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Tropical Paradise

**A 112 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MPAC OVERSIGHT REPORT
ON THE 4th QUARTER 2017/18 SDBIP REPORT.**

(C 2019 01 31)

(12/2/3/1/1)

RESOLVED

- a) That Management and the Mayor adhere to the reporting timeframe as outlined in the MFMA.
- b) That in future the report be Audited prior submission to Council.
- c) That legal division provide advice on termination of contracts that are expired.
- d) That Legal Division must provide advice before Service Level Agreements can be signed with service providers.
- e) That the Municipal Manager must establish a unit for contract management
- f) That the 2017/18 SDBIP 4th quarter be approved.
- g) That consequences management be implemented.

Signed by the speaker:.....

Councillor DJ Mmetle

**A 112 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MPAC OVERSIGHT REPORT
ON THE 4th QUARTER 2017/18 SDBIP REPORT.**

(C 2019 01 31)

(12/23/1/1)

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

PURPOSE OF THE REPORT

The purpose of the report is to table before Council on the Municipal Public Accounts committee's oversight report on the 2017/18 4th quarter SDBIP report.

BACKGROUND

The 2017/18 4th quarter Service Delivery Budget Implementation Plan (SDBIP) was referred to the Municipal Public Accounts committee by Council on the 25th October 2018 for oversight processes. (Council resolution A 84 C 2018 10 25, 4th quarter performance report SDBIP for 2017/18)

DISCUSSIONS

The Municipal Public Account Committee perused the 2017/18 SDBIP 4th quarter report and discovers that the findings of the 2017/18 3rd quarter report.

Non –compliance with REPORTING TIME FRAMES

In terms of the MFMA 56 OF 2003 Chapter 7 ,Section 52, general responsibilities of the mayor (d) state that the mayor must, within 30days of the end of each quarter submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality.

- a) The 2017/18 4th quarter SDBIP report was submitted in council on the 25TH October 2018 which is not in line with the MFMA legislation.

- b) The Finding is recurring from the 2017/18 1st quarter SDBIP serving in council on the 25 January 2018 and 3rd quarter serving in council on the 25 May 2018.
- c) The 4th quarter report should have served in the council July 2018 which is in line with the approved council setting calendar.

NONE AUDITING OF PERFORMANCE REPORT

The Municipal Systems Act, 2000, Section 45 requires that the results of performance measurements in terms of section 41 (1) (c), must be audited;

- a) as part of the internal auditing process and;
- b) annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796)

The performance report was not audited prior submission to council, due to reopening of the reporting system. The non-auditing of reports makes the committee to be dealing with mistakes that would have been avoided during the auditing process.

ASSESSMENT OF SERVICE PROVIDERS -POOR CONTRACT MANAGEMENT

The MFMA 56 OF 2003, section 116(2) (d) requires the accounting officer to regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate to on the management of contract or agreement and the performance of the service providers.

The municipal public account committee has observed that not all contract or performance of service providers are been reported in the SDBIP.

1. Contract between the municipality and Contour technology to render the services of electricity prepaid vending for the municipality has long lapsed in 2005. And Contract between the municipality and focus outsourcing solutions

CC to render the services of water and lights for the municipality has long lapsed in 2005.

- a) The two contract are not reported in the SDBIP on the assessment of service providers
- b) The two contract form part of the unauthorised, irregular and fruitless expenditure report of 2016/17 Financial year.
- c) These two contracts are still in used in 2017/18 and 2018/19.
 - The committee has noted the response and commitment by the management to advertise and appoint new service providers by January 2019.
 - Non- reporting on these service providers is recurring from the 2017/18 3rd quarter SDBIP report.

2. The contract between the municipality and Action IT for reporting system ends 1/04/2018. The contract is extended on a month to month basis and the committee observed this as poor contract management which can be avoided if contract can be properly managed.

- a) This finding is recurring and it was also reported in the 2016/17 2nd and 3rd quarter SDBIP MPAC oversight report.

3. During the 2017/18 1st quarter SIDP report, MPAC oversight process have discovered that the Contract with Physon Business at the value R3 200 000 ended in March 2018 and assessment comment by the management read as follows;

“Management functions should not be outsourced. Continue with service provider till contract lapse”.

- a) The committee observed this contract as a fruitless expenditure which could have been avoided because the function must be performed by the management. Despite management been aware of the fact that they can perform the function on their own, management further requested to extend the contract till the end of June 2018 and –September 2018.

b) During this investigation the committee discovered that the new service provider was appointed as of the 1st October 2018 and despite the comment which was provided by the management in the 1st quarter report

4. The contract between the municipality and BCIT for collecting payment in the CBD expired in June 2017. A detailed report of all expired contracts is attached in the SDBIP reports and also in the unauthorised, irregular and fruitless expenditure report 2016/17 and 2017/18.

RECOMMENDATIONS

- a) That Management and the Mayor adhere to the reporting timeframe as outlined in the MFMA.
- b) That in future the report be Audited prior submission to Council.
- c) That legal division provide advice on termination of contracts that are expired.
- d) That Legal Division must provide advice before Service Level Agreements can be signed with service providers.
- e) That the Municipal Manager must establish a unit for contract management
- f) That the 2017/18 SDBIP 4thquarter be approved.
- g) That consequences management be implemented.

FOR CONSIDERATION