



# **MINUTES**

**of a  
SPECIAL MEETING**

**SECTION 79 COMMITTEE:  
MUNICIPAL PUBLIC  
ACCOUNTS COMMITTEE**

**INDABA AUDITORIUM,  
GROUND FLOOR,  
BRAM FISCHER BUILDING**

**WEDNESDAY  
AUGUST 10, 2022  
At 10:00**

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**MANGAUNG  
METROPOLITAN  
MUNICIPALITY**

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**MINUTES**

of an

**SPECIAL MEETING**

Of the

**SECTION 79 COMMITTEE: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

Held

In the Indaba Auditorium, Ground floor. (initially scheduled to be held in Committee Room A, 1<sup>ST</sup> Floor

On

**WEDNESDAY, AUGUST 10, 2022**

At 10:00

**PRESENT**

Councillor MI Mokoakoa(Chairperson)  
Councillor LC Kruger (Whip)  
Councillor ML Mothupi  
Councillor ND Siteo  
Councillor KD Tshwane  
Councillor MC Lelala  
Councillor TD Masoeru  
Councillor JE Sebolao  
Councillor PJ Rampai  
Councillor JI Mekoena  
Councillor A Qai  
Councillor E Snyman van Deventer

**IN ATTENDANCE**

Acting City Manager  
ACM: Office  
Acting CFO: MMM  
CEO: Centlec  
Acting CFO: Centlec  
CORPORATE SECRETARIAT  
GM: COMMITTEE SERVICES  
GM: Internal Audit  
Chief Risk Officer  
Co-ordinator MPAC

Mr. T Motlshuping  
Ms. K Govender  
Mr. T Sediti  
Mr. M Sekoboto  
Mr. S  
Ms. M Morakabi  
Mr M Mothekhe  
Mr G Ntsala  
Ms M Mototo

Mr M Tsosane

MPAC: HOD  
MPAC: Manager  
Corporate Secretariat Staff

Ms P Wesi  
Mr D Phakoe  
Ms NA Mhamha

The meeting only commenced at 10:23 as to allow for all members to arrive and to be seated.

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**1.  
OPENING: MOMENT OF REFLECTION**

**The Chairperson, Councillor MI Mokoakoa** officially declared the meeting opened and extended a word of welcome to all members present

**2.  
NOTICE OF THE MEETING**

**The Chairperson** read the notice as on page 1 of the agenda.

**Noted.**

**3.  
APPLICATIONS FOR LEAVE OF ABSENCE**

**Councillor A Qai, Councillor TV Menyatso ,Councillor NA Phupha, Councillor TL Setlai Councillor M Davies** (on whose behalf apology was rendered.)

**Noted.**

**4.  
ACCEPTANCE OF AGENDA**

**Councillor KD Tshwane** moved for the adoption of the agenda and **ND Siteo** seconded.

**Noted.**

**6.  
SECTION 79: MPAC COMMITTEE: ADMINISTRATIVE AND OTHER INTERNAL  
RELATED MATTERS**

**None.**

**Noted.**

**ITEMS TO BE DEALT WITH****6.1  
RESPONSES BY THE ACTING CITY MANAGER AND CEO: CENTLEC TO QUESTIONS  
EMANATING FROM THE 2020/21 ANNUAL REPORT.**

**The CEO: Centlec, Mr. Sekoboto was afforded the opportunity to commence with his presentation. Prior to dealing with his report, he provided Committee members with a brief background on the status of CFO at Centlec and the Board. He stated the following, namely;**

- 1.1. That the former CFO resigned in April 2021, immediately after this Centlec undertook recruitment process to avoid gaps and a new CFO was appointment on the 1<sup>st</sup> of July 2021;
- 1.2. That due diligence was performed whereby they discovered some irregularities and the new CFO was placed on precautionary suspension after only being in office for 21 days;
- 1.3. That she was granted the opportunity to respond to the allegations levelled against her, subsequent to that a Special Board meeting was held to deliberate on this matter, whereby I presented a report and it had resolved also to put the CFO on precautionary suspension;
- 1.4. That disciplinary proceedings commenced in August 2021, however the matter was postponed to October 18, 2021, thereafter the lawyers representing the former CFO requested a bilateral settlement agreement. An amicable settlement agreement was concluded between the two parties and it had also stated that her last day in office would be in November 2021. However early this year in February, the former CFO indicated that she was still the CFO of Centlec and demanded to come back to work;
- 1.5. That Centlec had taken the matter to court whereby she was then interdicted and should refrain from using the title of "CEO: Centlec";
- 1.6. That they were still awaiting judgement from the courts to enforce the settlement which was concluded and signed;
- 1.7. That the position was advertised in February but pertaining to the court cases the position was not filled, and the 6 months allowed had lapsed therefore they were intending to re-advertised. That he was clearing this matter as there have been numerous talks about this in media.

**Committee members raised the following questions, namely;**

- 1.8. That how many Board members were left and how frequent were meetings being held;
- 1.9. That was the current Acting CFO an employee of Centlec; and was he getting acting allowance?

The CEO responded by stating that the Acting CFO of Centlec was indeed an employee of the entity for more than 6 years and he was a Chartered Accountant by profession and he was getting acting allowance. That in 2020, 7 board members were appointed however there was tensions amongst themselves which resulted in most of the members resigning furthermore this matter was escalated to the Executive Mayor but it has not been resolved. Meeting could be held as per legislation as they do not form a quorum therefore they not complying.

**Committee members further raised the following questions, namely;**

- 1.10. That were the two remaining board members still getting paid and what steps were taken to ensure there was a functioning board;
- 1.11. That they were requesting the CEO to provide them with correspondence between them and the Office of Executive Mayor which provides proof of them asking for intervention. MPAC can then be involved to request the Executive Mayor to provide clarity on why he has not acted on this nor informed the Council.

**The CEO responded as follows, namely;**

- 1.12. That the remaining members were not benefiting at all because they get remunerated per sitting, due to the meetings not sitting they were not paid;
- 1.13. That they have 3 letters addressed to the Executive Mayor seeking intervention on the matter and this will be availed to the Committee;
- 1.14. That a status report was also sent to the NCOP; and
- 1.15. That a report on the Dissolvent of the Board served before Section 80 and Mayoral Committee and it was to be included in the Council agenda however it was withdrawn by the Executive Mayor.

**The Chairperson, Councillor MI Mokoakoa thanked Centlec for submitting on time and applauded them on the good work done and thereafter raised the following questions, namely;**

- 1.16. That how far were they with their engagements with public works;
- 1.17. That with on the FDC issue, Mangaung Metro was going to encounter a similar challenge. That even though Centlec intended on attaching those buildings it wont be enough to cover the debt and this could have been avoided if it was done it earlier as those buildings were now vandalised or dilapidated;
- 1.18. That he was concerned about indigent register as it has not been updated since 2019.

**Councillor TD Masoeu made the following remarks;**

- 1.19. That on Cumulative irregular expenditure, the last condonement was in 2013 however it has continually cumulating since 2015 and why have we been dealing it as previously done
- 1.20. That on 2.1 the R55 000 was this the norm of ghost workers getting paid as the contract was not renewed and whether the money was reimbursed;
- 1.21. That with UIF was this what Centlec is not paying to SARS- as it implications on the employee's salaries.

**Councillor Snyman Van Deventer commented as follows, namely;**

- 1.22. That with debt collection on the agreement you currently have with the service provider, does it include clients having to pay them directly as they have a tendency of billing even though they had not collected;
- 1.23. That the indigent register should be updated regularly to avoid incurring losses.

**When dealing with the Responses from Centlec which had been circulated to members, and responding to questions raised, the CEO highlighted the following;**

- 1.24. That they had a meeting with Provincial Government and intervention team where they had promised to pay an amount of R91 million which was readily available, subsequent to that they will pay current account;
- 1.25. That the have a tendency of budgeting for Centlec for only 2 months which results in them having to find money elsewhere for the rest of the financial year;

- 1.26. that currently there is no signed agreement in place and they intended on scheduling a meeting with parent municipality to find way forward. Reality was that Provincial Government does not want to pay both Centlec and Mangaung Metro Municipality, furthermore they are not mentioning anything about the old debt;
- 1.27. that regarding FDC they needed to get something even though they cannot recoup all the money. They have taken over 40 of their buildings in Botshabelo where they paying directly to Centlec however we want to take over those building entirely;
- 1.28. That he can confirm the remaining Board members were not getting paid. That previously the Board used to get a stipend of R10 000 but that was not the case now as they get paid per sitting;
- 1.29. That with Debt collectors, the debt book are not active books which meant they only pay what was provided to them on condition that they have collected. The debt collection people collect commission and it ranges between 40-60%. The agreement can be availed for members to verify how the condition of the agreement was set.
- 1.30. That the SARS money owed dates back to 2019, there was a delay when MSCOA was implemented as the banks were not linked yet;
- 1.31. That the person who got paid R55 000 erroneously was working at the entity between 2019- 2020. When I started my Acting as CEO, there was a contract that needed to be renewed for another year, when I requested the old contract, it was not provided. It was then discovered that the previous CEO did not sign the contract. The person was paid from payroll without the contract in place. After investigations the person responsible for making these payments was then sent home and faced disciplinary action which resulted in him being fired. It was imperative that controls were strengthen at payroll;
- 1.32. That the employee was disciplined and fired and they had to disclose it under Wasteful Expenditure;
- 1.33. That when coming to the indigent register, their powers were limited but we can persuade the parent municipality to update. It was raised at Section 80 and MAYCO and it was being deliberated on.
- 1.34. That with the Budget the Municipality was doing as they please wherein they would amend or make changes without proper consultations and this was done due to the fact that the Mangaung Municipality was not funded. This started in 2018 by the previous administration where they would make changes without informing anyone. The relationship was not conducive and problematic.
- 1.35. That the Municipality does not pay, we reconcile each month and on average they were supposed to pay R7million for consumption on electric lights and we record the amount as "in kind" payment however Centlec still need to pay over to Eskom.



- 1.36. That in 2019 we receive a disclaimer and the Auditor General indicated we should revise the Shareholder agreement.
  - 1.37. That the MOI, SDA and Shareholder Compact served before Council on 4 June 2021 whereby they went through however the finalization of one crucial document which is schedule E of the SDA was not completed;
  - 1.38. That the CEO and Acting City Manager were then mandated to finalise the outstanding Schedule E of the SDA which governs how both institutions functions and contribute;
  - 1.39. That they were taken to Council on 1 July 2021 and it was thereupon resolved the SDA was not implementable whereon the matter was deferred to be dealt with on the 1<sup>st</sup> of June 2022; and
  - 1.40. That there was bilateral with EMT to resolve Schedule E of the SDA and it will then be presented before Council.
- When dealing with the Responses from Acting City Manager, Mr. T Motlashuping he indicated that the questions were emanating from the 2020/21 Annual report and the team only arrived at Mangaung during April 2022 therefore the HOD's were struggling with compiling and verifying of information. That some of the information from the Directorate: Corporate Services was outstanding as a result of this. After this submission by the Acting City Manager the Committee resolved to postpone the meeting to continue on Friday, August 12, 2022 at 10:00. They requested all the information to be submitted on time as they need to prepare.

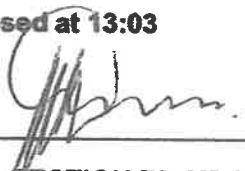
**It was thereupon resolved by the Committee to note the Responses from Centlec and will be incorporated in the MPAC's Oversight Report on the 2021/2022 Annual Report. And that a continuation meeting will be held on Friday, August 12, 2022 to deal with the Responses from the Acting City Manager.**

7.

**CLOSING OF THE SECTION 79: MPAC COMMITTEE: SPECIAL MEETING**

The Whip, Councillor, LC Kruger, thanked members of the committee for attending the meeting, where after she officially closed the meeting.

The meeting closed at 13:03



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**CHAIRPERSON: SECTION 79: MPAC  
COUNCILLOR MI MOKOAKOA**

**SECRETARIAT UNIT  
Bram Fischer Building  
Bloemfontein  
August 15, 2022**

***SECRETARIAT  
M MORAKABI***