

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
62. Fruitless and wasteful expenditure		
Opening balance as previously reported	69,127,889	43,261,014
Correction of prior period error	578,994	-
Opening balance as restated	69,706,883	43,261,014
Add: Fruitless and wasteful expenditure identified in the current period	8,958,981	25,866,875
Less: Amounts recovered	(12,247)	-
Closing balance	78,653,617	69,127,889

Incidents identified - 2018/19

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Interest paid to Eskom SOC due to late payment	None	121,710	-	121,710
Interest paid to Telkom SA Limited due to late payment	None	86,336	-	86,336
Interest paid to Varymix Nineteen (Pty) Limited due to late payment	None	207,608	-	207,608
Interest paid to Blair Attorneys due to late payment	None	1,636	-	1,636
Interest paid to Peyper Attorneys due to late payment	None	571,086	-	571,086
Interest paid to NICS due to late payment	None	2,725,404	-	2,725,404
Interest paid to SAMWU due to late payment	None	250,268	-	250,268
Interest paid to Down Touch due to late payment	None	793,872	-	793,872
Interest paid to SARS due to late payment	None	7,771	-	7,771
Interest paid to Couzyn Hertz & Horak Attorneys due to late payment	None	195,194	-	195,194
Interest paid to Honey Attorneys due to court case no: 1064/2017	None	1,474	-	1,474
Overpayment of Councillors salaries	None	67,134	-	67,134
Interest paid to Modderrivier due to late payment	None	7,200	-	7,200
Interest paid to CMP BEE Engineering due to court case no: 5559/16	None	205,792	-	205,792
Interest paid to SABC TV Licences	None	424	-	424
Interest paid to FSPG Police	None	125	-	125
Payments were made to Phumi Trading where goods and services were not as per required standards. This resulted in another supplier having to reperform the work.	None	3,262,618	-	3,262,618
Payments made to Pennyville Zamimphilo Relocations (Pty) Ltd for remedial work and extension of time which could have been avoided	None	453,329	-	453,329
		8,958,981	-	8,958,981

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62. Fruitless and wasteful expenditure (continued)

Incidents identified - 2017/18

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Interest paid to Telkom SA Limited due to late payment	None	180,854	-	180,854
Interest paid to Eskom due to late payment	None	35,104	-	35,104
Interest paid to FDC due to late payment	None	1,758	-	1,758
Interest paid to UMFA due to late payment	None	336	-	336
Interest paid to Hi-Tech Engineering due to late payment	None	37,869	-	37,869
Interest paid to Auditor General due to late payment	None	25,465	-	25,465
Interest paid to Road Mac Surfacing due to late payment	None	173,579	-	173,579
Interest paid to Tau Pele Construction due to late payment	None	797,779	-	797,779
Interest paid to Spangenberg Zietsman due to late payment	None	151,281	-	151,281
Interest paid to L & V Attorneys due to late payment	None	41,077	-	41,077
Interest paid to Fujitsu due to late payment	None	208,401	-	208,401
Interest paid to Symington & De Kok due to late payment	None	12,004	-	12,004
Interest paid to Reder Construction due to late payment	None	146,453	-	146,453
Interest paid to Friday Management Solutions	None	44,100	-	44,100
Overpayments made to Oramok (Pty) Ltd	None	304,800	-	304,800
Overpayments made to Ruwacou	None	2,310,580	-	2,310,580
Overpayment of service provider Kgato Project	None	10,937,012	-	10,937,012
Overpayment of service provider Refilwe Civils	None	1,526,642	-	1,526,642
Overpayment of service provider Panzacode CC	None	2,153,048	-	2,153,048
Overpayments made to Q-Civils	None	5,754,920	-	5,754,920
Overpayment of service provider LTE Consulting	None	1,285,545	-	1,285,545
Overpayment of service provider Wasserman Teerwerke	None	201,300	-	201,300
Councillors whose remuneration was overpaid contrary to the requirements of the Remuneration of Public Office Bearers Act 20 of 1998	None	94,778	-	94,778
		26,424,685	-	26,424,685

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62. Fruitless and wasteful expenditure (continued)

Incidents identified - 2016/17

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Interest paid to Telkom SA Limited due to late payment	None	90,757	-	90,757
Interest paid to Railway Safety Regulator due to late payment	None	18	-	18
Interest paid to Free State Municipal Pension Fund	None	322	-	322
Interest paid to SARS due to late payment	None	1,896,020	-	1,896,020
Interest paid to Q Civils due to late payment	None	370,089	-	370,089
Interest paid to Eskom due to late payment	None	47,495	-	47,495
Interest paid to FDC due to late payment	None	1,646	-	1,646
Interest paid to UMFA due to late payment	None	1,256	-	1,256
Interest paid to Modderivier Kalkveld due to late payment	None	2,816	-	2,816
Interest paid to Auditor General due to late payment	None	31,551	-	31,551
Interest paid to LM Meyer due to case no. 2843 14	None	15,649	-	15,649
Interest paid to Joyce Nel due to case no. 40602016	None	2,447,910	-	2,447,910
Interest paid to Wasserman Teerwerke due to late payment	None	223,008	-	223,008
Interest paid to Altimax due to Court Order (case no. 832/17)	None	1,444	-	1,444
Interest paid to Panzacode CC due to Court Order (case no. 5926/2016)	None	216,779	-	216,779
Interest paid to Maluti Plant Hire due to Court Order (case no. 4357 and case no. 1765)	None	1,918,580	-	1,918,580
Councillors whose remuneration was overpaid contrary to the requirements of the Remuneration of Public Office Bearers Act 20 of 1998*	None	252,063	-	252,063
		7,517,403	-	7,517,403

*During the current year it was noted that the amount reported for the fruitless and wasteful expenditure relating to councillors were incorrect. The effect of the restatement is as follows:

As previously stated	176,831
Adjustment	75,232
As restated	252,063

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62. Fruitless and wasteful expenditure (continued)

Incidents identified - 2015/16

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Interest paid to Eskom due to late payment	None	127,272	-	127,272
Interest paid to Razzmatazz (Pty) Ltd due to late payment	None	11,700	-	11,700
Interest paid to FDC due to late payment	None	1,732	-	1,732
Interest paid to PEC Metering due to late payment	None	618	-	618
Interest paid to UMFA due to late payment	None	662	-	662
Interest paid to Telkom SA Limited due to late payment	None	212,973	-	212,973
Interest paid to Kramer, Weihmann and Joubert due to late payment	None	3,796	-	3,796
Interest and penalties paid to SARS due to late payment and under declaration of VAT	None	117,852	-	117,852
Councillors who had their membership terminated were paid contrary to the requirements of the Remuneration of Public Office Bearers Act 20 of 1998*	None	175,912	-	175,912
		652,517	-	652,517

*During the current year it was noted that the amount reported for the fruitless and wasteful expenditure relating to councillors were incorrect. The effect of the restatement is as follows:

As previously stated	230,879
Adjustment	54,967
As restated	175,912

Incidents identified - 2014/15

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Interest paid to Eskom due to late payment	None	20,469	-	20,469
Interest paid to FDC due to late payment	None	256	-	256
Interest paid to Lawyers due to late payment	None	5,549	-	5,549
Interest paid to PEC Metering due to late payment	None	402	-	402
Interest paid to Telkom SA Limited due to late payment	None	57,044	-	57,044
Interest and penalties paid to Phethogo Consulting CC due to late payment	None	78,938	-	78,938
Interest paid to UMFA due to late payment	None	213	-	213
Interest and penalties paid to Merchant West (Pty) Ltd due to late payment	None	1,155	-	1,155
Interest paid to SARS due to late payment	None	45,077	-	45,077
		209,103	-	209,103

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62. Fruitless and wasteful expenditure (continued)

Incidents identified - 2013/14

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Interest paid to Eskom due to late payment	None	138,247	-	138,247
Interest paid to FDC due to late payment	None	783	-	783
Interest paid to Broll due to late payment	None	976	-	976
Interest paid to Bloemwater due to late payment	None	240	-	240
Interest paid to Lawyers due to late payment	None	769	-	769
Interest paid to PEC Metering due to late payment	None	417	-	417
Interest paid to Dlamini & Associates due to late payment	None	525	-	525
Interest paid to Standard Bank of South Africa due to late payment	None	3,818	-	3,818
Interest paid to Wright Rose Innes Inc due to late payment	None	2,360	-	2,360
Interest paid to Dierehospitaal due to late payment	None	208	-	208
		148,343	-	148,343

Incidents identified - 2012/13

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Interest paid to Ruwacon (Pty) Ltd due to late payment	None	42,879	-	42,879
Interest paid to Eskom due to late payment	None	41,415	-	41,415
Interest paid to FDC due to late payment	None	804	-	804
Interest paid to Rossouws Attorneys due to late payment	None	390	-	390
Interest paid to Rural Maintenance (Pty) Ltd due to late payment	None	57	-	57
Interest paid to UMFA/FS Business Trust due to late payment	None	165	-	165
Interest paid to Bloemwater due to late payment	None	4,851	-	4,851
Interest paid to Merchant West (Pty) Ltd due to late payment	None	60,820	-	60,820
Interest paid to Telkom SA limited due to late payment	None	100,031	-	100,031
Interest paid to Lawyers due to late payment	None	11,506	-	11,506
Interest and penalties paid to SARS due to late submission of a VAT return	None	147,204	-	147,204
No Show penalty for 7 Councillors on 29 January 2013, for accommodation at Protea Hotel*	Recovered	12,247	(12,247)	-
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor	None	375,765	-	375,765
		798,134	(12,247)	785,887

*During the current year the amount of R12,247 was recovered from the responsible parties.

Incidents identified - 2011/12

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Penalties and interest paid on the late submission of a VAT return.	None	113,832	-	113,832
Penalties and interest paid on the late submission VAT return of prior years	None	13,816,522	-	13,816,522
Interest paid on overdue accounts	None	31,163	-	31,163
Interest paid on overdue accounts - Telkom	None	38,520	-	38,520
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor	None	378,254	-	378,254
		14,378,291	-	14,378,291

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62. Fruitless and wasteful expenditure (continued)

Incidents identified - 2010/11

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Penalties and interest paid on the late submission of a VAT return	None	7,729,134	-	7,729,134
Penalties and interest paid on the late submission of PAYE, UIF and SDL	None	171,147	-	171,147
		7,900,281	-	7,900,281

Incidents identified - 2009/10

	Disciplinary steps taken / criminal proceedings	Balance reported	Written off / Recovered	Balance remaining
Penalties and interest paid on late submission of VAT return	None	5,099,888	-	5,099,888