

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(MPAC)**

**OVERSIGHT REPORT
ON THE 2021/2022 ANNUAL REPORT**



REPORT DATE : 31 MARCH 2023

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MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS

NO	NAMES	GENDER	ROLE
1.	Cllr.MUHLOPE M.E.	Female	CHAIRPERSON
2.	Cllr. MPASHE M.J.	Male	Committee Member
3.	Cllr. MATAMELA S.	Female	Committee Member
4.	Cllr. MACHETHE M.S.	Female	Committee Member
5.	Cllr. NEMARANZHE K.	Female	Committee Member
6.	Cllr. MAHOSI N.G.	Female	Committee Member
7.	Cllr. MADZUNYA E.	Male	Committee Member
8.	Cllr. SELAPYANA M.	Male	Committee Member
9.	Cllr. RIKHOTSO F.J.	Male	Committee Member

MPAC SUPPORT STAFF

NO.	NAMES	ROLE
1.	Ramugumo P.C.	MPAC Coordinator

CHAIRPERSON'S FOREWORD

Council sitting of 30th January 2023 resolved that MPAC should review Draft Annual Report of 2021/2022. Since then the committee conducted various activities in order to complete this task.

We would like to thank Executive Mayor; Members of Mayoral Committee; Sec 79 Chairpersons; Municipal Manager as well as senior management for their cooperation while performing this task.

Successful public participation and public hearing were conducted where community stakeholders were in attendance. They participated and also gave their inputs which are attached herein.

We would like to encourage all of us to continue doing our best, until we achieve clean audit opinion.

As per circular 32 of MFMAACT No. 56 of 2003, as an oversight committee we have fulfilled the obligation. We need to emphasise that the purpose of this exercise is to encourage continuous improvement and promoting accountability by all of us.

LEGAL FRAME WORK

The oversight report is compiled in terms of Section 129 (1) of the Municipal Finance Management Act, No. 56 of 2003 which reads as follows: “ *The council of a municipality must consider the annual report of the municipality and of any municipality entity under the municipality’s sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include statement whether the council:-*

- a)**Has approved the annual report with or without reservations;
- b)**Has rejected the annual report
- c)**Has referred the annual report back for revision of those components that can be revised”.

Section 129 of the Municipal Finance Management Act No. 56 of 2003 requires a municipality to prepare an oversight report over the annual report and to publish the same.

Circular No 32 of the Municipal Finance Management Act No. 56 of 2003 “Annual reports are key reporting instruments for municipalities to report against the performance targets and budget outlined in their strategic plans”.

DRAFT ANNUAL REPORT OF 2021/2022

Municipal Public Account Committee reviewed the Draft Annual Report on 13th – 16th February 2023.

A schedule of activities leading to this oversight report is herein attached.

CONCERNS / FINDINGS

Findings and concerns on the draft annual report were consolidated and submitted to Executive Mayor and his team.

RECOMMENDATIONS

We as oversight committee, having fully reviewed and considered the 2021/2022 Draft Annual Report of Vhembe District Municipality hereby recommend that:-

- 1. Management should commit and implement the responses alluded at the public hearing held on the 29th March 2023.**
- 2. Quality assurance of Draft Annual report should be conducted prior to tabling the report in Council or submitted to MPAC.**
- 3. Forward planning for projects be implemented timeously.**
- 4. By laws be revised and be effected regularly.**
- 5. Targets for service delivery to address needs of communities.**
- 6. Mayors' bursary budget to be increased in order to cater for larger number of students and post graduates.**
- 7. Performance assessments to be conducted annually.**
- 8. Annual report to respond and be consistent to IDP and SDBIP reports.**
- 9. That the Draft Annual Report of 2021/2022 financial year be adopted with Reservations.**
- 10.**

SCHEDULE OF ACTIVITIES LEADING TO OVERSIGHT REPORT

ON 2021/2022 DRAFT ANNUAL REPORT

NO	ACTIVITY	DATE	BY WHO	STATUS
1.	Council referral Draft Annual report	30 Jan 2023	Council MPAC Committee	Done
2.	Review session	13 -16 Feb	MPAC Members and stakeholders	Done
	Questions to EXCO and Management	20 Feb – 01 March 7 days		Done
3.	Notice for public hearing and public participation	06 Feb	Support Staff	Done
4.	Memos for Logistics (venue, catering and sound system, transport	06 Feb	Support Staff	Done
5.	Project site visit	27-28 Feb 03 March	MPAC Committee	Done
	Special Committee meeting Responses from Management and prep for public participation and Hearing	02 March		Done
6.	Public Participation	27 March	All MPAC members Executive Mayor / Speaker/Chief Whip Mayoral Committee /MM &Management Provincial Stakeholders Community members	Done
7.	Public hearing	29 March	All MPAC members Exe-Mayor / Speaker /Chief Whip Mayoral Committee/MM &Management Provincial Stakeholders Community members	Done
8.	Compilation of oversight Report	30 March	Support Staff	Done
9.	Committee meeting	30 March	MPAC Members	Done
10	Tabling oversight report to council	31 March	MPAC Chairperson	

**PROJECT SITE
VISIT
On 2021/2022
ANNUAL
REPORT**

PROJECT SITE VISITS

NO	PROJECT NAME	STATUS	MUNICIPALITY / VILLAGE	COMMENTS
1.	Increasing Capacity of Vondo WTW	In progress	Thulamela local municipality	<ul style="list-style-type: none">• Construction of 2 x 10ml reservoirs• Increasing Capacity of the plant• Increasing raw water supply from the dam to the plant
2.				

PUBLIC

PARTICIPATION

On 2021/2022

ANNUAL REPORT

PUBLIC PARTICIPATION

Public Participation on Draft Annual Report of 2021/2022 was held on the 27th March 2023 and community stakeholders were invited and in attendance.

Speaker Cllr. Nkondo T.F. welcomed all the attendees and emphasized that community members are main stakeholders of the municipality, as such they need to know the operations of the municipality.

Executive Mayor formally presented the abridged Draft Annual Report to the community.

After the presentation community members/stakeholders were given the opportunity to engage with the municipality.

The following concerns and questions were raised:

No	CONCERNS AND QUESTIONS RAISED
1.	Sign Language to be catered for on such occasions Old and Aged people are not cared nor catered for.
2.	Airport within the District are not functional thus limiting the growth and local economy development.
3.	Projects within the districts should also employ people with disability.
4.	Road of D6369 has been incomplete for years, and each time the community is always promised that it will be fixed.
5.	During the previous Imbizo the Executive Mayor indicated that the budget had been increased for the water plants of Mutshedzi to service other villages. However the connection point has not yet been implemented and materials are being taken away from site one by one.
6.	Phadzima and Mazhazhani village had no drinking water since 2022, requesting Executive mayors intervention.
7.	Tshedza plant valves are old and water is not cleaned thus unsafe for community.
8.	New township extension has no electricity
9.	Siloam Hospital is experiencing lots of theft of patients files, also requesting intervention
10.	Ward 20 of Makhado (Magosi and Mphofu water project of 2021 reticulation is in place however there is no water source.
11.	Muwanzhele project – tanks are in place, boreholes has no transformer.
12.	AGSA in the report indicated that some of the documents were not submitted. An advice for the municipality to improve.
13.	Municipality to act on the increase of Gender Based violence's
14.	Vacancies which were frozen for reasons not explained, have a negative impact on the on community members and impact on unemployment
15.	When decisions are taken, there should be progressive and decisive.

16.	<p>Xigalo Ward 26</p> <p>Water challenges are on the increase resulting in lots of illegal connections</p> <p>Gandlanani plant water cleaning systems not functioning</p> <p>Two machines out of order the past 6weeks</p> <p>Four pumps out of order past 3 weeks</p> <p>Short term plan promised but not implemented</p> <p>Requesting assistance – e.i. doser to assist in pouring of chemicals</p>
17.	<p>Matiane Village has no water</p> <p>Concerned about the posts which are being sold by officials</p>
18.	<p>Concerned about whistle blowers who are killed</p> <p>Madimbo Village with water for 3 years</p> <p>Tank installed 5 years ago still has no water, not connected to the source of water</p> <p>Community members are paying water light rates yet their light still get switched off.</p> <p>Sewerage is always broken, when reported VDM will take more than 5 days to respond.</p> <p>Should the community 1st strike for the municipality to respond?</p>
19.	<p>Unemployment in the youth is high. Agencies such as NYDA and SEDA are far from the communities, its expensive to travel to Thohoyandou CBD. Pleading for mobile or satelites offices in the communities.</p> <p>Request for VDM bursaries to consider Post Graduates as they are not funded by NFSAS and they are not working.</p> <p>Crime stats are high in the districts but few are apprehended. Police are not visible at the communities.</p>

RESPONSES

	RESPONSES TO THE ABOVE CONCERNS AND QUESTIONS Executive Mayor and His team responded as follows:
1.	Sign language concern has been noted and accepted
2.	Process of Reviving of airports within the districts are underway, Deputy minister from the president's office has also visited some of the sites
3.	Disabled and youth in our projects to be equally represented. The district is fortunate that we have forums of this structures.
4.	Interest from different groups which promotes nepotism are causes for delays of recruitment processes. And we are requesting such to be refrained from.
5.	Issue about roads- there are process which are underway to bring back roads function to the district.
6.	Projects/contracts in the districts should have a community liason official who should communicate progress to all community members. It is the community members right to know the progress of the project within their jurisdiction
7.	The municipality is concerned about the old infrastructure, for this reason we have approached different funders to assist with refurbishment and replacing old infrastructure. And resources will be allocated to all municipalities.
8.	Unsafe and unclean drinking water should be reported to the municipality. Official to attend to this matter urgently
9.	Concerns which affect other sectors such as electricity and hospitals we welcome them and we will engage with relevant structure as part of District Development Model Programme. Department of Health will be engaged with to address the matter stolen files at Siloam Hospital
10.	Transformers for Boreholes- we are in constant communication with ESKOM. And also mobile generators are being organised to address shortage of transformers.
11.	Reticulations installed without source of water – Department of Water and sanitation is busy working with connecting the reticulations to the source of wter. Minister Senzo and former deputy minister have been on site as well to monitor the progress. Booster at Albasin dam is also being installed. Mutshedzi is a multiyear project, and its maintenance budget is in place
12.	Crime statistics its true is on the rise, and is impacting on business development and tourism. SAPS and community forums relations needs to be strengthened

13.	EM requested Planning department to consider the youth unemployment and to make sure agencies such as SEDA / NYDA operate from ThusongCenters. For the community to have access. He also encouraged the youth to form youth cooperative in agriculture as there are many opportunities
14.	Its true, criminals are not apprehended, Community Services to engage with structures such as SAPS. Whistleblowers are also being victimized, however, government is tightening this threat.
15.	It is also true that post are being sold, community members to be alert of such scams of people pretending to work for the municipality and selling posts.
16.	Executive Mayor requested GM technical services to attend to Madimbo water issues.
17.	Executive Mayor alluded that some of the water authority functions will be returned to the local municipalities, consultations are underway.
18.	methods used for purifying water at Gandlanani plant are not in order. Technical Team to address and make sure proper systems are in place

CLOSING REMARKS

MPAC Chairperson Cllr. Muhlope M.E. in her closing remarks she alluded the following:-

- This session is part of oversight role which is legislated to hold the executive accountable. Our objective is for value for money.
- We congratulate the municipality for the award of spending 100% of MIG.
- In the next annual report we expecting zero in the UIF & W expenditures and change in the audit opinion.

PUBLIC HEARING

On 2021/2022

DRAFT ANNUAL REPORT

PUBLIC HEARING

Public Hearing was conducted on the 29th March 2023

The Speaker Cllr.Nkondo T.F. welcomed all participants and Community stakeholders.

Apologies

The following apologies were tendered:-

- Cllr. Madzunya
- Cllr. Selapyana

During the Public Hearing Session, MPAC committee posed the following questions to the Executive Committee as well as Senior management in the presence of community stakeholders:-

QUESTIONS AND RESPONSES

CHAPTER 1 MAYORS FOREWORD AND EXECUTIVE SUMMARY

1. PAGE 2 TABLE OF CONTENTS

- a. Table of contents not aligning with content
- b. Numbering of paragraphs is not in order nor consistent, not talking to each other with the report.

2. PAGE 8 FUTURE ACTIONS

- ✓ Future actions are welcomed as it is forward planning, however the figures illustrated should only be reported on the correct financial year. Report should focus on 2023 issues.

Statements :There are a number of initiatives in the pipeline that will be implemented during this next financial year , amongst these but no limited to the following are , there will be an implementation of Mutale Regional Water Scheme budgeted for an amount R14 232 677 53 , Malamulele Regional Water Scheme budgeted an amount of R89 990 423 29

- a. Are these figures stipulated on the 2021/2022 IDP

Answer: No, the annual report has now been corrected and aligned with figures in the IDP.

Are these figures approved or not or they still need to go for public participation for

2022/2023 financial year

Answer: Yes, they are approved and are also multi-year projects

- b. Mutale regional water scheme on Annual report is budgeted for R14 million but on the IDP it is budgeted for 36 million.
- c. Why are the figures mentioned above different?

Answer: The typing error occurred but now corrected. Thus the original budget of the project is R36million

3. Page 9 CONCLUSION

- a. Paragraph for Conclusion is in the middle of the foreword.
- b. That the conclusion paragraph under future actions be removed and written at the end of Mayors foreword.

Answer: corrections effected in line with the advise.

4. Page 11 MUNICIPAL MANAGERS FOREWORD

- ✓ No topic or introduction

Answer: correction effected accordingly

Page 12

- ✓ It further gives appreciation to the staff members from the executive down to general workers for their unwavering support and commitment to the institution. Without them, the municipality would not be one of the well-run district

Municipalities in the province

- a. Is it an honest statement?

Answer: Yes, the statement is just an appreciation to the efforts invested by the mentioned stakeholders during the year under review.

CHAPTER TWO GOVERNANCE

1. Page 23 COLLINS CHABANE LOCAL MUNICIPALITY

- a. Numbering not consistent
- b. Councillor MtileniHlekani has been repeated
- c. Councillor MtileniHlekani is a directly elected Councillor not a rep

Answer: Corrections were effected accordingly.

2. Page 26 PARAGRAPH 3.5.1. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- a. Line 5. Spelling for collinschavane to be corrected and read as Collins Chabane
- b. Line 7. Spelling for Ndivhuwo to be corrected and read as Ndivhuho
- c. Line 7. Tittle of "Cllr". Mahosi N.G. to be appended. **Answer: Corrections were effected accordingly.**

3. Page 29 PARAGRAPH 3.8. MULTIPARTY WHIPPERY COMMITTEE

- a. Names of the responsible councillors not indicated **Answer: Names have been inserted as per the advise**
- b. Is programming committee and Whippery Committee are they functional? **Answer: Yes, Whippery Committee and other committees are functional and are convened by the Speaker.**
- c. The position of Chief Whip has been vacant for period. When will the position be filled?

Answer: The matter is receiving attention of the ruling party. d. What are the challenges in filling the position?

Answer: None

4. Page 30. PARAGRAPH 3.9.2. COUNCIL AND ITS COMMITTEES

- a. According to regulation how many times should Council convene? **Answer: The regulation requires a minimum of 4 and no maximum intervals stipulated**
- b. Why the ordinary Council sitting was five instead of 4?

Answer: 5 sittings are still within the confines of the regulation

5. PAGE 32. PARAGRAPH 4.3. INTERGOVERNMENTAL RELATIONS

- a. How many meetings were concluded?

Answer: 12 meetings

6. Page 33. PARAGRAPH 4.5.3. SUPPLY CHAIN MANAGEMENT

- ✓ "Tenders were awarded within 90 days of advertisement".is this a true reflection of SCM? Clarity on this sentence is requested.

Answer: Yes

- ✓ Request list of tenders advertised to be submitted to MPAC.

Answer: The list has been submitted accordingly

- ✓ Supply chain management reports to be provided quarterly.

Answer: Yes

- ✓ Have all staff within SCM Unit completed declaration forms?

Answer: Yes the declaration can only be obtained from risk management office

- ✓ Was the 3 bid committees properly constituted? If not, why not and what steps are being taken to rectify the non-compliance?

Answer: Yes

- ✓ How many contracts were awarded for the financial year ending June 2022? **Answer: The total number bids awarded was 38 at an amount R132 230 412.20 for competitive bidding, R5 253 729.92 for formal written quotation and for quotation up to R30 000.00 amounting to R2 578 554.49**

- ✓ Of the amount of contracts awarded for the financial year ending June 2022, in how many instances was the provisions of regulation 36 of the Municipal Supply Chain Management Regulations utilised including the basis or reasons for not following a competitive bidding process in each instance?

Answer: total number of bids awarded through regulation no 36 is 209 amounting to R8 198 678.52 and the main reasons were that there were only Sole Suppliers and practicality or securing the service (e.g. Mala FM only available to broadcast in Malamulele area)

- ✓ Was the reasons accepted and approved by the accounting officer? If so, provide us with the written approval provided by the accounting officer?

Answer: Yes report to be submitted

- ✓ Was the reasons for deviation in terms of regulation 36 tabled at the first meeting of Council after the event? If so kindly provide us with written proof of tabling in council including any comments from Council, if any, and how such was addressed by the accounting officer? **Answer: Yes, council resolutions to be submitted**

- ✓ Were the reasons for deviation included in the notes to the annual financial statements? If so, kindly provide us with the note and page number in the annual financial statements where this can be obtained and verified? **Answer: Yes, the pages in the AFS will be submitted accordingly.**

7. PAGE 33. PARAGRAPH 4.5.4 BY LAWS

- a. Do we have by laws in place? If so, have by-laws been reviewed within the various functions? If so, when? If not, why not?

Answer: Yes. There are By-Laws in the municipality and their reviewal is in progress.

There are the following:

- Water Services By-Laws
- Environmental Services By-Laws
- Fire and Rescue By-Laws

All these by-laws are in the process of being reviewed and will be tabled in the Council on 31 March after which will then be subjected to public participation with the approval planned for 31 May 2023.

- b. Are all by-laws effectively being enforced in the Municipality?

Answer: Yes. The By-Laws are being implemented in the municipality but there is a need to intensify the implementation. For example, the water services By-Laws gives a provision for a fine of R15 000-00 to be imposed to transgressors by it does not reduce the transgression of example the illegal connection of water.

- c. If not, which by-laws are not actively being enforced and why?

Answer: The By-Law for water services is not giving the municipality positive results. There is a need to investigate why this By-Law is not improving the status of water provision in the municipality. This shall be done during the review which is currently underway. The law enforcement agencies and the community stakeholders need to be roped in

- d. What is the revenue generated through the various by-law enforcement activities?

Answer: Revenue is generated through enforcement of By-Laws. For Example:

- R15 000-000 is payable for the person who conducts illegal connection of water.
- Fire Services By-Laws generates R1500 on the approval of building plans
- Environmental Health By-Laws generates R1800 on the renewal of food premises certificate

CHAPTER 3 SERVICE DELIVERY PERFORMANCE

1. COMPARISON OF TARGET ACHIEVED

	DESCRIPTION	2020/ 2021 FY		2021/2022 FY	
		SET	Achieved	SET	Achieved
1.	OVERALL	251	83	253	170
2.	Basic Service Delivery	158	33	112	71
3.	Municipal Transformation and organizational	28	15	48	40
4.	Local Economic Development	25	12	21	20
5.	Municipal Financial Viability and Management	13	12	12	11
6.	Good Governance and Public Participation	27	14	60	28

a. What corrective measures were implemented for all targets not achieved under the year review?

Answer: Most of the targets not achieved were shifted to the following financial year as most of them were related to multi-year projects. Reasons for not achieving the targets and measures taken or to be taken to improve performance were given per each target not achieved.

b. What are the factors that have influenced the specific targets that have been set for the function?

Answer: The targets were influenced by the different strategies which were formulated during the IDP processes informed by the different priorities for service delivery and support services.

c. How do these targets relate to the broader population or geographic area of the municipality?

Answer: They are local municipality based. The local municipalities participate in the District Municipality IDP processes in order to ensure that the broader population in the whole geographic area of the district is catered for through the wards.

d. Do the respective functions advance the SDBIP and ultimately the IDP in the manner and scale in which services are being delivered?

Answer: Yes. The respective functions advance the SDBIP. There is a need to ensure proper alignment between the SDBIP and the IDP. This was a finding in the year under review. The municipality has already started to work on the issue.

e. Are there any backlogs in the respective functions?

Answer: There are backlogs in the different functions in the municipality. The greatest backlogs are in the area of water and sanitation.

f. At the current rate of delivery, when will backlogs be eradicated?

Answer: At the current rate of delivery, the backlogs can take approximately 20 years to irradiate. The major problem is shortage of resources. There is a need of cash injection to eradicate the backlog in a form of funding from donors or public/private partnerships. At the current moment the municipality has been selected for a programme of 'Adopt a district' which is a funding programme by DBSA that will fund 8 districts in the country. The relevant submission will be tabled in the council on the 31 March 2023.

2. TECHNICAL SERVICES

2.1. Contract Management

a) Are all contractors to the municipality rendering services in relation to a properly signed contract?

Answer: Yes

b) Have all contracts or template contracts used by the municipality, been legally vetted?

Answer: Yes

c) Do all contracts contain a clear set of indicators, targets and/or deliverables to which the contractor must respond to?

Answer: Yes

d) Have the end-user departments in the municipality signed-off on the contract including its deliverables, targets and indicators?

Answer: Yes, end user signed as witness on each contract

e) What is the process for managing contracts within the municipality?

Stage 1: Contract Request:

✓ Contract processes starts with the Contracts Requesting process where one party requests for or initiates the contracting process and subsequently uses that information for drafting or authoring the contract document

Stage 2: Contract Authoring, Review and Red lining, Contract Negotiation

✓ In the Contract Authoring or Drafting stage , contract or agreement document is created or generated which includes all clauses, terms and conditions. It is usually in this stage Contract Approvers and Signing parties are determined and approver and signing details are captured in the contract document.

Stage 3: Approval and Lawyer or Legal Review

✓ Agreement document prepared in previous step is submitted to internal or external approvers and then once they approve the document to proceed further, Contractual document moves to the next steps. **Stage 4: Execution or Agreement Signing**

✓ Contract document which is approved is sent to respective parties for signature either online or using manual process.

Stage 5: Contract Database or Repository Storage

✓ Once the contract document is signed it is stored permanently in a easy to retrieve agreement database. Both contractual data and documents are indexed and saved for future reference. **Stage 6: Records Management**

✓ This stage enables complete control of all critical municipal documents through reliable storage of records with backups and retention policy enforcement policies providing confidence that your critical records are in secure for global information management with high compliance. **Stage 7: Easy Search and Retrieval**

✓ This stage enables municipality users to quickly search , apply filters and retrieve relevant documents from the contract system. **Stage 8: User Activity and Reporting**

✓ Every stage captures user activity logs and the contract data and documents are properly indexed for easy retrieval. This stage ensures the

municipality users to quickly and efficiently retrieve and contract data and produce in depth reports.

Stage 9: Contract Renewal, Amendments and Disposition

✓ Once the contract reaches its end date, it must be renewed to stay in active status. If the contract is not renewed on time it could cause financial risk for the parties involved in the contract.

f) Are procurement plan and process are they in place, so they can advise projects to start on time? **Answer: Yes**

2.1. Page 53 no 23 and 24

a. Committee is requesting the status of the project

Answer: See attached Annexure A

b. What causes all the delays in procurement processes?

Answer: AGSA advised management that the methodology in the tender documents was not subdivided which affected how specifications were laid out.

A moratorium in a form of MFMA Circular was issued by Treasury following a Court ruling which also caused a delay in procurement process.

c. What is the plan in fast-tracking the above mentioned projects.

Answer: General Manager, PMU Manager and Project Managers monitored projects and have monthly meetings with all service providers

2.2. Page 62 No 54

a. Reason given on measures taken to improve performance is not addressing the concern.

Answer: the reason has been revised accordingly:

2.3. Page 66 No 70

The target to employ EPWP was set for 200 EPWP however the target achieved is 1920.

a. What advised the huge difference and which budget was used?

Answer: The municipality uses its own funding to co fund the programme and increase work opportunities that will automatically increase EPWP grant for the next coming financial years

3. COMMUNITY SERVICES

3.1. Page 69 no 14

- a. Committee is requesting status report on line item 14

Answer: The function to be discontinued due to budget constraints.

3.2. Page 71 no 22

Appointment of new personnel.

- b. Has it been implemented?

Answer: Recruitment is at advanced stage.

Environmental Health Practitioners have been appointed

Junior Fire Fighters will be shortlisting on 05 April 2023

Disaster Response and recovery have interviewed

Control Room have interviewed

Beyond Community Services, 16 positions for Revenue Unit, 2 Managers and 2 Deputy Managers in the Office of The MM, and many more have appointed.

4. OFFICE OF THE EXECUTIVE MAYOR

4.1. Page 87 no 31 Media conference

- **This priority area might be a small target /function, but it assists in boosting the moral, of the community**

- a. What was the reason for not conducting media conference?

Answer: Media conferences are held when there are specific matters warranting special attention of the public or drastic changes necessitating clearing public perceptions. So in the year under review none has happened

4.2. Page 88 no 37 Mayors Bursary A variance of negative 57 incurred.

- a. What was the reason for not achieving this target?

Answer: Learners often withdraw from the bursary after receiving funds above what the municipality is offering resulting in the target declining.

- b. Who is liable for this, was the any corrective measures done?

Answer: The Bursary Committee is responsible and it has adjusted the bursary from

R30 000 to R60 000 for Universities

- c. How many students had applied?

Answer: 114

d. Committee is requesting full report? **Answer: the report has been submitted**

5. CORPORATE SERVICES

5.1. Page 89 no 2 Staff recruitment

a. Target not achieved, what was the cause of the delay?

Answer: There were recruitment delays in the financial year under review caused by trying to balance the employee related cost norm which was not favourable for the municipality. A decision was later taken that the municipality should continue to recruit employees using the budget of the pots vacated through resignations, deaths or retirements.

b. Were the positions not budgeted for

Answer: The budgets for new position was not available. Recruitment for new position was done through the replacements of the vacated positions. 5.2.

Page 99 no 33 maintenance of municipal app

a. What is the municipal app?

Answer: Municipal App is a computerised application (Software) that is going to assist the municipal customers to access their information through their computers, tablets or smartphones. This was being developed in ICT section. Unfortunately its development faced glitches which resulted in its delay.

b. Why is the activity of maintaining municipal app whereas it has not yet been developed?

Answer: The target was put in anticipation that the App will be up and running but unfortunately the delays in the development of the App caused by the glitches made the municipality not to achieve this target.

6. ECONOMIC DEVELOPMENT AND PLANNING

6.1. Page 106 No 1 Creation of Job opportunities

a. Why is this activity placed under economic and development planning

Answer: The activity is placed under Economic Development and Planning Department because Job creation is one of the drivers for economic development. Creation of more and quality jobs is key in economic Development. In future the department will be responsible for coordination while each department will create jobs, the overall target will be centralised in the EDP

b. Why was the set annual target so low (70)

Answer: The annual target is set so low because job creation cut across all Departments in the Municipal structure. The 70 target is set based on the identified programmes and projects that EDP is currently implementing versus which is aligned to the allocated budget.

6.2. NO 3 Twining Agreement Zimbabwe

a. Agreement was deferred several years from 2020/2021; 2021/2022 to

2022/2023 financial year

b. What is the cause of the delay in completing the agreement?

Answer: During the period 2020/2021 the border between South Africa and Zimbabwe was closed because of the COVID-19, however two (2) high level meetings between officials of the two Districts were held in Vhembe and Beitbridge during November 2022 and December 2022 respectively. The MoU has been drafted and is scheduled to be signed during the last week of March 2023.

6.3. Page 111 no 24 Air Transport

a. The committee is requesting the status report

Currently all airports in Limpopo province are managed and controlled by GAAL i.e. Gateway Airport Agency Limpopo. VDM convened several meetings on the resuscitation of P.R Mphephu Airport with GAAL, department of transport and Nesengani Royal Council. The department of transport and the National department of Public Works are still engaging with Nesengani Royal Council to resolve and determine the rightful owner of the land on which P.R. Mphephu Airport is established. Nesengani Royal Council is demanding that the land and the Airport be transferred to them by the National department of Public Works and also enter into public -private partnership with the government in managing P.R.MphephuAirport.In terms of the reported feasibility study privately conducted by Nesengani Royal Council it is estimated that the development of P.R Mphephu will need more or less R 1.8 billions.Musina- Makhado SEZ has an intention to develop two airports one in Makhado and the other in Musina.

No actual plans officially presented by MMSEZ yet.

7. COMPARISON OF CURRENT PERFORMANCE WITH TARGETS SET FOR AND PERFORMANCE IN THE PREVIOUS FINANCIAL YEAR IN LINE WITH SECTION 46 (1) (B) OF THE MSA

7.1. Page 114 General key performance indicators

a. Sources stats as a community survey 2016, Is this report still relevant?

Answer: That is the only official information available to can rely on.

b. Does it reflect the true picture of Vhembe district municipality

Answer: Yes

c. What is the meaning to access basic level of water

Answer: Drinking water from an improved source that is accessible at home, available when needed and priority chemical contamination

7.2. Page 129 no 8 Regional tourism and 9 Tourism signage

a. Annual Targets were set at 50 then revised to 5 Annual target, kindly explain the difference.

b. Are variances tabled correct?

Answer: The variances tabled are incorrect, apparently there was a typing error in that 50 instead of 5 were indicated. The tourism signs were according to specifications to be placed at the junction of the N1 and the following roads:

- R523
- R524
- R525
- R578
- D4

c. What is the municipality doing in promoting tourism

Answer: The District is doing the following activities to promote tourism:

- Recently developed the Tourism Development and Promotion Strategy which in itself is investor attraction manual. The Strategy was adopted by Council in January 2023.
- Working together with Local Municipalities the District sends SMMEs to the following marketing platforms
 - Rand Show

- World Travel Market
- Africa Travel Market
- Limpopo Marula Festival

In 2022 the District was given the “The Best SMME stall” award. The certificate is hereto attached.

- Through the Transfrontierparks Conservation Areas programme the District also do Crossborder Marketing in 2022 the District was honoured with the ‘Ndlopfu Community Merit Award’ at the Great Limpopo Cultural Trade Fair in Chiredzi, Zimbabwe. The certificate is hereto attached.
- Together with Kalahari Waterfront Resort, the Miss Heritage Global Pageant which attracted entrants from 22 countries and was won by Miss Haiti was held here in Vhembe.
- Tourism Signage which the District is undertaking is an element of tourism marketing.
- Yearly, in December a Festive Tourism Awareness Program is done in association with Thulamela Local Municipality.
- In association with the VDM Tourism Section, a District Tourism Attraction Sites Digital Portal is now available.
- The VDM has both Youth in Tourism and Women in Tourism programs which promote Local Tourism
- The twinning program with Beitbridge Rural District Council is also a means of towards cross border tourism development and promotion,

Unfortunately the Section cannot do more when it has only two officials and funds are hard to come by.

d. What is the cause of the delay in the constructing tourism signage because it was deferred from 2020/2021 , 2021/2022 to 2022/2023 financial year **Answer: For 2020/2021 the delay for erecting tourism signage was due to COVID-19 and for 2021/22/, there was an intervention from LEDET in terms of procedures for erection tourism signage. It was only in 2022 November when SANRAL gave consent for erection to be done according to their specification, RAL only**

responded in February 2023. The Service Provider has been currently appointed to erect signage.

7.3. Page 130. No 11 Ten Conservation Of Heritage Site

- a. What is the cause of the delay because it was deferred from 2020/2021 , 2021/2022 to 2022/2023 financial year?

Answer: In 2020/2021 it was not possible to go and measure the sites due to COVID19. In November 2022 the Bid Evaluation Committee did its job, and in 2023 the Bid Adjudication was done.

7.4. Page 131 no 7 Employee Sent For Medical Surveillance

- a. Reason for measure taken to improve performance is not sufficient-it need to be revised

Answer: The advice is accepted. The reason will be revised accordingly as per the advice

7.5. Page 145 NO 15 Risk Management Report And 16 Risk Register Implementation Report

- a. Reason for measure taken to improve performance is not sufficient -it need to be revised

Answer: Risk Management Committee Report

Schedule for the meetings would be drafted for financial year and it would be incorporated in the municipal corporate calendar.

Answer: Risk Management Implementation Report

Ensure that risk management implementation plan is adhered to and fully implemented as per the time frames stipulated.

7.6. Page 148 -Page 154

- a. Output indicators listed from page 148 to page 154 in 2020/2021 financial year were not conducted because of Covid -19 and where deferred from 2021/2022 financial year.

Answer: The municipality did budget adjustment in 2020/21 financial year and COVID-

19 Projects were implemented from 2020/21 to 2021/22

b. Was the any corrective measures done?

Answer: The municipality currently using own funding to complete the project currently due to the unapproved rollover

7.7. Page 160 no 34 Plastic water meters

a. In 2020/2021 financial year only 1322 meters were installed. In 2021/2022 financial year only 128 meters were installed. Why a lessor number was installed?

Answer: The municipality was using a service provider in the 2020/2021 financial year whereas in the year under review (2021/2022) the municipality was using its own employees (in-house) who are few.

b. Why were the set annual target not achieved in such a critical service delivery function?

Answer: Inadequate human capital was the main cause (i.e. artisans)

7.8. Page 160. No 36 and 37 Bulk meters

a. What is the different between these two activities 36 and 37?

Answer: The meters has same functions however the different is domestic meters are installed at water reticulation level while the bulk meters measuring the bulk from the water treatment plant or reservoirs

b. What was the reason for reducing the Annual target 2020/2021 financial year annual target was set at 140 and in 2021/2022 financial year annual target is only 40 bulk meters?

Answer: The municipality planned to connect the available business premises which were 140 in the 2020/2021 financial year and 40 in the year under review (2021/2022)

8. PERFORMANCE OF SERVICE PROVIDERS 2021/2022

- a. Page 163-177 reports reflect that all service providers performed well, however this contradict with the AG report as well as service delivery performance chapter 3 of the annual report
- b. Kindly explain the above statement

Answer: There was no formal complaints on the performance of service providers on any of the projects.

- c. Suppliers listed on page 164 and 165 have no bid numbers. Kindly clarify?

Answer: The Mentioned suppliers are Term Contractors who use same contract no. (i.e. VDM/TECH/20/09/2019/01)

CHAPTER 4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

1. Page 178 Municipal Workforce

The following should be taken into consideration: -

- ✓ Work Space for the new incumbents

Answer: The municipality is planning to budget for temporary container offices in the next financial year while planning to expand the office space. ✓ MFMA

Section 71

Answer: MFMA Section 71 should always be taken into consideration

- ✓ why was only one personnel employed given the high rate of unemployment in the District

Answer: The one employee appointed during the year under review was the General Manager for Technical Services. This was the high priority position.

- ✓ 482 vacancies why were they not filled?

Answer: Filling these vacancies require the municipality to be very cautious. The municipality always try to balance the employee related cost norm which was not favourable. The municipality currently is registering a serious progress in filling vacancies.

- ✓ Where these vacancies not budgeted for?

Answer: Some positions were budgeted for while some were budgeted in the next financial year. The idea was to prioritise critical positions and fill them using the budget of the terminated posts.

- ✓ Was the performance assessment conducted on all employees?

Answer: During the year under review, performance assessments were not conducted.

Employees only signed Performance Agreements.

- ✓ Report on the municipal workforce to be submitted to MPAC

Answer: The report on the municipal workforce will be submitted to MPAC as requested.

2. Page 181 Disciplinary Cases

Table format is confusing:-

- ✓ information not presented properly

Answer: Information will be revisited and presented properly

- ✓ information misplace in wrong column

Answer: Information will be presented properly in proper columns

- ✓ no details on suspension

Answer: Details on suspension will be provided

3. Page 182 has no heading

Answer: A heading will be put on page 182

- ✓ Have they been replacement of employees who retired and who died and of those employees discharged due to ill health?

The budgets employees who were terminated either because of death, retirement or ill-health are being used to fill reprioritised critical positions.

4. Page 183 Performance management

systems ✓ Have performance reviews been instituted?

Answer: No. Only performance agreements were signed to approximately 95% of employees

- ✓ Have all staff signed performance agreements?

Answer: More than 95% of staff have signed performance agreements

- ✓ If not, why not?

Answer: The ones who have not yet signed have no signed job descriptions: Their performance agreements will be signed as soon as their jobs are evaluated through a

Job Evaluation process which is currently underway led by

- SALGA ✓ Were there any rewards for best performance?

Answer: There were no rewards for best performance during the year under review.

- ✓ After performance assessment what was the outcome

Answer: Not applicable. There were no performance assessments during the year under review

- ✓ Was there any consequence or action for non-performance?

Answer: Not applicable. There were no performance assessments during the year under review

- ✓ If not, why not?

Answer: Not applicable. There were no performance assessments during the year under review

- ✓ Have any performance bonuses been awarded?

Answer: No. There were no performance assessments during the year under review

- ✓ What is the monetary value of performance bonuses and what percentage is that in relation to the overall salary bill?

Answer: Not applicable. There were no performance assessments during the year under review

- ✓ Is there complete supporting performance assessment documentation in respect of all performance bonuses paid to managers and other staff?

Answer: Not applicable. There were no performance assessments during the year under review

- ✓ Is the above reflected in the performance reports of the respective departments?

Answer: Not applicable. There were no performance assessments during the year under review

- ✓ Do the results of individual performance reviews mirror the overall delivery performance of the municipality? (e.g. it would be hard to justify excellent performance reviews for staff when the municipality has been performing poorly overall) If not, why not?

Answer: Not applicable. There were no performance assessments during the year under review

5. Page 185 Disciplinary Action taken on cases of financial misconduct

- ✓What is the municipality doing for everyone to be aware of the financial misconduct board?

Answer: The municipality conducts workshops on disciplinary code of conduct for employees from time to time although all employees have not yet been covered.

CHAPTER 5 FINACIAL PERFORMANCE

ANNUAL FINANCIAL STATEMENTS

A. Page 80 Financial Risk

B. Page 80 Financial Risk

- a. The municipality activities expose it to variety of financial risk : (Market risk ,Currency risk , fair value interest rate risk , cash flow interests rate risk and price risk), credit risk and liquidity risk .
- b. What is the plan of attending the above-mentioned risks

Answer: The municipality conducts Risk Assessments per year and follow-ups assessments are done quarterly. The municipality has a Risk Register which is reviewed annually. In addition, Risk Management Committee is functional and reviews risk reports on a quarterly bases.

C. Page 81 no 44 (note 44) Unauthorised Expenditure

- a. **R577 , 964 ,675** has been incurred as unauthorised expenditure **Answer:**
Yes, the municipality incurred Unauthorised Expenditure.

b. What was the root cause?

Answer: The unauthorised expenditure was caused by Non-cash items (Depreciation and Amortisation and Provision for impairment) and Cash items (Inventory consumed and contracted services).

c. Where corrective measures implemented?

Answer: Yes partly, the non- cash items have been adequately budgeted for, however the issue of ageing infrastructure remain a municipal challenge.

d. Circular 68 of MFMA section 56 of 2003 was considered? Answer: Yes, the Circular 68 of MFMA section 56 of 2003 was considered.

D. Page 82 Note 45 fruitless and wasteful expenditure

a. **R84 ,018** was incurred in fruitless and wasteful expenditure

Answer: Expenditure incurred due formula error on excel and resulted to a short payment to SARS and as a result the municipality incurred expenditure in the form of penalty (64300.96) , interest SARS (19169.51) charged and interest Eskom (547.53).(See report attached)

b. What was the root cause? Answer: Late payment of invoices

c. Where corrective measures implemented?

Answer: Yes, Moving from Manual to electronical reports from the Payroll and also reviewed by senior official and reconciliation be done on monthly between cash book and the payroll.

For ESKOM Invoices, an official was assigned and dedicated to handle ESKOM accounts. All cases were handed over to MPAC for further investigation.

d. Circular 68 of MFMA section 56 of 2003 was it considered?

Answer: Yes, as it was recorded on the UIF&W register and reported to all stakeholder as required by circular 68 of the MFMA

E. Page 82 note 46 irregular expenditure

✓ R43,753,099 was incurred irregular expenditures

✓ What was the root cause? People who are in the service of the state and wrong application of RT:

Answer: The municipality uses CSD to detect people who are on the service of the state, the CSD does not indicate relative of people who are on the state only those who are on the service of the state can be detected. However, AGSA has a system that it uses to detect relatives of employees of the state.

Where corrective measures implemented?

Answer: Yes those who are implicated have been informed and employees who are implicated have been warned

✓ Where corrective measures implemented?

Answer: Yes

✓ Circular 68 of MFMA section 56 of 2003 was it considered?

Answer: Yes

b. What is the spending on repairs and maintenance? (should be around 8% of total fixed assets spend i.e. For every R10 spent on building/replacing infrastructure, R0.80 should be spent every year on repairs and maintenance.)

Answer: The municipality has budgeted **R92million** for the operations and maintenance

c. Is this spending sufficient for proper repair and maintenance of assets?

Answer: No, the municipality is also suffering aged infrastructure which must be replaced.

d. If not what steps are being taken to ensure that proper provision is made for repairs and maintenance?

Answer: Mobilisation of resources (funds) from national government.

Are we better or worse off financially than we were a year ago? Why?

Answer: The municipality is financially stable.

CHAPTER 6 AUDITOR GENERAL REPORT

1. Page 191 Basis for qualified opinion

Revenue From Exchange Transaction

- a. No 3. provide a reason for not billing

Answer: The municipality billed its customers through actual and averaging consumption monthly, however the zero consumptions is as a result of averaging where there were no variables/readings taken before. The municipality has appointed EPWP personnel to conduct meter readings, and installed new meters. The municipality has further advertised a tender for meter readings.

- b. No 5. who is the responsible person for keeping meter reading records

Answer: Manager: Revenue management

2. Page 192

NO 6. Exchange transactions overstated by R26 198697.

- a. Why did the municipality fail to charge consumptions units in accordance with the approved rate?

Answer: The municipality is charging its customers consumptions units as per the approved municipal council tariffs, however the issue raised by AGSA on the audit report has been referred to the estimate made on the prior years, wherein the tariffs for different years was not applied.

- b. What plans are there in place to avoid reoccurrence?

Answer: Appointment of billing officials within the revenue section and outsourcing the meter reading services.

NO 7. Commitments Overstated by R202 764 547

- a. Is the commitments register in place and who is responsible for it?

Answer: Yes, Manager: Project Management Unit

- b. Who is liable for the overstatement?

Data Capturers and Project Managers

- c. What corrective measures have been implemented?

Answer: A G recommendations to be implemented, Meeting between Technical , SCM and Asset Management to be convened so that the Register can be reviewed

3. Page 192 No 13. Litigation and claims

- ✓ How many cases has the municipality won? **Answer: 5**
- ✓ Under the current year of review how much have been paid in litigation and claims?

Answer: R19 166 643.03

- ✓ Litigation register and service level agreement to be submitted to MPAC office

Answer: submission made to MPAC

4. Page 193 No 14 Material impairment trade and other receivable

- ✓ The municipality incurred material loss of R594 140 071
- ✓ Water sites or water sources is there sufficient control to avoid water being stolen by pirates
- ✓ Are statistics of water services in place? If so may they be submitted to MPAC, covering the following:-
 - Areas where municipality is supplying water
 - Areas with no water but have potential of paying
 - How many household that are receiving water without being billed
 - List of boreholes per ward and municipality (both functional and non-functional)

Answer: The report covering the required details submitted to MPAC

- ✓ Example Tshiozwi Community of Makhado Local Municipality, have two boreholes which are not operating. However a private borehole is operating and he is supplying water to the community at a charge.
 - Why are boreholes which are owned privately functioning?

Answer: the municipality has inadequate human capital and currently relying on service providers. The municipality is in the process of recruiting skilled personnel who will be responsible for maintenance.

- Why are community members willing to pay pirates and not the municipality **Answer: Public representatives to be roped in to conduct awareness on the payment of services** ○

- What is the role of deployed borehole operators in the institution? **Answer: they operate boreholes within the community and also report on the functionality and non-functionality of the boreholes.**

5. PAGE 193 NO 15 Material loses

The municipality incurred water loss amounting to R487 729

252 ✓ What actions or corrective measures have been taken?

Answer: Intensify maintenance

✓ Has the municipality opened cases for illegal connection?

Answer: Yes, law enforcement agencies requires the municipalities to engage communities.

✓ What is the policy of responding to water leakages, in terms of Service Standards, and how much time does it take to respond on the pipe leakages/bursts?

Answer: 72hours

6. PAGE 193 NO 17 & 18 Other matters (Unaudited disclosure note)

Disclosure requirements did not form part of the Audit

✓ Do we have Compliance Framework or Compliance Officer?

Answer: Yes,

✓ Why was Sec 125 (2)(e) of MFMA not disclosed?

Answer: Delay in establishment of compliance office, and the designated official is still undergoing training.

✓ Who is responsible for compliance in the municipality? **Answer:**

Manager: Legal Services

7. PAGE 194 No 26 – 35 Various indicators

✓ Which system or process is being used by the institution?

Answers: Performance management system in line with framework for managing programme performance (FMPPI)

- ✓ Targets and indicators for Technical Services are not well crafted, which system or process are they using as AGSA also cannot understand or measure the actual achievement or reported achievement?

Answer: framework for managing programme performance (FMPP)

- ✓ Why are indicators differing from both reports (SDBIP and APR)

Answers: Some indicators were reviewed during budget adjustment

- ✓ Why was evidence not submitted to Auditor General

Answer: There was no evidence as the targets were not

achieved ✓ Who are the persons liable?

Answer: General Managers

- ✓ VIP Toilets set target was 111. On APR is 882. kindly explain the vast difference?

Answer: 111 VIP Toilets was planned target for 2021/2022 while 882 was planned for

2020/2021 and was only implemented in 2021/2022

- ✓ Where and how many VIP toilets are erected and located in which wards?

Answer: VIP Toilets was planned for all local municipalities in different wards

8. Page 204 No 63 Status of previously reported material irregularities (Revenue due to Municipality no calculated on monthly basis

- ✓ Is the DBSA contract serving the community as yet?

Answer: Yes, DBSA appointed a service provider who is on the ground currently in Thulamela Municipality area with the progress report already submitted

- ✓ progress report on DBSA to be provided on monthly

Answer: Yes progress report will be provided

A. PAGE 7. PARAGRAPH 9

“The audit opinion for the municipality remained unchanged as a qualified audit opinion. This is mainly due to the poor quality of the financial statements submitted for audit. Material misstatements were identified on the submitted financial statements and the misstatements relating to billing for water service charges and commitments could not be corrected”

1. Given the above statement the committee raises few concerns:-

- a. Why is the institution still incurring poor quality financial statements while the services of a consulting firm to assist has been contracted?
- b. What role are they playing?
- c. The institution has also employed a qualified chartered accountant, what role is the official playing?
- d. Has the municipality benchmarked with other municipalities on how they achieve clean financial statements and /or audit opinion without use consultants?

Answer: Yes, The use of consultants is being utilised by the Municipality and the quality of the municipality AFS has improved from the previous 2 years

The municipality will ensure continuous improvement of the AFS submitted to AG by ensuring proper review of Interim and Final A F S

The municipality does not have any qualified Chartered Accountant

Benchmarking with other municipalities such as Thulamela and Capricorn is continuously done

B. PAGE 7 PARAGRAPH 10

“The annual performance report remains a concern as we once again expressed a disclaimed opinion. Material misstatements were identified in the reported achievements and these misstatements could not be corrected as most material indicators are not well defined and measurable. The root cause is a lack of correlation between the technical unit and the PMS unit, which is also understaffed. These issues have been recurring from prior years.”

1. Material misstatements have been recurring from prior years.

a. What corrective measures have been taken to avoid reoccurrence?

Answer: Both Technical Services and PMS unit now have a working sessions to verify the correlations between the targets/ indicators as well as the IDP. The SDBIP is now then taken to the Internal Audit for review.

b. What is the municipality doing to address and/or capacitate PMS Unit; Technical Service Unit?

Answer: Working sessions are being held amongst senior managers as the organisational performance and setting of indicators is the collective responsibility of senior management. PMS Unit is only the coordinator.

- c. Do respective portfolio committees check projects on the ground before tabling SDBIP in Council?

Answer: No, this is an advise that will be considered for implementation.

C. PAGE 7. PARAGRAPH 11

“The majority of targets for performance indicators for multi- year water projects were not achieved. Most of these targets have remained at zero achievement in the annual performance report for a period of three years. This is of great concern as the municipality continues to spend the MIG grant but no results are being yielded. The resultant impact was that the community resorted to violent protests, destroying of public infrastructure and private property. This action did not only had a severe financial impact on the municipality and other government entities, but also impacted on the private businesses in the district.”

1. MIG grant spent but not yielding results.

- a. Kindly explain how MIG grant is spent but with zero achievement?**Answer: Most of the MIG projects implemented by 2021/22 financial year relies on Water supply from Nandoni Water treatment and projects from Nandoni not yet completed however DWS currently completing them**
- b. Which projects are affected by this?**✓ Mashau and surrounding viillages RWS**
- ✓ Vuwani to Vyboom RWS**
 - ✓ Malonga RWS**
 - ✓ Makhado West RWS**

D. PAGE 7. PARAGRAPH 12.

“The municipality continued to have numerous findings on non-compliance with laws and regulations in relation to various criteria scoped in for the audit, especially on procurement and contract management. In order to achieve clean administration, compliance with laws and regulations applicable to the municipality should receive the necessary attention.”

1. Non-Compliance with laws and regulations

- a. Which policies and strategies are in place to deal with compliance with laws and regulations, fraud and corruption?

Answer: MFMA and Supply Chain Management Policy to be utilised as well as treasury circulars

Use of CSD as well as MBD forms

Check list on all SCM processes attached to each document

- b. Are the strategies and plans to prevent non-compliance, fraud and corruption implemented and do we measure their outcomes? **Answer:** Yes, Outcome is seen by reduction of the Irregular Expenditure

E. PAGE 7. PARAGRAPH 13/14/15

1. Overpayments of R14 544 284 on the Vondo WTW project due to overclaims

2. Invalid extension of time and R 486 162,50 on the Phiphidi project.

3. R15 666 404 on the Vondo WTW project due to the contractor claiming for items not included in the original bill of quantities and unapproved expenditure paid above the contract amount.

4. The Vondo WTW project commenced on 10 May 2018 and to date the project is still in progress.

- a. Are monitoring systems in place?

Answer: Yes, GM Technical Services , PMU Manager and Project manager are currently having meeting with service providers on the monthly basis to trace progress and unlock challenges as and when they occur .

- b. Who is responsible

Answer: GM Technical Services , PMU Manager and Project Manager

- c. Where corrective measures implemented?

Answer: Yes, all variations are being submitted to the accounting officer prior approval

- d. Were the above amounts (irregularities) disclosed to Mayoral Management Committee; respective Portfolio Committees and Council?

Answer: Yes,

- e. What are the reasons of cause of delay in the project?

Answer: Delays were due to heavy rainfall and Covid-19, Covid-19 affected the project on procurement and delivery of material

F. PAGE 8. PARAGRAPH 17/18/19

- 1. R12 739 294 of the WSIG which was returned to National Treasury.**
- 2. Municipality had to pay back prior years unspent conditional grants not rolled over amounting to R90 615 198**
- 3. Municipality spent R577 314 070 on infrastructure of the total grants received for MIG and WSIG in the current financial year but no intended were achieved.**

a. What was the cause of not spending R12 739 294 grant?

Answer: Appointing service provider late

b. Why did we fail to apply for roll over?

Answer: The roll-over were applied

c. What corrective measures have since been placed and who were the responsible persons?

Answer: Procure all project on time before start of the each financial year

d. R577 314 070 spent, what were the basis of payment?

Answer: It was based on work done on site

G. PAGE 8. PARAGRAPH 20

“In the current year, the municipality spent R4 693 880 on asset management consultants despite the municipality having its own asset management division with four officials and a total cost to company of R3 151 252. Furthermore, a total amount of R3 522 542.38 was spent on consultants for financial statements preparation despite the municipality having a budget and financial reporting section with a total of four officials including a chief financial officer. The annual cost to company for this section amounts to R3 774 708. In both these units there was very limited skills transfer for the preparation of financial statements and asset management. It is foreseen that that municipality will still be reliant on the services of consultants in the foreseeable future.”

a. In the event of poor performances, what clauses are in the contracts? **There is no direct clause which specify the action to be performed in the event of non-performance by consultant. However, there is a clause which require the consultant to provide a credible FAR to municipality on time. So, the clause can also cover for clause of non-performance**

b. Are the contracts performance based?

Yes, they are, if consultant do not deliver as per contract, it'll be the breach of contract.

c. What the values of these contracts

R17 375 810

d. When are these contracts ending?

It ends on the 31st of July 2023

There was minimum transfer of skills because last year, it's the department that do the movables register without the assistance of consultant, with internal staff doing verification, and there was no finding from auditor

H. ISSUES RAISED BY MPAC AND AGSA

- i. MPAC had a meeting with MM and CFO on the 21st February 2023**
- ii. AGSA issued an email 13 February 2023.**

The above mentioned sessions raised concerns which are to be addressed prior to publication of Annual Report.

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S OVERSIGHT REPORT ON
2020/2021 DRAFT ANNUAL REPORT.**

**AUTHORISING PERSON
CLLR.MUHLOPEM.E.**

**VHEMBE DISTRICT MUNICIPALITY
MPAC CHAIRPERSON
CLLR: MUHLOPE M.E.**

DATE

Annexure A

Presentation Of Draft Annual Report By Acting Executive Mayor

Annexure B

NOTICE OF PUBLIC PARTICIPATION AND HEARING

NOTICE OF PUBLIC PARTICIPATION AND HEARING