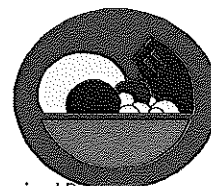


Tel: 015 307 8000
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**GREATER TZANEEN MUNICIPALITY
GROTER TZANEEN MUNISIPALITEIT
MASIPALA WA TZANEEN
MASEPALA WA TZANEEN**

P.o Box 24
Tzaneen, 0850



Tropical Paradise

RESOLVED

- a) That the council approves the 2017/18 Draft Annual Report of the Municipality and Draft Annual Report of the Municipal Entity with reservation.
- b) That progress on the implementation of Audit action plan be reported to Council on Quarterly basis.
- c) That in future the report be Audited prior submission to Council.
- d) That the office of the Speaker intervene in Wards where public participation was not conducted for IDP Process.
- e) That IDP processes and community feedback meetings on quarterly basis be supported through loudhailing by Administration.
- f) That Municipal By-laws be gazetted and published in the 2019/20 financial year.
- g) That the Municipal Manager must terminate all contracts that are expired and a progress report be submitted in the next council meeting.
- h) That the Municipal Manager must establish a unit for contract management.
- i) That the Projects with defects such as Burgarsdorp sports centre, Runnymade sports centre be fixed and the retention payment be withheld for those projects with defects.
- j) That all facilities which are completed must be allocated personnel to service them.

Signed by the speaker

Councillor DJ Mmetle

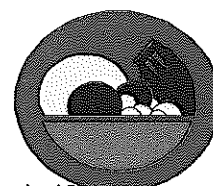
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2019/03/28



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Tropical Paradise

**A123 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON THE
2017/18 DRAFT ANNUAL REPORT OF THE MUNICIPALITY AND THE MUNICIPAL
ENTITY.**

(C 2019 03 28)

(12/2/3/1/1)

RESOLVED

- a) That the council approves the 2017/18 Draft Annual Report of the Municipality and Draft Annual Report of the Municipal Entity with reservation.
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(C 2019 03 28)

(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 table the oversight report in respect of the 2017/18 Draft Annual report of the Municipality; (Greater Tzaneen Municipality), and Municipal Entity (Greater Tzaneen Economic Development Agency).

2. BACKGROUND

The Municipal Finance Management Act, Section 129 (1) stipulate that *the "council of a municipality must consider the annual draft report of the municipality and of any municipal entity under the municipal sole shared control, and by no later than two months from the date which the annual draft report of the municipality was tabled in terms of section 127 of the MFMA. Adopt an oversight report containing the council's comments on the annual report, which must include a statement on whether the Council-*

(a) Has approved the annual report with or without reservations

(b) Has rejected the annual report; or

(c) Has referred the annual report back for revision of those components that can be revised.

The 2017/18 draft annual report of Greater Tzaneen Municipality (GTM) and Greater Tzaneen Economic Development Agency (GTEDA) were noted by the council on the 31 January 2019. And it was referred to the Municipal Public Account Committee (MPAC) for oversight process, through council resolution; (A 108; C2019 01 31).

3. DISCUSSIONS

The 2017/18 Draft Annual Report of the Municipality and Municipal Entity were published on the Municipal Website and advertised on Both Mopani and Letaba Herald newspapers. The draft annual reports were also distributed to all Thusong centres, Municipal libraries, Traditional Leaders and IDP rep forums. The draft annual report was published within seven days after consideration by the Council to seek public comments, inputs and questions.

The Municipal Public Account Committee perused the 2017/18 draft annual report and crafted clarity seeking questions which were submitted and responded by the Executive, Management and Board of Directors for the entity.

The Public Hearing was held on the 14 March 2019, and members of the public and community stakeholders were invited to hold the Executive and the Board of Directors accountable over the 2017/18 draft annual report.

4. FINDINGS BY THE COMMITTEE

4.1 GREATER TZANEEN MUNICIPALITY

AUDITOR GENERAL'S REPORT AND FINDINGS

The committee has perused the 2017/18 draft annual report of the municipality and observed that the municipality has regressed from the 2016/17 unqualified Audit opinion to qualified audited opinion in the 2017/18 financial year. The Municipality has developed Audit Action Plan to address the finding of the AG, which is approved by the council.

NON 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 as part of the internal auditing process and 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 internally 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.

IDP PUBLIC PARTICIPATION

Public participation was not conducted in several wards to priorities key service delivery issues and this includes ward 29, 30, 31, and ward 35. The finding is recurring from 2016/17 Draft Municipal Annual Report. (Council Resolution A32 29/03/2018)

RECORD MANAGEMENT SYSTEM

Attendance register of the IDP, Budget consultative meeting could not be verified during the draft annual report process and were also not provide during the oversight process. The committee observed these as a lack of proper record management system to safe guide documents. It therefore recommended that the internal control systems for records management be strengthened.

MUNICIPAL BY-LAWS

The committee has noted that public participation on the municipal by-laws was conducted in the 2015/16 financial year and however the by-laws are not yet gazetted and published. It is therefore recommended that the municipal by-laws to be gazetted and published in the 2019/20 financial year.

ASSESSMENT OF SERVICE PROVIDERS

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 contracts or performance of service providers are been reported in the report.

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 contracts form part of the unauthorised, irregular and fruitless expenditure report of 2015/16, 2016/17 and 2017/18 Financial year.

EXPIRED CONTRACTS

The contract between the municipality and Action IT for reporting system expired on the 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. Continues utilisation of expired contracts will results in high number of irregular expenditure. It is therefore recommended for the Accounting Officer to terminate all expired contracts.

PROJECT MANAGEMENT

The Municipal Public Account Committee conducted an investigation on few projects which are listed in the 2017/18 report. The municipal public account committee has developed a questionnaire template which it deem it necessary to provide council with critical information regarding the projects.

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Project name	Abolition of parks facilities	Burgersdorp Upgrading of Sports Ground	Juliesburg Upgrading of Sports Ground	Runnymede sports centre	Rehabilitation of Tzaneen airfield runway	Upgrading of Road D1350: Moruji to Maswi/ Kweshokolowe from Gravel to Tar
Issues	Findings					
1. Progress (previous) report from PMU/council	Complete	Complete	Complete	Complete	100%	90%
2. Service Delivery Budget Implementation Plan/IDP/Budget	R700 000	R13,593,764.17	R 13 640 613,00	R 34,751, 143.49	R2 500 000	R 127 904 235,00
3. Project starting date	24 July 2017	05/07/2017	05/07/2017	14/03/2016	22 September 2017	11/11/2016
4. Project scope		Concrete Palisade fence, ablation blocks, Grandstand, Septic tank, Soccer pitch, Volleyball & Netball courts combo, Water Reticulation.	Concrete Palisade fence, ablation blocks, Grandstand, Septic tank, Soccer pitch, Volleyball & Netball courts combo, Water Reticulation.	Concrete Palisade fence, ablation blocks, Grandstand, Septic tank, Soccer pitch, Volleyball & Netball courts combo, Water Reticulation.	Rehabilitation of the Runway through (1) containing edge breaks by the installation of edge beams (kerbs), (2) Runway crack sealing and breaking of all worn out sections and placing asphalt.	Construction of 12.06km Access Road from Gravel To Double seal and related stormwater
5. Progress on site (physical & financials)	100% complete	Financial : 100% Physical : 100%	Financial : 100% Physical : 100%	Physical : 100% Financial : 100%	Physical – 100% Financial – 100%	Physical : 90% Financial : 90%
6. Variation orders if any (processes & procedures)	Yes	R 123 808.20 (Vat Inclusive) approved due to Compensation of Land Owners and additional watering points.	None	R 6 779 143.00 (Vat inclusive). Variation is due to blasting of hard rock, readjustments of professional fees, delays due to heavy rainfalls, interruption of works and strikes by the	None	V.O No.1: R 12 608 919.72 33.01 Mass Earthworks, Hard Excavation, Drilled and Blast Martial Excavation. V.O No.2: R 9 158 322.68 Earthworks & Professional Fees

7. Initial completion date	24 November 2017	18/01/2018	community and by local labourers.	22 December 2017	11/11/2018
8. Revised completion date if any	N/A	18/01/2018 approved due to construction of additional watering points and inplement weather.	31/10/2018 approved due addition scope	31 January 2018 (After Extension of time of 1 month)	08/03/2019 approved due addition scope
9. Completion date	7 November 2017	18/01/2018 approved due to construction of additional watering points and inplement weather.	31/10/2018 approved due addition scope	28 September 2018 (After termination of main contractor)	08/03/2019 approved due addition scope
10. Date for handing over	7 November 2017	18/01/2018 approved due to construction of additional watering points and inplement weather.	31/10/2018 approved due addition scope	28 September 2018	08/03/2019 approved due addition scope
11. Retention period	3 months	12 Months	12 Months	12 months	The projects still on progress (12 Months after the completed date)
12. Participation of communities through (Ward Cllr; Community Liaison Officer, Project Steering Committee, Traditional Leaders, labourers)	Community Liaison officer was appointed	Yes	Yes	The ward councillor was involved and there was a steering committee before the first contractor's contract was terminated.	Yes

13. Was there any Social Facilitation arranged?	No	Yes	Yes	Yes	Yes	N/A	Yes
14. Was there any sub-contractors for local contractors in the project?	No	yes	Yes	Yes	Yes	Yes	Yes
15. Workmanship (quality of services delivered as reported by Resident Engineer).	Good	Good	Good	Good	Good	Poor workmanship initially done by the main Contractor. Meetings were convened, first contractor's contract terminated and a competent contractor was engaged to remedy all works	Good
16. Relationship between Contractor and Engineer	Good	Good	Good	Good	Good	Professional	Good
17. Comments from PMU/PSC/Engineer/Contractor/Coghsta on the work being done.	Good	Good	Good	Good	Good	Phase 1 scope of works which has been completed was supposed to be followed by Phase 2 immediately but unfortunately it could not be prioritized in the current financial year budget due to budget constraints. There is a need for Phase two to be prioritized in the next financial year to	Good

18.Challenges and recommendations for improvements	None	Good	Good	None	avoid deterioration of the runway. The contractor who was initially appointed was because he was the lowest bidder. When he was busy with the project there was a problem with poor workmanship and his contract was terminated.	None
19. Workmanship (quality of services delivered as reported by Resident Engineer).	None	None	None	Good	Poor workmanship initially done by the main Contractor. Meetings were convened, first contractor's contract terminated and a competent contractor was engaged to remedy all works	Good
20 Overall comments by the committee	Good	The project is completed, however there is challenges Volleyball and tennis court are with defects.	Fine	The project is completed, however there are challenges Volleyball and tennis court are with defects	The Flying Club is happy that the project is finally completed but they are concerned about the delay in the starting of Phase 2 which include resealing of the runway and will help in preventing the runway from deteriorating.	Morutji –tar road, the project is in progress and however the committee has observed that the bridges which are constructed are not well aligned with the road and may cause accidents.

KEY SUMMARY AND CHALLENGES ON PROJECTS WHICH ARE OBSERVED BY THE COMMITTEE

- a) *Burgersdorp Upgrading of Sports Centre- The project is completed; however there are challenges; Volleyball and Tennis Court are defects.*
- b) *Julesburg stadium - The project is completed; however the drainage on the entrance of the change rooms is inadequate.*
- c) *Runnymede sports centre- The project is completed; however there is challenges; Volleyball and tennis court has defects.*
- d) *Upgrading of Road D1350: Moruji to Maswi/Kweshokolowe from Gravel to Tar, the project is in progress and however the committee has observed that the bridges which are constructed are not well aligned with the road and may cause accidents. The project is long overdue and the completion date was extend to 08 March 2019 and the project is still not completed.*

LACK OF INTEGRATION OF SERVICES

The committee has observed that there is a lack of integration of service within the municipality. Infrastructures and projects are been constructed and not maintained. The finding is recurring from 2016/2017 draft annual report. (Council Resolution A32 29/03/2018 - under resolution J)

- *Runnymede Sports Centre is completed and however there is no security services which put the infrastructure at risk.*
- *Burgarsdorp Sports Centre is also completed and there is overgrown and therefore there is need for parks maintaince services.*

4.2 GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY

AUDITOR GENERAL'S REPORT AND FINDINGS

1. The committee has perused the 2017/18 draft annual report of the entity and observed that the Greater Tzaneen Economic Development Agency has sustained the unqualified audit opinion from 2016/17 and to 2017/18 financial year. The entity has developed the Audit Action Plan to address the findings of the Auditor General.

2. The entity was able to clarify the questions from the committee and that supportive documents were made available during the oversight process. However the committee has observed that there is high vacancy rate facing the entity which might affect it from achieving its objectives.
3. The committee has further noted the agency strategies and plans towards the achievement of its vision of self-financing agency. The committee has noted the ability of the agency to attract investors for 2017/18 financial year and as well as with its ability to empower SMMEs.

RECOMMENDATIONS

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FOR CONSIDERATION