Public Accounts Committee recommends that Council adopt the Draft Annual Report 2016/17 with reservations as follows:
 - a) That the management be applauded on their effort in retaining the unqualified audit opinion and also development of the action plan.
 - b) That the management implement the action plan approved by Council.
 - c) That measures must be developed to resolve conflicts between the municipality and traditional authorities, on the distribution of land for settlement purposes.
 - d) That the Speaker must intervene in all the wards that the public participation was not conducted to priorities key service delivery services and action plan be developed to conduct public participation in all the wards.
 - e) That anti-corruption awareness be conducted from the 1st April 2018.
 - f) That performance management assessment be conducted and consequence management be implemented for those managers and directors who are not reporting on time.
 - g) That the resources to conduct the customer satisfaction survey be prioritized in the next financial year 2018/2019.
 - h) That Thusong centers be equipped with furniture and necessary resources to enable the centers to be functional and it be prioritized for the financial year 2018/19.
 - i) The Rapid Response Team be re-established as a matter of urgency to address protests.
 - j) That the organizational structure of the municipality be reviewed to address the issues of the personnel to main new infrastructures, like the swimming pool, Relela Community hall, Runnymede sport center etc.
 - k) That the engagements between the Municipality and the Mopani District be made to address the issues of the unfinished infrastructures, being implemented by the

district in the Greater Tzaneen area of operation like the Leretjeni Stadium and others.

- l) That the municipality review the water service agreement with Mopani District Municipality which resulted in the Greater Tzaneen Municipality incurring R10,941,334.31 unauthorized expenditure on providing water to communities, through water tankers.
- m) That reasonable measures must be taken urgently to ensure that the collection and banking of the traffic fines money is collected and banked by the municipality.
- n) That the matter of the R484 233, 05 that was robbed during the cash in transit, be referred to audit committee for further investigation.
- o) That the Road Master Plan, Land Management Administration prevention and control of informal settlement, Fleet Management Policy and all draft By-Laws be tabled for adoption in the next normal council sitting.
- p) That all the RDP houses that are cracked and not in good condition be reported to the sector department.
- q) That the municipality ensures that the service providers of the electrification projects attend to the problems or issues raised, and the progress made be reported in the normal council sitting of the 26 July 2018.

FOR CONSIDERATION