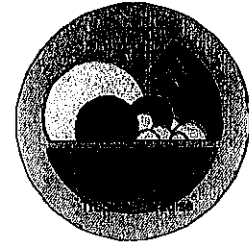




**GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN**



P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

www.greatertzaneen.gov.za

**A48 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON
THE 2020/2021 DRAFT ANNUAL REPORT, REPORT OF THE MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE**

(C 2022 03 24)

(12/2/3/1/1)

PURPOSE OF THE REPORT

- To report back to Council on the oversight conducted on the 2020/21 Draft Annual report and the recommendations thereof.
- To provide a record on the activities of the municipality for the financial year 2020/2021.
- To further report on the progress of projects site visit conducted by the committee on the projects implemented in the year under review.

1. 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 2020/21 Draft Annual Report was noted by Council on the 28th of January 2022 and referred to the Municipal Public Accounts Committee for the oversight process to be conducted.

The Municipal Public Accounts Committee advertised the Draft Annual Report and requested public inputs through a notice in the local newspaper in line with Section 21A of the Municipal System Act. The report was placed on the Municipal website, also delivered to 5 Libraries (Tzaneen, Haenertzburg, Letsitele, Mulati and Shiluvana) 7 Tribal Authorities offices, (Modjadji, Nyavana, Mankweng, Nkuna, Valoyi and Bathlabine). Also, the Draft Annual report was placed in all Thusong centers (Lesedi, Runnymede, Bulamahlo and Relela) for easy access by the community members. The inputs were only received from Ms. Evelyn Makgoba.

COMPOSITION OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF GREATER TZANEEN MUNICIPALITY.

Council on the 22nd of November 2021 and 08th December 2021 established the Municipal Public Accounts Committee, which is constituted as follows proportionally representing all political parties in Council.

- i) Councilor NG Maunatlala (MPAC Chairperson)
- ii) Councilor NR Lefophana
- iii) Councilor ME Mawasha
- iv) Councilor J Mashele
- v) Councilor ME Ralepelle
- vi) Councilor PG Mametja
- vii) Councilor TP Wisani
- viii) Councilor WM Maake

2. ANNUAL REPORT PROCESSES BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- a) The Municipal Public Accounts Committee held three (3) days working session on the 2020/2021 Draft Annual Report on the 1st to the 03rd of March 2022 at. The purpose was to peruse the Draft Annual Report and formulate questions out of the report.
- b) On the 23rd of March 2022 the committee held a meeting with the Auditor General, Mr. Mpho Kekana who presented the Audit report and the findings to the committee. He outlined to the committee how certain decisions were arrived at, and further indicated

that management were given an opportunity to do amendments where possible on the report.

- c) Questions drafted on the 2020/21 Draft Annual Report were responded to by Management by Thursday the 17th of March 2022.
- d) The committee held the Public Hearing on the 2020/2021 Draft Annual Report at Nwa'mitwa Tribal Community Hall and was livestreamed on the Municipal Facebook page on the 18th of March 2022.
- e) The committee conducted the project site visit on the 2020/2020 Draft Annual Report on the 17 & 18 May 2021.

3. AREAS OF CONCERN BY THE COMMITTEE WHEN PERUSING THE 2020/2021 DRAFT ANNUAL REPORT.

The Municipal Public Accounts Committee perused the 2020/21 Draft Annual Report, and the following issues were identified during the perusal of the report and engagement with the Executive Committee during the public hearing. The committees' findings and recommendations were based on the following.

- Electricity distribution losses and metering inaccuracies which result in revenue loss. The matter is a recurring audit finding.
- Reported performance indicators not consistent with the planned performance measures. (non-alignment of indicators, planned and performance, e.g. difference in the number of the planned electrification units and implemented units)
- The municipality is still unable to pay money debtors within the 30 days' period as required by the MFMA section 65 (2) (e). The matter is a recurring matter from previous financial years.
- Greater Tzaneen Economic Development Entity (GTEDA)'s current liabilities are greater than the total assets, which negatively affect the Agency's going concern.
- Non reporting of rolled over projects in the Annual Performance Report,
- Late submission of the Annual Financial Statements in contravention with the Section 126 (1)(a) of the MFMA.

- The annual report indicating that the municipality is a defendant in various litigations, with an estimated value of R86 349 024
- Employees and councilors doing business with the municipality, in contravention with the Supply Chain Management legislation,
- Late submission of SARS returns
- The municipality paid for fuel consumption and monthly administration fees on vehicles that were written- off and for vehicles that were not operational for the period August 2020 to June 2021.
- Prolonged acting in contravention with the collective agreement for the Limpopo Division of the SALGBC.
- Abuse of overtime and lack of monitoring by management.
- Contravention of leave policy, in that leave was approved 5 to 75 days late after the leave was taken
- The amount of money charged by traffic officials differs from that in the charge book.
- Illegal occupation of the Municipal land, Erf 2061 Lenyenye.
- Municipal land ERF 918 erroneously registered to a beneficiary of a low-cost housing, (RDP) Erf 819. The beneficiary now holds 2 title deeds.
- Non- compliance with the service level agreement between Mopani District Municipality and Greater Tzaneen Municipality in relation with water services.
- The difference in reporting on the Upgrading of the road from gravel to Pavement, Nelson Ramodike.
- Deviations that did not follow due process, in that, a deviation from advertising the bid, was approved, whilst quotations for the IDP strategic session were received on the 18 November 2020, for the strategic session that was to be held on the 9-11 December 2020 (15 working days).

Site Inspection Visit.

The committee conducted the projects site visits on the 23rd of March 2022 on the following projects:
Engineering Services

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
Matapa to Leseka Access Road	100%	MIG	08/08/19	Depending on the appointment of the contractor	23 March 2022	The road is complete.	Complete and the contractor is on liability period
Nelson Ramodike High School Access Road	90%	MIG		Depending on the appointment of the contractor	23 March 2022	The project is complete. There are a few areas on the road that	

The following electrification projects were implemented in the financial year 2019/2020 and rolled over to the 2020/2021 as the were not completed. The challenge became when the progress was not reported in the Annual Performance report which then became a query by the Auditor General. The committee visited the projects to verify the progress of the projects and the following are the findings by the committee:

NO	WARD / VILLAGE	UNITS PLANNED	UNITS IMPLEMENTED	PERCENTAGE %	CHALLENGES
1.	Tshamahansi Village	80	84	100%	The project is complete, and the ward Councillor confirmed that there are no challenges so far, only 1 household was not electrified due to the issue of a dispute of ownerships of the house. The perceived owner was advised by the Electrical Engineering assistant

					to submit the proper documents at the municipality so she could be assisted with post application process.
2.	Ntsako Village	307	310	100%	The committee met with the ward committee, and also engaged with the ward councilor who indicated the challenges of most community members struggling to buy electricity due to coding. The electrical Engineering Assistant advised, the ward councilor must arrange a meeting with all affected and Eskom will

						be invited to the village to assist them.
3.	Mulati Village	80	80	100%		The units were electrified 100% and no challenges were raised by the councillor.
4.	Mohlaba (Shikwambana) Village	140	167	100%		None
5.	Mavele Village	240	240	100%		None
6.	Dan Village	110	110	100%		None, the ward Councillor was called, and he indicated that so far there are no challenges.

RECOMMENDATIONS

1. Having fully considered the 2020/2021 Draft Annual Report, the Municipal Public Accounts Committee recommend that Council adopt the report with reservations as follows:
 - a) That the Municipal Manager must ensure that, distribution losses and metering inaccuracies which result in revenue loss are attended to ensure that the Municipality does not lose money and address the issue of Eskom bill.
 - b) That the Municipal Manager must ensure that there is an alignment of the planned and reported KPI.
 - c) That the Municipal Manager must ensure that the municipality pay, its debtors within the 30 days' time frame in line with MFMA section 65(2)(e)
 - d) That where an employee is found to have received the invoice and not process it with the 30 days as per the legislation above, and cause the municipality to incur fruitless expenditure, consequence management be applied, in line with section 32 (1) (d).
 - e) That the issue of GTEDA operating with current liabilities being greater than total assets be attend to, and a report be generated to council on the way forward.
 - f) That the Municipal Manager must ensure that the municipality never finds itself, in a position where it submits the Annual Financial Statements late, in contravention with Section 126 (1) (a) of the MFMA.
 - g) That a report be generated to Council, on the progress made of all the litigations, that are appearing in the Draft Annual Report and how far is the process of dealing with them.
 - h) That the municipality consider establishing contract management unit.
 - i) That the matter of all, employees and councilors who appear in the audited financial Statements, of having done business with the municipality without declaring be referred for further investigation, as it has an element of financial misconduct.

- j) That the Municipal Manager must ensure that, the tax returns of the municipality are submitted on time to avoid late penalties incurred, which constitutes fruitless and wasteful expenditure.
- k) That the matter of the prolonged acting of the manager Safety and Security in contravention with the collective agreement for the Limpopo Division of the SALGBC, be stopped with immediate effect.
- l) That the Municipal manager submit a report in the next council sitting on the irregular expenditure incurred since the collective agreement for the Limpopo Division of the SALGBC came into effect, of the acting of the Safety and Security.
- m) That the Acting Municipal Manager must indicate in the report mentioned in recommendation K above what steps should be taken in relation to Section 32 (2)(b), of the MFMA.
- n) That the Municipal Manager must submit a detailed report to council on the usage of fuel on cars that were not in use, written-off and taken by ABSA.
- o) That names of drivers who were using the petrol cards be provided in the report. That all the petrol cards attached to the cars that are not in use be discontinued to avoid the fruitless expenditure being incurred in pay administration fees of the cards.
- p) That consequence management be applied to those who contravenes the leave management policy by approving / taking the leave after it is taken
- q) That the Municipal Manager must ensure that the traffic fines issued recorded to avoid the audit query, as the Municipality is found to have understated its revenue and receivables by the auditor general, which impact negatively on the audit outcome of the municipality.
- r) That the erroneously registered Erf 918 land that belongs to the Municipality and is in the name of Mr. Mbombi James Mbinda be rectified and the property is registered back in the name of the Municipality.
- s) That illegal occupant of Erf 2061 Lenyenye be evicted on the Municipal land, and that a progress report on recommendation Q & R be submitted in the next council sitting.

- t) That the matter on the service level agreement between the Mopani District Municipality and Greater Tzaneen Municipality in relation to water transactions be reviewed to ensure that both institution's transactions are in line with the SLA, as GTM is found to have not complied with paragraph 9.3.2 of the signed SLA between the 2 municipalities.
- u) That the issue of the deviation that was approved to by-pass the advertisement of a bid for acquiring a venue and related supplies for the IDP strategic session, be referred for further investigation as the quotations for the bid were received 15 working days before.
- v) That the outcome of all referred items be tabled in council within 90 working days of the approval of the recommendation.
- w) That the Municipal Manager must ensure that, the difference of the money paid in excess to Paint pot between the quotation and the invoice be recovered. Proof of recovery be reported in the next Council sitting.

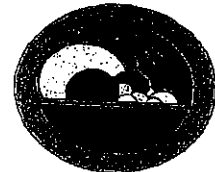
FOR CONSIDERATION



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
www.greatertzaneen.gov.za



Tropical Paradise

**A48 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON
THE 2020/2021 DRAFT ANNUAL REPORT, REPORT OF THE MUNICIPAL PUBLIC
ACCOUNTS COMMITTEE**

(C 2022 03 29)

(12/2/3/1/1)

RESOLVED

1. Having fully considered the 2020/2021 Draft Annual Report, the Municipal Public Accounts Committee recommend that Council adopt the report with reservations as follows:
 - a) That the Municipal Manager must ensure that, distribution losses and metering inaccuracies which result in revenue loss are attended to ensure that the Municipality does not lose money and address the issue of Eskom bill.
 - b) That the Municipal Manager must ensure that there is an alignment of the planned and reported KPI.
 - c) That the Municipal Manager must ensure that the municipality pay, its debtors within the 30 days' time frame in line with MFMA section 65(2)(e)
 - d) That where an employee is found to have received the invoice and not process it with the 30 days as per the legislation above, and cause the municipality to incur fruitless expenditure, consequence management be applied, in line with section 32 (1) (d).
 - e) That the issue of GTEDA operating with current liabilities being greater than total assets be attend to, and a report be generated to council on the way forward.

M.S

- f) That the Municipal Manager must ensure that the municipality never finds itself, in a position where it submits the Annual Financial Statements late, in contravention with Section 126 (1) (a) of the MFMA.
- g) That a report be generated to Council, on the progress made of all the litigations, that are appearing in the Draft Annual Report and how far is the process of dealing with them.
- h) That the municipality consider establishing contract management unit.
- i) That the matter of all, employees and councilors who appear in the audited financial Statements, of having done business with the municipality without declaring be referred for further investigation, as it has an element of financial misconduct.
- j) That the Municipal Manager must ensure that, the tax returns of the municipality are submitted on time to avoid late penalties incurred, which constitutes fruitless and wasteful expenditure.
- k) That the matter of the prolonged acting of the manager Safety and Security in contravention with the collective agreement for the Limpopo Division of the SALGBC, be stopped with immediate effect.
- l) That the Acting Municipal manager submit a report in the next council sitting on the irregular expenditure incurred since the collective agreement for the Limpopo Division of the SALGBC came into effect, of the acting of the Safety and Security.
- m) That the Municipal Manager must indicate in the report mentioned in recommendation K above what steps should be taken in relation to Section 32 (2)(b), of the MFMA.
- n) That the Municipal Manager must submit a detailed report to council on the usage of fuel on cars that were not in use, written-off and taken by ABSA.
- o) That names of drivers who were using the petrol cards be provided in the report. That all the petrol cards attached to the cars that are not in use be discontinued to avoid the fruitless expenditure being incurred in pay administration fees of the cards.
- p) That consequence management be applied to those who contravenes the leave management policy by approving / taking the leave after it is taken

- q) That the Municipal Manager must ensure that the traffic fines issued recorded to avoid the audit query, as the Municipality is found to have understated its revenue and receivables by the auditor general, which impact negatively on the audit outcome of the municipality.
- r) That the erroneously registered Erf 918 land that belongs to the Municipality and is in the name of Mr. Mbombi James Mbinda be rectified and the property is registered back in the name of the Municipality.
- s) That illegal occupant of Erf 2061 Lenyenye be evicted on the Municipal land, and that a progress report on recommendation Q & R be submitted in the next council sitting.
- t) That the matter on the service level agreement between the Mopani District Municipality and Greater Tzaneen Municipality in relation to water transactions be reviewed to ensure that both institution's transactions are in line with the SLA, as GTM is found to have not complied with paragraph 9.3.2 of the signed SLA between the 2 municipalities.
- u) That the issue of the deviation that was approved to by-pass the advertisement of a bid for acquiring a venue and related supplies for the IDP strategic session, be referred for further investigation as the quotations for the bid were received 15 working days before.
- v) That the outcome of all referred items be tabled in council within 90 working days of the approval of the recommendation.
- w) That the Municipal Manager must ensure that, the difference of the money paid in excess to Paint pot between the quotation and the invoice be recovered. Proof of recovery be reported in the next Council sitting.

Note: The Economic Freedom Fighters indicated that they reject the report, due to the report not thoroughly investigated.

Signed by the Speaker
Councillor MS Tiba.....