



FETAKGOMO TUBATSE  
LOCAL MUNICIPALITY

**OVERSIGHT  
REPORT  
ON  
2016/2017  
DRAFT ANNUAL  
REPORT**





## FETAKGOMO TUBATSE LOCAL MUNICIPALITY

### SUBMISSION

**SUBMISSION** : MUNICIPAL COUNCIL  
**FROM** : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)  
**DATE OF MEETING** : 26 APRIL 2018  
**ITEM NUMBER** :  
**TITLE/SUBJECT** : OVERSIGHT REPORT ON COUNCIL RESOLUTION  
OC84/2018  
**REF/COMMITMENT NR** :

#### 1. Subject:

MPAC's Oversight Report on council resolution: **OC84/2018** (2016/2017 Draft Annual Report)

#### 2. Purpose

The purpose of this submission is to report to Council regarding the oversight findings and recommendations done on the Council Agenda Item **OC84/2018 (2016/2017 DRAFT ANNUAL REPORT)**, deferred to MPAC by the council sitting of 30 January 2018. Madam Speaker this is in compliance with MFMA circular 32 which prescribes that after the Draft Annual Report was tabled by the Mayor, Oversight Report had to be compiled.

#### 3. Background

Madam Speaker, MPAC is a committee of Council established in accordance with section 79 of Municipal Structures Act mandated to strengthen the performance of oversight in the municipality on behalf of the council. Chairperson, during the Council Meeting held on the 30 January 2018, Council deferred reports to the Municipal Public Accounts Committee for oversight purpose and Draft Annual Report is one of those reports deferred to MPAC. Madam Speaker, the purpose of the Annual Report is among others to provide the record of activities of the municipality and also to provide accountability to the local communities of the decisions made. Madam Speaker as per section 129 of MFMA, MPAC can confirm that the 2016/2017 Draft Annual Report was scrutinised and interrogated in line with the mandate given. The MPAC is further confirming to Council that this report is among others the manifestation of robust engagement with Management by means of written questions and written responses, and also through verbal bilateral with management.



Madam Speaker, during the MPAC meeting held on the 31/01/2018 at Fetakgomo Tubatse Municipality Head Offices 1<sup>st</sup> Floor Boardroom, the committee resolved to organise a session on which the report would be scrutinised. The session was held on the 1<sup>st</sup> and 2<sup>nd</sup> February 2018, Burgersfort and Apel respectively.

#### 4. Discussions

Madam Speaker as per the Draft Annual Report 256 indicators were planned to be achieved for 2016/2017 financial year but at the end of the year only 149 were achieved which amount to 58%. 107 indicators which is 42% was not achieved. Madam Speaker, during the scrutiny of the report, the committee has identified a number of issues which according to MPAC contributed to this underachievement. The committee resolved during the meeting held on the 19<sup>th</sup> March 2018 at Burgersfort municipal offices, to compile questions for clarity around identified areas of the report which were submitted to the management seeking responses in writing. The committee also requested a meeting with management for verbal responses and follow-up questions on the 22 March 2018 which could not materialize due to Management commitments. The MPAC felt not being fairly treated by the Management for not being informed in advance. Madam Speaker, another meeting with Management was secured on the 26 March 2018 at municipal offices, Burgersfort 2<sup>nd</sup> Floor Boardroom.

##### 4.1. Meeting with Management on the 26 March 2018

Madam Speaker in the opening remarks, the Chairperson demonstrated her regret and disappointment in the conducted the management displayed throughout the process especially for the meeting which failed on the 22 March 2018. However Madam Speaker, the Management duly apologized for the conduct and the meeting proceeded without hiccups. During the meeting the Management presented their written responses and also responded verbally to the questions and follow-up questions. Madam Speaker the Council is hereby referred to **annexure A** for the MPAC questions and responses from Management. **(Questions and Responses attached as ANNEXURE A)**

The committee can audaciously confirm to this august Council that they have robustly engaged the responses received from the Management. Madam Speaker, while the committee concurred with the number of responses in terms of operational requirements, there are others which put the municipal's planning and implementation capacity into scrutiny.

Madam Speaker, the manner in which some of the responses were coined challenged the capacity of the municipality and was a course for concern to the Management if not corrected going forward. Let's refer to Council to the response to Question **10.1**. **“There has been an oversight as it was thought the money allocated will be sufficient to cover all events”**. The committee, Madam Speaker is perturbed by the kind of language used which in view of the committee demonstrate the lack of seriousness from the part of Management for service delivery. Madam Speaker, if the Council can again be referred to Question **11.1**, the same sentiments were demonstrated by the respective responses i.e. **“There was no overspending but under budget from the municipal side. The contractor was appointed at R7837224.75”**. These responses raised some concerns from the committee members around the way our officials plan for the municipal projects. How can you give a respond such as you were thinking that the money will be sufficient?



Madam Speaker, the committee want to refer the Council to the attached questionnaire on **Question 15** and its response from the Management. During the verbal interaction in the meeting, the management still reiterate its response that the Auditor General's report was presented and the Council has noted it. The committee further refers the Council to section 121 (3) of MFMA "**the annual report must include, (b) the Auditor General's audit report in terms of section 126(3) on those financial statements.**" Based on this section, the committee could not agree with the response and maintained that the Auditor General's report be presented to Council by the Auditor General or be presented in his presence. Madam Speaker, an agreement was reached whereby the meeting resolved to request the municipality to invite the Auditor General for the presentation of the Auditor General's report.

#### **4.2. Municipal Public Participation with Traditional Leaders.**

Madam Speaker, section 127 of MFMA mandated the mayor to make Annual Report public and invite communities to make representations. Madam Speaker, MPAC has embarked on a number of community and structural meetings to solicit representations from the communities regarding the tabled Annual Report. During the joint public participation presentation of Draft Annual Report, on the 8<sup>th</sup> February 2018 at Apel, the traditional leaders of our communities raised a number of issues. Among the issues raised was the concern whether there are measures to regulate the utilisation of the stalls at Burgersfort. The concern is about the perceived health risk which is taking place there, i.e. hair salons, spazas, food services being mixed together. Issues were also raised regarding allocation of RDP houses, High mast lights in royal kraals, sports complex at Ga-Motodi, Mapodile cemetery, Apiesdoring township development. Madam Speaker this Council should note that most of the issues raised by our honorable leaders court against the processes of IDP not as raised by the Draft Annual Report.

#### **4.3. Municipal Public Participation with communities.**

Madam Speaker in terms of **MFMA sec 127 (a) (i) (ii)** the Draft Annual Report should be made public for the communities to make representations. As per the above legislative dictates, the municipality came up with Public Participation Programme on 2016/2017 Draft Annual Report which started on the 13<sup>th</sup> March 2018 to 15<sup>th</sup> March 2018.

Madam Speaker, the Public Participation programme was led by the Mayor with the help of the executive committee. The committee was however Madam Speaker challenged with the non-show of executive members in some venues during the roadshows without any indications. Madam Speaker while, Annual Reporting is a collective accountability of the whole council, but the committee found unacceptable for some executive committee members not to be at the forefront of the activity. This Madam Speaker challenged their level of respect to our local communities.

Madam Speaker, the committee can assure this Council that despite some of the challenges articulated, communities were able to robustly interrogate the report. Issues which were mostly raised during the roadshows are:

- Lack of communication and monitoring of RDP housing projects.
- Lack of open recruitment of EPWP workers.
- Outstanding electrification in villages.
- The functionality of Ward Committee members.
- Utilization of Burgersfort stalls.



- Non-visibility of Ward Councilors in certain areas.

Madam Speaker, the committee has observed generally that issues raised were not on how they were reported by the Draft Annual Report but on the expectations of how the processes of IDP should deal with them, and in most cases they were clarified accordingly. Madam Speaker, Ward Councilors and their committees should in their community meetings assist in clarify the separation of processes of municipality.

#### **4.4. Findings of the MPAC on draft annual report.**

- a. MPAC has observed that Departments are not meeting targets as projected;
- b. Departments are not monitoring projects reported to have been completed.
- c. Municipality sets performance targets that are not achievable within municipal's resources.
- d. The Draft Annual Report was taken for Public Participation without the Auditor General's Report and the AG's opinion.
- e. An observed underbudgeting for project by departments.
- f. Municipal stalls and Burgersfort market flea not being utilized for the benefit of municipality.
- g. Inadequate communication in coordinating housing projects in communities.
- h. Management is unable to recruit new employees to fill needy vacancies due to prolonged placement process.
- i. The Spatial Rational is the KPA which performed worse with the sixteen 16 KPI and achieved only five (5).

#### **5. Organisational and personnel implications**

The organisation will benefit with the improved audit opinion.

#### **6. Legal Implications**

- Section 121(1) of MFMA 56, 2003 stipulates that in each year, municipalities must prepare annual report in accordance with chapter 12.
- Section 129 Of MFMA 56, 2003 stipulates that council of municipality must adopt the oversight report.
- Circular 32 of MFMA prescribes that after an Annual Report has been tabled, the Oversight Report need to be compiled.
- Section 127 (5) (a) (i) (ii) stipulates Annual Report to be public and communities to make representations.

#### **7. Financial Implications**

The municipal finances must be used effectively.

#### **8. Risk Implications**

Non-compliance to legislation will lead to audit queries.

## 9. Communication

Office of the Speaker, Office of the Mayor and Office of Municipal Manager.

## 10. MPAC Recommendations:

- a. that Council approves the Draft Annual Report with reservations based on the following:
  - i. that Auditor General's report be presented to council in line with section 121 of MFMA.
  - ii. that Auditor General's report be presented to council on or before the end of May 2018.
- b. that Council adopt the oversight report with the comments raised on the Draft Annual Report.
- c. that departments put achievable targets depending on the capacity of municipality for the particular financial year.
- d. that Ward Councillors and Ward committees should embark on continuous education to the communities about the different processes and programmes of municipalities.
- e. that Ward Councillors populate the understanding of Annual Report in our communities.
- f. that placement process need to be finalised as a matter of urgency.
- g. that management improve and strengthen communication in coordinating housing projects.
- h. that management develop a master plan on the utilisation of municipal stalls and Burgersfort flea market for the benefit of the municipality.
- i. that departments should conduct market research before planning for projects.
- j. that Council note the attachments supporting this report.

## 11. Contact Person

**Cllr Mpheti N D**

**Chairperson MPAC**

Mpheti ND

**Cllr Mpheti N D**

**Chairperson: MPAC**

24/04/18

**Date**





FETAKGOMO TUBATSE  
LOCAL MUNICIPALITY

MEMO

TO : CHAIRPERSON MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

CC : CLLR. MJ PHOKANE – THE MAYOR

FROM : TG RATAU – ACTING MUNICIPAL MANAGER

DATE : 26 MARCH 2018

SUBJECT : QUESTIONNAIRES FROM THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE FOR THE 2016/2017 DRAFT ANNUAL REPORT

The above subject matter bears reference.

Kindly find the below answers to the MPAC questionnaires.

*"Municipal Manager, one of the resolution of the council sitting of 30 January 2018 was to defer the 2016/2017 Annual Report to MPAC for oversight. Municipal Manager, this is in compliance with MFMA circular 32 which prescribes that after the Annual Report was tabled, Oversight Report need to be compiled from the evaluation and analysis of the Annual Report. MPAC is a committee of council established in accordance with section 79 of Municipal Structures Act mandated to strengthen the performance of oversight in a municipality on behalf of the council. Municipal Manager, during the MPAC meeting held on the 31/01/2018 at Fetakgomo Tubatse municipality head office 1<sup>st</sup> floor boardroom, the committee decided to have a session whereby the said report would be thoroughly scrutinised. The session was held from 01-02 February 2018. The committee has identified number of issues from the Annual Report which need further clarity from the management. The following scenarios which are followed by questions represent areas where the committee seeks clarity".*

**QUESTION 1. Failure to achieve performance indicators.**

Municipal Manager, on page 21, the concluding paragraph of the Mayor's foreword, table/figure 02, the municipality had 256 performance indicators during the year under review but by the end of financial year only 149 indicators were achieved which equals to 58% as stated.

1.1. What caused the municipal's failure to achieve the set performance indicators?

- **Answer:** The indicators for basic service delivery were not smart

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- the money was to refund the municipal funds utilized on the project with own municipal funds

4.2. What happened with the allocation?

- Answer: DoE revised the grant due to challenges in reporting on the project as a result of the dispute with the main contractor

4.3. What measures are in place to correct the mentioned anomaly?

- Answer: currently being discussed with DoE, court order allowing us to proceed on the project despite the matter being in Court

#### QUESTION 5. By-laws

Municipal Manager, page 28 is reporting about the municipality having developed two draft by-laws, namely Street Trading and Refuse removal by-laws.

5.1. Are there any enforcement plans of ensuring compliance with the said by-laws?

- Answer: The plan is to have peace officers appointed or the current EPWP staff trained as peace officers to enforce the bylaws once they are finally approved by Council

#### QUESTION 6. HOUSING

Municipal Manager, the report on page 75 is indicating that COGHSTA has allocated 868 RDP houses to municipality for 2016/2017 financial year and 515 were untouched while 118 were on wall plate and 107 on slab.

6.1. The committee want to know what does it mean by saying untouched.

- Answer: they have not started building the houses+
- Correct units allocated is 600

6.2. If it may mean that they have not yet started, what caused the delay?

- Answer: report requested from coghsta regarding the delay

6.3. What is the progress regarding others?

- Answer: report requested from coghsta regarding the delay

#### QUESTION 7. Employees of Development Planning.

Municipal Manager, the report talks about the employees of Development Planning on page 91, where the department had 15 positions for 2016/2017 financial year, seven positions filled whereas eight were still outstanding.

7.1. Why the other positions were not filled?



- **Answer: the placement process needs to be finalized**

7.2. How far is the progress in filling those positions?

- **Answer: the job evaluation is in its final stages**

#### **QUESTION 8. Purchase of disaster vehicles.**

**Municipal Manager, pages 102 and 360 talks about the municipality's failure to purchase disaster vehicle which led to the amount of R500 000 not spent.**

8.1. What caused the delays for procuring?

- **Answer: The SCM Unit seem to be understaffed for the workload that they have from different departments and will propose that additional staff be appointed to beef up the unit**

8.2. What is the progress as per the promise of the report?

- **Answer: The vehicle was delivered during the first quarter of the 2017/18 financial year.**

#### **QUESTION 9. Uniform for orphanage and vulnerable learners.**

**The report on page 103 talks about the municipality's failure to achieve the target regarding providing orphaned and vulnerable learners in schools with uniform due to lack of policy.**

9.1. What caused the delay in developing the policy?

1. **Answer: There was no target for the development of a policy**

9.2. Whose officials were responsible for ensuring the development of the policy?

2. **Answer: It is the responsibility of Head of Department to develop policies as identified through the SDBIP**

9.3. How far is the progress regarding the development of the policy?

- **Answer: This project is no longer in the IDP/Budget of the municipality as it will be an unfunded mandate**

#### **QUESTION 10. Mayor's cup and marathon**

**Municipal Manager, on page 107 the report is indicating that the target to have Mayor's cup and marathon could not be achieve due to budgetary constraints while on page 109 table/figure 21, the report indicates R17 472 699.31 as a variance.**



10.1. Why the money was not adjusted during the 2016/2017 budget adjustment to cater the event?

- **Answer:** There has been an oversight as it was thought the money allocated will be sufficient to cover all events

10.2. What measures are in place to ensure that the event does not fail in the coming years?

- **Answer:** In future sporting programmes will be allocated sufficient budget

**QUESTION 11. Madithongwane Access Bridge.**

**Municipal Manager, the report on page 146 is indicating that Madithongwane Access bridge was budgeted for R6 124 910, and R7 124 910 was spent.**

11.1. What caused this overspending?

- **Answer:** There was no overspending but under budget from the municipal side. The contractor was appointed at R 7 837 224.75.

11.2. Who were responsible for this overspending?

- **Answer:** No one

11.3. Can the management clarify the 116% and 171% appearing on the very same page?

- **Answer:** rectified during the budget adjustment

**QUESTION 12. Ward Committees.**

**Municipal Manager, pages 173 to 174 are reporting about the functionality of Ward Committees. All committees had equal numbers of monthly and quarterly meetings.**

12.1. Are the numbers of meetings in line with expectations, if not why?

**Answer:** Yes. The 7 meeting are from December 2016 to June 2017 as ward committee were inaugurated on 5<sup>th</sup> December 2016.

**QUESTION 13. Plant and Equipment's supply.**

**Municipal Manager, on page 272, the report is indicating target not achieved regarding purchase of other items of plant and equipment e.g. Roller and Cherry picker without advancing reasons.**

13.1. Why did the management fail to purchase the said items?

- **Answer:** The budget was insufficient to purchase all the Machinery, hence the reason why the Roller and the cherry picker targets were moved to the 2017/18 FY.



13.2. What happened with the money budgeted for those equipments?

- **Answer:** The budget was insufficient and there was no money available to do any further purchase

**QUESTION 14. Praktiseer Testing Station**

On page 275 the report indicates the failure of the municipality to achieve the target regarding developing designs for the construction of Praktiseer Testing station.

14.1. What caused the delay as per the indication of the challenge?

- **Answer:** The project was initially underbudgeted for which led to the delay in the conclusion of the Terms of Reference.

14.2. How far is the management in developing those designs?

- **Answer:** The designs have been developed and approved and the project is currently awaiting the appointment of contractor.

**QUESTION 15. Auditor-General's Report.**

In terms of Section 126 (1)(a) of the MFMA relates to the submission of the AFS to the Auditor General of South Africa, and Section 127(1) read with sub section (2) of the MFMA which relates to the tabling of Annual reports by the Mayor to Council.

15.1. Why the Auditor- General's Report was not submitted to Council?

- **Answer:** the auditor general report was submitted to Council with the draft AG action plan
- The draft report usually becomes a general document after the AG has tabled the report in the legislature usually late January each year

Kind regards,



**TG Ratau**  
Acting Municipal Manager