

BLOUBERG MUNICIPALITY

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 2022 / 2023 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 Draft Annual Report 2022 / 2023 Financial Year to the Council of Blouberg Municipality for consideration and adoption.

2. BACKGROUND

The Draft Annual Report 2022/ 2023 was tabled before the council of Blouberg Municipality during the Council meeting held on the 30th January 2024. The report was further referred to the Municipal Public Accounts Committee for scrutiny and also been able to be presented to all members of the community comprising of the 22 Wards and Stakeholders for making inputs and comments based on the report.

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 to table the Draft Annual Report on the 2022 / 2023 Financial Year: -

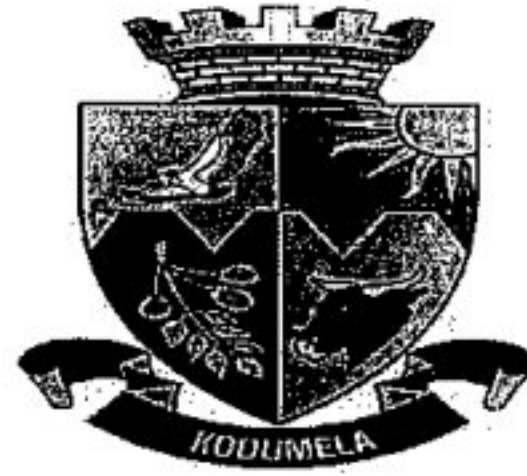
- i. Local Government: Municipal Systems Act, 2000
- ii. Draft Annual Report 2022 / 2023
- iii. Audited Financial Statements 2022 / 2023
- iv. Municipal Finance Management Act (Section 121)
- i. Draft IDP Review 2022 / 2023
- v. Service Delivery and Budget Implementation Plan 2022 / 2023

4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEES PROGRAMME OF ACTION

- a. The Municipal Public Accounts Committee is responsible for performing the oversight work and activities on the Draft Annual Report 2022 / 2023 and also engaging the community at large together with all responsible 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 purposes of conducting the Public Consultations meetings specifically for the Four Clusters, namely (Cluster A, B, C and D) , Projects visits and meetings.

The committee developed the Programme of Action aimed to deliberate more on the Draft Annual report 2022 / 2023 and all activities attached to the quarter under review. The programme is hereunder attached as **"ANNEXURE A"**.

ANNEXURE "A"



PROGRAMME OF ACTION FOR MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S PROGRESS ON IMPLEMENTATION FOR THE 3RD QUARTER ACTION PLAN (DRAFT ANNUAL REPORT 2022 / 2023)

ACTIVITY	DATE	VENUE	TIME	MAIN CONSIDERATION
MPAC Portfolio Meeting	19 th January 2024	Municipal Offices (MPAC Office)	10h00	Discussion on the 03 rd Quarter Activities 2022 / 2023.
MPAC Working Session	24 th and 25 th January 2024	Protea Hotel Landmark (Polokwane)	09h00	Scrutinizing the Mid – Year Performance Report, AG's Report, Audit Committee Report and Draft Annual Report 2022 / 2023. Formulation of questions to Management and Executive Committee.
MPAC meeting with the Auditor – General	25 th January 2024	Protea Hotel Landmark (Polokwane)	10h00	Presentation of the Audit Report to MPAC Members.
District MPAC Forum	02 nd February 2024	CDM Council Chamber	10h00	District MPAC Forum meeting to be attended by all District and Local MPAC Members.
MPAC Portfolio Meeting	22 nd February 2024	Senwabarwana Sports Complex	10h00	Scrutinizing the Draft Annual Report 2022 / 2023 and finalization of Questions to Management and Executive Committee
MPAC Projects Visits	29 th February 2024	Lethaleng Internal Streets to Pickum Access Roads	10h00	Project Visit
		Mochemi Internal Streets	12h00	Project Visit

District MPAC Public Participation	01st March 2024	Protea Hotel LandMark (Polokwane)	10h00	Solicit inputs from Stakeholders and Community
District MPAC Public Hearing (Draft Annual Report 2022 / 2023)	05th March 2024	CDM Council Chamber	10h00	District MPAC Public Hearing (Draft Annual Report 2022 / 2023)
MPAC Public Participation (Cluster A)	11th March 2024 Wards: 01,02,21&22	Cooperspark Community Hall	11h00	Solicit inputs from Stakeholders and Community
MPAC Public Participation (Cluster B)	12th March 2024 Wards: 03, 04, 05, 06, 07 & 20	Langlaagte Satellite Offices	11h00	Solicit inputs from Stakeholders and Community
MPAC Public Participation (Cluster C)	13th March 2024 Wards: 08,09, 10, 11,12,14 & 19	Inveraan Satellite Offices	11h00	Solicit inputs from Stakeholders and Community
MPAC Public Participation (Cluster D)	15th March 2024 Wards: 13, 15, 16, 17 & 18	Makgato Community Hall	11h00	Solicit inputs from Stakeholders and Community
MPAC Special Meeting	19th March 2024	Blouberg Council Chamber	08h00	Allocations of questions to MPAC Members in preparations of the Public Hearing (Mid – Year Performance Report 2023/2024, Draft Annual Report 2022/2023 and UIF&W Expenditure 2022/2023)
MPAC Public Hearing (Mid – Year Performance Report 2023/2024, Draft Annual Report 2022 / 2023 and UIF&W Expenditure 2022/2023)	19th March 2024	Blouberg Council Chamber	10h00	MPAC Public Hearing
MPAC Meeting	25th March 2024	Municipal Boardroom	10h00	Adoption of the Final MPAC Report to Council
Council Meeting	27th March 2024	Indermark Community Hall	10h00	Tabling of the Oversight Report to Council.

5. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE PUBLIC CONSULTATIONS MEETINGS ON THE DRAFT ANNUAL REPORT 2022 / 2023

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 **Cooperspark Community Hall** on the **11th March 2024** and the following Wards attended: **Wards: 01, 02, 21 & 22**. A total number of **148** registered their attendance for the Public Participation meeting at **Cooperspark Community Hall**.
- ii. **Cluster B** convened at **Langlaagte Satellite Offices** on the **12th March 2024** and the following Wards attended: **Wards: 03, 04, 05, 06, 07 and 20**. A total number of **200** registered their attendance for the Public Participation meeting at **Langlaagte Satellite Offices**
- iii. **Cluster C** convened at **Inveraan Satellite Offices** on the **13th March 2024** and the following Wards attended: **Wards: 08, 09, 10, 11, 12, 14 & 19**. A total number of **177** registered their attendance for the Public Participation at **Inveraan Satellite Offices**.
- iv. **Cluster D** convened at **Makgato Community Hall** on the **15th March 2024** and the following Wards attended: **Wards: 13, 15, 16, 17 and 18**. A total number of **166** registered their attendance for the Public Participation at **Eldorado Sports Complex**.

6. PUBLIC HEARING ON THE DRAFT ANNUAL REPORT 2022 / 2023, MID – YEAR PERFORMANCE REPORT 2023 / 2024 AND UIF&W EXPENDITURE 2022 / 2023 FINANCIAL YEAR

- i. The Public Hearing on the Draft Annual Report 2022 / 2023, Mid – Year Performance Report 2023 / 2024 and Unauthorized, Fruitless & Wasteful Expenditure 2022 / 2023 was successfully held on the 19th March 2024 in the Blouberg Municipality Council Chamber to allow the Executive Committee and the Management to respond and Clarify the Municipal Public Accounts Committee on the issues raised regarding the said mentioned Reports.
- ii. The Public Hearing Session was successfully attended by the Mayor, Speaker, Chief Whip, Executive Committee, Councillors, Management of Blouberg Municipality, Stakeholders and Community Members at large.
- iii. During the Public Hearing, all questions raised by the Municipal Public Accounts Committee were responded by the Mayor and the Chairpersons of the Portfolio Committees assisted by the Management.

7. FINDINGS OF THE PROJECTS VISITED DURING THE QUARTER UNDER REVIEW

The Municipal Public Accounts Committee visited **02 projects** during the implementation of the 03rd Quarter Action Plan as follows: -

PROJECT NAME	DATE VISITED	FINDINGS	RECOMMENDATIONS
Lethaleng Internal Streets to Pickum Access Road.	29 February 2024	The Project is progressing very well with no challenges detected.	None
Mochemi Internal Streets.	29 February 2024	The project is progressing very well with no challenges detected.	None

8. RECOMMENDATIONS TO COUNCIL ON THE DRAFT ANNUAL REPORT 2022 / 2023 AND MID – YEAR PERFORMANCE REPORT 2023 / 2024

a. The Municipal Public Accounts Committee recommend as follows: -


- i. That the Council appoint the external investigator to investigate the whole processes pertaining Avon MPCC to establish why the contractor did not finish the project at a given time.
- ii. That consequences management be applied to Officials for not adhering to applicable laws in dealing with the Variation order pertaining to Avon MPCC.
- iii. The Mayor has indicated that the officials of Blouberg Municipality are interfering with the supply chain processes after all the departments failed to achieve on many KPI's citing the delay in SCM Processes. The committee therefore recommend that strict measures be put in place to curb the unwarranted interferences by officials and also recommend that the consequence management be applied to officials found to be interfering with SCM processes while they are not assigned to that particular unit.

9. CONCLUSION

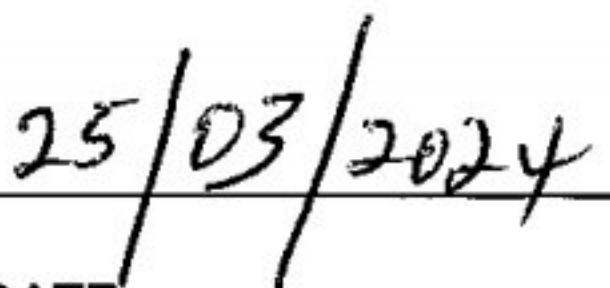
a. That the Council of Blouberg Municipality adopts the Oversight Report comprising of the following: -

- i. Draft Annual Report 2022 / 2023.
- ii. Public Hearing on the Draft Annual Report 2022 / 2023, Mid – Year Performance Report 2023 / 2024 and UIF & W Expenditure 2022 / 2023.
- iii. Projects Visit Report.
- iv. Irregular Expenditure Report 2022 / 2023 referred by Council.

b. And all above mentioned Recommendations made by the Municipal Public Accounts Committee.


CLLR. MAIFO M.L.

CHAIRPERSON: MPAC


DATE

Blouberg Municipality



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SUBMISSION TO COUNCIL

TO: COUNCIL

FROM: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

DATE: 21 MARCH 2024

**SUBJECT: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE INVESTIGATION REPORT
ON UIF & W EXPENDITURE 2022 / 2023**

1. PURPOSE

The purpose of this report is to deal with the irregular expenditure on the management audit report and 2022 / 2023 financial statement as audited.

2. BACKGROUND

The municipality has disclosed an Irregular Expenditure of **R4, 023,794** in the Annual Financial Statements as at 30 June 2023 and an amount of **R2,775,950** as an irregular expenditure found by AGSA while auditing the compliance of the projects since the expenditure was incurred during the 2022 / 2023 financial year.

3. IRREGULAR EXPENDITURE

SUPPLIER NAME	COMAF DETAILS	AMOUNT	MPAC FINDINGS
DZWA DEVELOPMENT PROJECTS CC	N/A	R4, 023,794	The municipality appointed T2 Tech consulting Engineerss and Dzwa Development Projects for planning, design, project management and construction for Pinkie – Sebotse sports facility. The appointment amount of the contractor on the project was R8, 397, 385.52. The municipality incurred Irregular Expenditure of R4, 023,794


			<p>which was a result of a variation order, due to the replacement of the Kikuyu grass with Artificial grass and the hardrock is considered as the unforeseen underground condition for the construction of Pinkie – Sebotse Sports Facility. There is no detection of any intention to defraud nor to unduly benefit nor any deliberate misconduct since the community was the main beneficiary in this regard and hence the benefit of doubt.</p>
MOD PROPERTIES	HOPE	<p>Communication of audit finding no: 50 of 2023 – Issue 02: A five – year contract entered into without the approval of Council.</p>	<p>R2, 775,950</p> <p><u>The following non-compliance were observed during the assessment of competitive bids and contracts:-</u></p> <p>The service level agreement entered between the Blouberg Municipality and MOD Hope Properties signed on the 18th of November 2022 and shall remain in force for a period of five (5) years, terminating on the 30th of June 2028.</p> <p>The contract is for a period exceeding the 3 year period and through inspection of the Council Resolutions for 2022 / 2023 we could not observe that the municipal council has adopted a resolution to this effect.</p> <p>As a result, management is now billing the customers and collect the money with the new valuation roll and it comply with the Municipal Property Act.</p> <p>There is no detection of any intention to defraud nor to unduly benefit nor any deliberate misconduct since the community was the main beneficiary in this regard and hence the benefit of doubt.</p>

We are so pleased with the progress made in terms of addressing the irregular expenditure in question through External Audit Action Plan and further that the Council of Blouberg Local Municipality adopted the UIF reduction strategy to deal with the UIF Expenditure.

Although we do not condone the non – compliance of MFMA by the management, the projects relating to the above irregular figure are running and the community is benefiting out of them.

4. THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S RECOMMENDATIONS TO COUNCIL

- (a) The Council note that since the appointment of general valuation roll includes the maintenance of supplementary, they will be treated as UIF until lapse of the contract.
- (b) That the municipality train SCM committees on SCM Processes.
- (c) Municipal Public Accounts Committee recommends that UIF's be written off as there is no detection of any intention to defraud nor to unduly benefit nor any deliberate misconduct and hence the benefit of doubt.
- (d) That the Officials must at all given times refer to all applicable laws every time they deal with Variation Orders to avoid unnecessary Irregular Expenditure.



CLLR. M. AFO M.L.
CHAIRPERSON: MPAC

25/03/2024
DATE