



BLOUBERG MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

OVERSIGHT REPORT 2020 / 2021

VISION

A participatory municipality that turns
Prevailing challenges into opportunities
for growth and development through
Optimal utilization of available resources.

MISSION

To ensure delivery of quality services
through community participation and
Creation of enabling environment for economic growth
and job creation.

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MUNICIPAL PUBLIC ACCOUNTS COMMITTEES OVERSIGHT REPORT ON THE 2020 / 2021 DRAFT ANNUAL REPORT TO COUNCIL.

1. PURPOSE OF THE REPORT

The purpose of this report is to present the Municipal Public Accounts Committee's Oversight Report on the 2020 / 2021 Draft Annual Report to the Council of Blouberg Municipality for consideration and adoption.

2. BACKGROUND

The Draft Annual Report 2020/ 2021 was tabled before the council of Blouberg Municipality's Council sitting held on the 28th January 2022 for Community members and different Stakeholders in order to make inputs and comments.

3. LEGISLATIVE AND REGULATIONS

The Municipal Public Accounts Committee of Blouberg Local Municipality is guided by the following pieces of legislations and regulations in order for it to table the Draft Annual Report on the 2020/ 2021 Financial year: -

- i. Local Government: Municipal Systems Act, 2000
- ii. Draft Annual Report 2020/ 2021
- iii. Audited Financial Statements 2020/ 2021
- iv. Municipal Finance Management Act (Section 121)
- i. Draft IDP Review 2020/ 2021
- v. Service Delivery and Budget Implementation Plan 2021/ 2022

4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEES PROGRAMME OF ACTION

- a. The Municipal Public Accounts Committee responsible for the oversight role played an oversight on the Draft Annual Report 2020/ 2021 and also engaging the public at large with regard to all identified stakeholders in line with Section 33 and Section 79 of the Municipal Structure Act of 2000 as amended.
- b. The Municipal Public Accounts Committee developed the third quarter Programme of Action for the purpose of conducting the Public Consultations meant for the Four Clusters (Cluster A, B, C and D) and other activities such as meetings, etc.

The committee developed the Programme of Action aimed to deliberate on the Draft Annual report 2020 / 2021 and interacting with Community Members and all Stakeholders. The programme is hereunder attached as "ANNEXURE A".

ANNEXURE "A"



PROGRAMME OF ACTION FOR MUNICIPAL PUBLIC ACCOUNTS COMMITTEE PROGRESS ON IMPLEMENTATION FOR THE 3RD QUARTER ACTION PLAN (2020 -2021)

ACTIVITY	DATE	VENUE	TIME	MAIN CONSIDERATION
MPAC Portfolio Meeting	26 th January 2022	Municipal Boardroom	10h00	Induction Meeting for New MPAC Members
Launching of the District MPAC Forum	07 th February 2022	Peter Mokaba Stadium	10h00	Launching of the District MPAC Forum for New Members
MPAC Meeting with the Auditor – General	23 rd February 2022	Protea Land Mark Lodge / The Ranch Hotel	08h30	Presentation of the Audit Report
MPAC Meeting with Management Representative	23 rd & 24 th February 2022	Protea Land Mark Lodge / The Ranch Hotel	08h30	Unpacking of the Annual Report 2020 / 2021 and Clarification of Issues on the Annual Report and Mid –Year Organizational Performance Report.
MPAC Working Session	23 rd & 24 th February 2022	Protea Land Mark Lodge / The Ranch Hotel	08h30	Interrogation of the Draft Annual Report 2020/2021 and Mid –Year Organizational Performance Report Formulation of Questions to Management on the Draft Annual Report and Mid – Year Organizational Performance Report.
Extended District MPAC Forum	28 th February 2022	Lepelle – Nkumpi Municipality	12h00	Induction Forum Meeting
District Public Participation	01 st March 2022	Bolivia Lodge (Polokwane)	10h00	Solicit inputs from Stakeholders and Community

MPAC Project Visit	03 rd March 2022	Pinkie Sebotse Sport Complex	10h00	Project Visit
District Public Hearing (Mid – Year Performance and Organizational Report 2021/2022)	04 th March 2022	CDM Council Chamber	10h00	District Public Hearing (Mid – Year Performance and Organizational Report 2021/2022)
MPAC Project Visit	07 th March 2022	Mokhurumela Stormwater Channel – Erosion Protection and Stormwater Control	10h00	Project Visit
District Public Hearing (Draft Annual Report 2020/2021)	08 th March 2022	CDM Council Chamber	10h00	District Public Hearing (Draft Annual Report 2020/2021)
MPAC Public Participation (Cluster A)	09 th March 2022 Wards: 01,02,21&22	Raweshi Satellite Office	10h00	Solicit inputs from Stakeholders and Community
MPAC Public Participation (Cluster B)	10 th March 2022 Wards: 03, 04, 05, 06, 07 & 20	Langlaagte Satellite Office	10h00	Solicit inputs from Stakeholders and Community
MPAC Public Participation (Cluster C)	14 th March 2022 Wards: 08,09, 10, 11,12,14 & 19	Inveraan Satellite Office	10h00	Solicit inputs from Stakeholders and Community
MPAC Public Participation (Cluster D)	15 th March 2022 Wards: 13, 15, 16, 17 & 18	Alldays Community Hall	10h00	Solicit inputs from Stakeholders and Community
MPAC Public Hearing (Mid – Year Organizational Performance Report 2021/2022)	22 nd March 2022	Blouberg Council Chamber	10h00	MPAC Public Hearing (Mid – Year Organizational Performance Report 2021/2022)
MPAC Public Hearing (Draft Annual Report 2020/2021)	22 nd March 2022	Blouberg Council Chamber	10h00	MPAC Public Hearing (Draft Annual Report 2020/2021)
Council Meeting	28 th March 2022	Raweshi satellite Office	12h00	Tabling of the Oversight Reporting to Council.

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5. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE PUBLIC CONSULTATIONS MEETINGS ON THE DRAFT ANNUAL REPORT 2020 / 2021

- a. The Municipal Public Accounts Committee Public Participations Meetings were conducted and divided into Four (4) Clusters as follows: -
- i. **Cluster A** was convened at **Raweshi Satellite Office** on the **09th March 2022** and the following Wards attended: **Wards: 01, 02, 21 & 22**. A total number of **223** registered their attendance for the Public Participation meeting at **Raweshi Satellite Office**.
 - ii. **Cluster B** convened at **Langlaagte Satellite Office** on the **10th March 2022** and the following Wards attended: **Wards: 03, 04, 05, 06, 07 & 20**. A total number of **235** registered their attendance for the Public Participation meeting at **Langlaagte Satellite Office**.
 - iii. **Cluster C** convened at **Inveraam Satellite Office** on the **14th March 2022** and the following Wards attended: **Wards: 08, 09, 10, 11, 12, 14 & 19**. A total number of **229** registered their attendance for the Public Participation at **Inveraam Satellite Office**.
 - iv. **Cluster D** convened at **Alldays Community Hall** on the **15th March 2022** and the following Wards attended: **Wards: 13, 15, 16, 17 and 18**. A total number of **219** registered their attendance for the Public Participation at **Alldays Community Hall**.

6. PUBLIC HEARING ON THE DRAFT ANNUAL REPORT 2020 / 2021 AND THE MID – YEAR ORGANIZATIONAL PERFORMANCE REPORT 2021 / 2022

- i. The Public Hearing on the Draft Annual Report 2020/2021 and the Mid – Year Organizational Performance Report was successfully held on the 22nd^h March 2022 in the Blouberg Municipal Council Chamber to allow the Management to respond and Clarify the committee on issues included in the Auditor – General’s Report and issues on the Draft Annual Report 2020 / 2021.
- ii. The Public Hearing Session was successfully attended by the Mayor, Speaker, Chief Whip, Councillors and Management of Blouberg Municipality.
- iii. The Responses from the Management with regard to the Questions raised by the Municipal Public Accounts Committee on the Draft Annual Report 2020/2021 and the Mid – Year Organizational Performance Report 2021/2022 are attached as “**Annexure B**”

7. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S RECOMMENDATIONS FROM THE PUBLIC PARTICIPATIONS HELD ON THE 09TH, 10TH, 14TH AND 15TH MARCH 2022 ON THE 2020/ 2021 DRAFT ANNUAL REPORT TO THE COUNCIL OF BLOUBERG MUNICIPALITY.

The Municipal Public Accounts Committee Recommended as Follows: -

- a, The Municipal Public Accounts Committee **recommend** that the Annual report and IDP documents be distributed to the Ward councilors and Traditional Authorities prior to the conveying of the Public Participations.
- b, The office of the Speaker must deploy the ward and / or officials to workshop the communities to be able to differentiate between the annual report and the IDP, since the communities are not familiar with the MPAC Programmes.
- c. The MPAC **recommend** that the Municipal printers be fixed frequently, if they keep being dysfunctional there be an outsourcing process.
- d, The MPAC also **recommend** that there be a workshop for Councillors so that they understand that as they are part of the Municipal council, they do not motivate the communities to be against the municipality and that they must either produce solutions to the municipality and not add problems.
- e. The committee **recommend** that the **MPAC budget** be increased since it cannot afford to operate and fulfil its duties with the current budget.
- f. The committee also **recommend** that the issue of sound system be improved since it keep experiencing sound problems during its programmes, particularly during its public participation meeting held at Alldays on the 15 March 2022.
- g. The committee also noticed with great disappointment that the PMS office failed in their duties to prepare and provide a credible Chapter 4 report and therefore **recommend** that they provide reasons as to why they should be kept in the Municipal Manager's office and they provide reasons to the council why they did not provide a credible report.

8. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S RECOMMENDATIONS FROM THE PUBLIC HEARING HELD ON THE 22ND MARCH 2022 ON THE 2020/ 2021 DRAFT ANNUAL REPORT AND SDBIP 2021 / 2022 TO THE COUNCIL OF BLOUBERG MUNICIPALITY.

- a. The Municipal Public Accounts Committee realized that the Municipality is losing money through legal matters, so the committee **recommend** that legal unit should be looked at in terms of human resource, since the Municipality is losing money through the cases that are struck off the roll, it **recommend** that the legal unit be restructured on that basis.
- b. The Committee also noticed that the Municipality is not progressing in terms of removing illegal invaders and therefore this result to the fact that our legal unit does not serve any purpose to the Municipality and further **recommend** that a follow up be done in this regard.
- c. The Committee **recommend** that consequence management be applied to the officials who appointed an unqualified contractor and that in future, it should be the case that the officials who appoints an unqualified contractor be accounted for their role.

- d. The Committee have realized that the Municipality is losing money due to distribution loss that led the Municipality not achieving the Clean Audit and therefore **recommend** that the collection of electrical revenue be moved to the Technical Department. The Technical Department should speed up the process of the implementation of the Smart Meters to curb the distribution loss.
- e. The Committee also noticed that the Finance Department does not have confidence in the Auditor-General's report and Auditor-General's office, since it has not followed proper procedures when appointing the contractor and who also not qualified for the job and not meeting the grading standard. The Committee therefore **recommend** for the restructuring of the Finance Department and that the CFO should report to Council as to why his office undermines the Audit Report and the AG's Office.

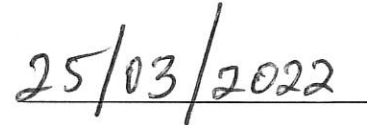
9. CONCLUSION

- a. That the Council of Blouberg Municipality adopts the 2020 / 2021 Draft Annual Report based on the above mentioned Recommendations from the Municipal Public Accounts Committee.



CLLR. MAIFO M.L

CHAIRPERSON: MPAC



DATE

Blouberg Municipality



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MANAGEMENT RESPONSE TO QUESTIONS RAISED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON THE DRAFT ANNUAL REPORT 2020 / 2021 AND MID – YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2021 / 2022

TO: THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
FROM: MANAGEMENT
DATE: 18TH MARCH 2022

QUESTION 01

CHAPTER 01: OVERVIEW AND EXECUTIVE SUMMARY

Section 1: Waste Removal (Community Services Department)

- a. What is the selection criteria used to identify the villages where there is picking up of Waste removal?
- b. What are the reasons which resulted in those villages to be prioritized?
- c. Why does the municipality seek assistance from the private sector on the issue of delivering services to communities?
- d. How does the municipality deal with the issue of illegal connections of water supply? (Technical Services Department)

MANAGEMENT RESPONSE:

- a. No criteria used other than picking at nearby areas
- b. Accessibility of Villages
- c. Municipality only seek assistance from private sectors where we lack capacity
- d. CDM has water authority, on their plan, they are in the process of installing smart meters

QUESTION 02

CHAPTER 02: GOOD GOVERNANCE (Page 28-33) (Corporate Services)

There were risks identified, which one of it was fraud and corruption. Furthermore, it has been identified that the period under which did not have reported cases of fraud and corruption encountered by the municipality were submitted to the authority.

- a. Can you explain to the Committee, what were the fraud and corruption case and risk identified?
 - b. What was the consequences management used and who was responsible for such Fraud and Corruption?
- F.S.

- c. Which measures are in place to prevent all of the risks identified from occurring in future?
- d. Who was responsible for the building and development of the taxi rank, since the toilets don't flush and people often use water buckets to flush?

MANAGEMENT RESPONSE:

- a. Fraud on Petrol card case, the risk identified is maladministration of municipal fleet card
- b. The Municipality initiated disciplinary hearing process but the employee resigned. Fraud was opened at SAPS and they are opening the matter.
- c. Enforcing Mitigation measures and often train employees on fraud and corruption.
- d. Bochum Taxi Association

QUESTION 03

Roads Matters: (Page 33) (Technical Services)

- a. How does the municipality manage to regravell the same 48844 kilometers for every financial year, whilst the report states that there is ageing machinery(plant)?

MANAGEMENT RESPONSE:

- a. District and provincial road are maintained by Public works and municipality did not regravell the road. Municipality is only regravelling the municipal roads and internal streets.

QUESTION 04

Security Measures

- a. How far is the implementation of security cameras, since we are in the 3rd quarter (Municipal Manager's Office)?
- b. The second quarter report does not have risk assessment, MPAC seek clarity on the matter? (Municipal Manager's Office)
- c. Why does the municipality not having allowance of budget on the maintenance of building since municipal buildings are collapsing (Community services)?
- d. On what basis does the municipality award the same company three projects in the same financial year (Batlase Enterprise)? (Finance Department)

MANAGEMENT RESPONSE:

- a) The implementation process is on appointment stage and the target will be achieved in the 3rd quarter.
- b) The report was compiled but had to be taken to the Audit committee for adoption before it goes to council. The Audit Committee normally sits on February and the council on January. Hence the corrective measures to have two reports in the 4th quarter for the purposes of compliance
- c) There is yearly budget allocated for maintenance but limited due to lack revenue collection
- d) The same company was awarded three projects on the same financial year on the basis of scoring the highest points during evaluations.

QUESTION 05

Chapter3

- a. On Senwabarwana Sports Complex Phase 5 there was a contract amounting to R18 704 182.00 which had a savings of R5723 369.31, there is a need for clarity on the saved amount? (Technical Services and Finance Departments).

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b. Was there any variation order since the amount moved from R6 258 to R10 669 940.60 and provide information if there was EIA report in place?

c. Since the municipality has terminated the services of the Field Cashiers, What measures in place in terms of receiving or collecting the development fund? (Finance Department).

MANAGEMENT RESPONSE:

a. The total budget for the project amount to R18 704 182.00 and R 12, 980,812.61 was allocated for 2020/2021 and the remainder of R 5 723 369.91 was allocated for 2021/22 fy.

b. No variation order only Reallocation of budgets from Senwabarwana Sports Complex and Witten Internal streets.

c. Planning to engage Ward councilors and Ward committees. The funds will be collected dueing public participation.

QUESTION 06

Sports Facility (Page 36)

Ben Seraki Sports Complex

a. Why is the Ben Seraki Sports Complex not fixed whilst the municipality got the insurance to fix it? (Technical Services Department).

b. How far is the municipality on the issue of rubberizing the artificial field of both Sports Complexes (Ben Seraki and Senwabarwana Sports Complex)? (Technical Services Department).

MANAGEMENT RESPONSE:

a. the claim was since lodged and the insurer was busy with the assessment

b. Senwabarwana sports complex Construction of Artificial Turf in underway and will be completed before June 2022

QUESTION 07

Comments on the Annual Report 2020/21 (Page 74)

a. How far is the progress on the implementation of the SMMES and Split meters to curb the distribution loss

b. How far is the municipality on the demolition of land invasion in Senwabarwana Extension 5 and Hospital View? (Economic Development and Planning Department).

c. What are the plans in place to deal with the delays which will stop the land invasions and how much does the municipality pays the legal fees to deal with the land invasions? (E D and Planning Department).

d. How far is the municipality regarding the township establishment? (E D and Planning Department).

MANAGEMENT RESPONSE: :

a. The smart metering project was deferred to 2022/23 financial year because the bid was nonresponsive and could not be re-advertised due to limited time.

In line with the SDBIP, the municipality has entered into the partnership with UNWOMEN and Venetia mine and LEDA to capacitate the SMMES. To date three SMMES projects were supported financially. As for the split meters, our department is not dealing with them

b. There are no illegal land invasions in Extension 05 and as for Bochem 145 the matter is still subjudicare

E.S.

c. The municipality is disposing off the vacant sites and as for the payment of legal fees; the Finance department can deal with the issue.

d. All the township establishment projects are awaiting tribunal resolution except for Senwabarwana Extension 09 whose other portion is invaded and it is the subject of the court of law.

CHAPTER 4

Organization and Performance

- a. The Municipal Public Accounts Committee identified major errors in Chapter 4.
- b. The report does not show credible findings, so the committee could not interrogate it.
- c. The report is not updated.

MANAGEMENT RESPONSE: Management note the issue raised by MPAC. Management will review and update the years into the final draft annual report 2020-21.

AUDITOR'S GENERAL REPORT

QUESTION 01

- a. The Municipal Public Accounts Committee need to be informed of the reasons why the municipality did not obtain the Clean Audit?

RESPONSE: Material findings/adjustment on incomplete contingent liabilities, commitment register, Debt impairment incorrect provision for doubtful debts recognition, predetermine objectives, treatment of useful lives, property valuation.

QUESTION 02

- a. Why did the Finance Department deviate instead of advertising for 21 days and why did they also advertise for 14 days on big projects costing R10 Million?

RESPONSE: The municipality advertised the above projects for a shorter period as per the Scm regulation 22 due to the following reasons:

- Covid 19 Disaster lockdown delayed the completion of designs
- Sub consultant such as Environmental, Surveyor and Geotechnical were not permitted to work during Covid 19 level 4 lockdown.
- Municipal infrastructure grant Framework states that :
 - Municipality must spend 60% of their first transfer allocation by 31 October 2020.
 - Municipality must spent 40% of their total allocation by 31 December 2020 and failure to reach the percentage they will stop and reallocate the grant money to other performing municipalities.
- Scm regulation 22(2) states that Scm management policy may allow the accounting officer to determine a closure date for the submission of bids which is less than 30 or 14 days requirements, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

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QUESTION 03

a The Committee seek clarity as to why the municipality awarded the tender to the company called (PJM) which did not qualify to be awarded for the second time and this led the municipality to receive the irregular expenditure?

RESPONSE: The municipality does not have irregular expenditure as a result of the appointment of the company called (PJM).

QUESTION 04

- a. Why the Municipality still having / considering material adjustments while we have skilled consultants?

RESPONSE: Different interpretation of accounting standards

QUESTION 05

- a. What is the municipality's plan in terms of doing away with awarding tenders to the same Consultants, since we believe in the system of skills transfer?

RESPONSE: The municipality is guided by SCM regulation on competitive bidding process whereby open bidders are openly invited.

QUESTION 06

- a. What were the reasons for awarding projects to unqualified contactors? (Paragraph 32)
b. Why reasonable steps were not taken to prevent irregular expenditure amounting to R33 732 515 as disclosed in note 44 to the annual financial statements, as required by section 62(1) (d).

RESPONSE:

- a. Is as a result of the deviations (Regulation 36) due to the emergency services and CIDB (regulation 25) due to different interpretation.
b. Developed UIFW reduction strategy was adopted by the council on the 27 October 2021 in order to prevent the irregular expenditure.

QUESTION 07

- a. Non-compliance in terms of advertising for stipulated period (Paragraph 32)
There is a need for the demand management plan, since the matter is recurring and also consequence management plan to curb the matter from being repeated again. What is the plan for this term of office to curb the matter from recurring?

RESPONSE: The spreadsheet is developed to curb the matter from recurring and number of days are calculated prior the advertisement. Procurement plan is also developed every year aligned to SDBIP 28 days after the budget adjustment.

QUESTION 08

Material impairment (Paragraph 08)

- a. What are the plans in place to recover the debts owed by the government institutions to the municipality?
b. What is the role of the debt collector, if the municipality keeps paying him/her?

MANAGEMENT RESPONSE:

- a. By working together with the department to include properties in their asset register and also continuous with the negotiations.
b. The debt collector is paid on collection (% based) and the role played is on negotiation with the National departments.
- P.9

QUESTION 09

Material losses/Distribution loss (Paragraph 09)

- a. Since there is a need to install smart meters. What is the time frame for the implementation of smart meters?
- b. What are measures in place to stop illegal connections of electricity which lead to the distribution loss?
- c. Why should the municipality keep providing electricity if it operates in a loss?

MANAGEMENT RESPONSE:

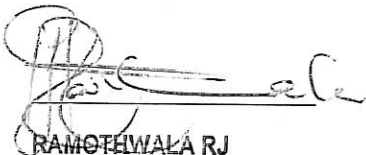
- a) The bid was nonresponsive and could not be re-advertised as the project was not going to be completed because of the limited time and as such the project was deferred to 2022/23 financial year.
- b) Electrical team is conducting meter audit on monthly basis as a way of curbing distribution loss and generating revenue
- c) The municipality is working tirelessly on distribution loss and hoping to get it right after installation of smart meters

QUESTION 10 (Paragraph 39)

- a. Explain why the Management did not implement adequate processes to ensure that reviews took place before information was submitted to the Auditor General?

MANAGEMENT RESPONSE

- a. High-level reviews of Annual Financial Statements and Annual Performance Report were done. However as this were high-level reviews and not all errors could be uncovered. The errors uncovered by AGSA were corrected and we managed to get unqualified audit opinion.



RAMOTHWALA RJ

ACTING MUNICIPAL MANAGER

DATE: 22/03/2022