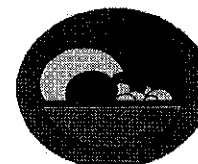


**GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN**

Tel: 015 307 8000
Fax: 015 307 8049

P.o Box 24
Tzaneen, 0850
www.tzaneen.gov.za



Tropical Paradise

**A59 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON
THE 2022/2023 DRAFT ANNUAL REPORT.**

(2024 03 27)

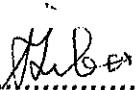
(12/2/3/1/1)

RECOMMENDATIONS

1. Having fully considered the 2022/2023 Draft Annual Report, the Municipal Public Accounts Committee recommends that Council adopt the report with reservations as follows:
 - a) That the 2022/2023 Draft Annual Report be revised, and errors, omissions and mistakes be corrected before being published on the municipal website and submitted to the provincial departments.
 - b) That the Accounting officer invites competitive bidders for the installation of smoke detectors, as Greater Tzaneen Municipality is not the only institution in the country having to install smoke detectors.
 - c) That deviation of procuring services in the municipality in the name of specialized work should be stopped.
 - d) That the Accounting Officer must monitor the implementation of the audit action plan to avoid recurrence of audit findings.
 - e) That the departments ensure that the planned Key Performance indicators are achieved, and deviations be provided with concrete reasons.

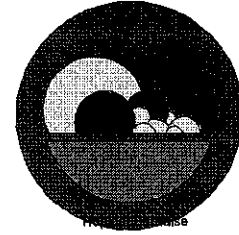
- f) That the Accounting Officer monitors the legal services rendered on behalf of the municipality, to avoid the exorbitant legal fees paid to lawyers that fails to win cases.
- g) That the municipality ensures that electrical losses are kept in line with NERSA guidelines.
- h) That the Accounting Officer discontinue the process of paying for the transfer of stands at Tzaneen extension 78, which caused a fruitless expenditure for the rejected 107 stands to the amount of R950 103.52, without any benefit to Council.
- i) That Council funds should not be used further to the donated land without Council's approval.
- j) That the R950 103.52 utilized without the consent of Council be refunded by the responsible official who authorized the use of Council money fruitlessly within 90 working days from the day of Council meeting.
- k) That the awareness workshop to conscientize employees and councilors on declaration of interest be conducted.
- l) That the Project Management Unit must continue to monitor projects and penalties be imposed on service providers that do not reach the targets without valid reasons.
- m) That the Project Management Unit must report on the correct percentage of the projects which talks to the work done on the ground to avoid conflicting reports.
- n) That the Accounting Officer must ensure that Supply Chain Management Regulations are strictly adhered to.

- Note: 1. That an amount of R950 103.52 be refunded by council officials who authorized the use of council within 90 days.**
- 2. Councillor R Pohl indicated that the municipal account includes only the water reading and not the electricity reading. She further indicated that the loss of electricity reading should be investigated.**
- 3. Councillor Stoltz indicated that all the MPAC resolutions need to be traced to ensure full implementation.**

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



GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN



P.O. BOX 24
TZANEEN
0850

TEL: 015 307 8000
FAX: 015 307 8049

**A59 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON
THE 2022/2023 DRAFT ANNUAL REPORT.**

(2024 03 27)

(12/2/3/1/1)

REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE.

1. Purpose of the report

The purpose of the report is to table the Municipal Public Accounts Committee oversight report on the 2022/2023 Draft Annual report, before Council. To further report on the oversight conducted on the projects implemented in the financial year under review.

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 2022/23 Draft Annual Report was noted by Council on the 25th of January 2024 and referred to the Municipal Public Accounts Committee to conduct

oversight. During the perusal of the report errors and inaccurate information were observed by the committee, which becomes a great concern as the report is shared with the external stakeholders and the community at large.

3. Annual Report Processes by the Municipal Public Accounts Committee

- a) The Municipal Public Accounts Committee held a meeting with the Auditor-General's representative, presented the AG's 2022/2023 report on the 12 February 2024.
- b) The Municipal Public Accounts Committee further conducted the working session on the 2022/2023 Draft Annual Report on the 12,13 and 14th February 2024 to peruse and formulate the questions on the report.
- c) On the 15 & 16th February 2024 the committee embarked on a project site visit to confirm the status of the projects.
- d) The Committee held a meeting on the 05th of March 2024 to look at the responses on the questions on the 2022/2023 Draft Annual Report.
- e) The Municipal Public Accounts Committee held a public Hearing on the Draft Annual Report on the 07th of March 2024. The Public Hearing was held at Nkowankowa Community Hall and live streamed through the Greater Tzaneen Municipal official Facebook page.
- f) The committee further held a meeting on Tuesday the 26th of March 2024 to discuss the oversight report and approve the resolutions to be presented in the next scheduled Council sitting.
- g) The Committee further met on Tuesday the 26th of March 2024 to approve the oversight report.

4. Findings of the Auditor-General's report for the financial year 2022/2023 and from the Draft Annual report.

The following are some of the issues encountered in the 2022/2023 Auditor-General's report, The Draft Annual report and from the responses during the engagement with the executives from the public hearing held on the 07th of March 2024.

The recurring audit finding on compliance matter:

- a) Action plan not fully implemented.
- b) Non-compliance with SCM regulations - Deviations.
- c) Bids not advertised for required number of days.
- d) Non-compliance with SCM regulations – Local Content.
- e) SCM: Interest – business partners.
- f) Excessive overtime: Overtime in excess of basic salaries.
- g) Traffic fine withdrawals.
- h) Fruitless and Wasteful expenditure (Legal Fees incurred in vain) (R3 391 214 plus interest paid in legal fees only for the municipality to reach a settlement of R 200 000.00 out of court to name but a few)
- i) Project delays and penalties not imposed.
- j) Electricity distribution losses and metering inaccuracies which result in the municipality losing huge amounts of money which will not be recovered, which is a recurring finding.
- k) The municipality is still not able to pay its creditors within the 30 days, which is in non-compliance with the Municipal Finance Management Act Section 65 (2) (e).

- l) Fleet Management decentralized in different departments with no accountability for the transactions related to fleet.
- m) The Municipality's investment properties in a state of dilapidation.
- n) The municipal employees outside the ministerial threshold paid overtime.

5. Site Inspection Visit.

a) Road infrastructure Projects

The committee conducted the projects site visits on the 15 February 2024 on the following projects:

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	MIG	09/02/2022	30/06/2024	15/02/2024	The physical progress is at 99%. The intersection at Mogapeni is incomplete with kerbs still to be installed. There is an incomplete V- drain next to the drop-in centre. Eskom pole in the middle of

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
Bualmahlo Community Hall	MIG	2023/09/04	2024/08/04	15/02/2024	<p>the street still not removed. Labourers still not paid their outstanding wages and material to finish the project was still not on sight with a promise of waiting for delivery during the committee's site visit on the 15th of February 2024.</p> <p>The project was progressing well with 60 labourers, 09</p>

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
					<p>builders from the contractor and 11 builders sourced from the community. The project was on 55% financial progress and the contractor has completed earthworks, concrete works for the hall, and septic tank lining, steel structure installation, 70% roof covering, 62% brick works for the hall,</p>

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
Paving of Zangoma to Mariveni Road	MIG	2023/05/05	2025/05/04	15/02/2024	<p>offices, and ablation facility.</p> <p>The project is progressing with the last reported SMME's challenges resolved. The committee observed enough material on site, 117 labourers were reported to be hired with 80 on sight during the visit by the committee. The</p>

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
Upgrading of Marirone to Motupa Access Road	MIG	2023/06/06	2024/03/06	15/02/2024	<p>project was on 42% financial and 39% physical progress.</p> <p>The project is not progressing well. The committee observed open trenches not cordoned posing danger to both people, animals, and cars. At some instances cars are not able to access homes. Also, there</p>

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
					<p>were no labourers on site during the visit. Furthermore, the percentage of 63% is misleading and not correct as the physical progress is not talking to the report and PMU manager further confirmed that to the committee during the project site visit on the 16th of February 2024.</p>

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
Paving of Risaba, Mnisi, Shando, to Driving School in ward 5.	MIG	16/04/2021	07/04/2023	15/02/2024	The challenges of water pipe in the middle of the street are resolved. The project was now progressing well.
The Construction of Lerejeng Sports Ground		2023/06/05	2024/04/17	15/02/2024	The challenges of community unrest are resolved and an extension of 1 and half month with no extra costs was reported to have been approved by the user

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
					The department project was progressing slowly.

b) The Electrification Infrastructure Projects site visit conducted on the 16th of February 2024.

Project name	Source of funds	Project start date	Project completion date	Project visited date	Observation of the project by MPAC
Project3: Electrification of 60 Households at Mandlakazi Village	INEP	1 /11 /2023	30/04/2024	16/02/2024	The project was proceeding well, poles planted, with physical progress of 23% and 0% financial at the time of the visit.
Project 5: Electrification of 85 Households at Rikhotso 1 Village.	INEP	1/11/2023	30/04/2024	16/02/2024	The project had the following challenges: the site office does not comply with requirements. There were no signs to indicate that there is a site office.

<p>The CLO was not trained. It was situated in a household with roaming toddlers, the electrical technician was not aware that it relocated from the initial site office to the new place where there was non-compliance with the site office requirements.</p>	<p>Physical construction completed. 160 households completed. House connection in progress. The project was on 98% physical progress.</p>
	<p>15/01/2024</p>
	<p>15/09/2023</p>
	<p>INEP</p>
<p>Project 7: Electrification of 200 Households at Mokgwathi Village PH2.</p>	

RECOMMENDATIONS

1. Having fully considered the 2022/2023 Draft Annual Report, the Municipal Public Accounts Committee recommends that Council adopt the report with reservations as follows:
 - a) That the 2022/2023 Draft Annual Report be revised, and errors, omissions and mistakes be corrected before being published on the municipal website and submitted to the provincial departments.
 - b) That the Accounting officer invites competitive bidders for the installation of smoke detectors, as Greater Tzaneen Municipality is not the only institution in the country having to install smoke detectors.
 - c) That deviation of procuring services in the municipality in the name of specialized work should be stopped.
 - d) That the Accounting Officer must monitor the implementation of the audit action plan to avoid recurrence of audit findings.
 - e) That the departments ensure that the planned Key Performance indicators are achieved, and deviations be provided with concrete reasons.
 - f) That the Accounting Officer monitors the legal services rendered on behalf of the municipality, to avoid the exorbitant legal fees paid to lawyers that fails to win cases.
 - g) That the municipality ensures that electrical losses are kept in line with NERSA guidelines.

- h) That the Accounting Officer discontinue the process of paying for the transfer of stands at Tzaneen extension 78, which caused a fruitless expenditure for the rejected 107 stands to the amount of R950 103.52, without any benefit to Council.
- i) That Council funds should not be used further to the donated land without Council's approval.
- j) That the R950 103.52 utilized without the consent of Council be refunded by the responsible official who authorized the use of Council money fruitlessly within 90 working days from the day of Council meeting.
- k) That the awareness workshop to conscientize employees and councilors on declaration of interest be conducted.
- l) That the Project Management Unit must continue to monitor projects and penalties be imposed on service providers that do not reach the targets without valid reasons.
- m) That the Project Management Unit must report on the correct percentage of the projects which talks to the work done on the ground to avoid conflicting reports.
- n) That the Accounting Officer must ensure that Supply Chain Management Regulations are strictly adhered to.

FOR CONSIDERATION