

Date: 20 July 2022

**QUESTIONS EMANATING FROM THE ANNUAL REPORT (2020/21) TO THE  
ACTING CITY MANAGER BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

**THE PROCESS**

**MFMA Circular No 32:**

MFMA Circular 32 requires that, as part on the annual report review process, the MPAC should raise questions with the Accounting Officer on any matter that the MPAC need clarity on. Furthermore, the Circular requires that, questions should be responded to immediately during the committee meetings to avoid delays in processing the Annual Report of the Municipality by MPAC.

Based on these requirements of Circular 32, the following questions derived from the analysis of the 2020/21 Annual Report are therefore, submitted to the Acting City Manager for a comprehensive response in order to assist the Municipal Public Accounts Committee (MPAC) to conclude its work of analysing the 2020/21 Annual Report. The questions are derived from the Consolidated Annual Report, Consolidated Auditor General's Opinion on the financial statements, MMM standalone Auditor General's report on the financial statements.

Date: 20 July 2022

**Question 1**

**Credible Financial Reporting:**

Although there was an improvement in the quality of the submitted financial statements, inadequate review processes of the financial statements as well as slow response from leadership to implement and monitor the audit action plan to address prior year findings on the financial statements resulted in repeat findings reported as well as material corrections processed.

The Auditor General recommended as follows pertaining to the above statement:

- The review processes of the financial statements should be more rigorous in future to eliminate findings that result in material adjustments.
- Management should develop an action plan to address findings raised, and internal audit should monitor the action plan developed by management
- Effective monitoring and oversight by the audit committee is critical
- Controls with regard to the quality of the financial statements should improve. This can occur by ensuring that controls are implemented throughout the year and not only at year-end.

- 1.1. Has any of the recommendations been implemented?
- 1.2. If not, why not?
- 1.3. If implemented, what is the results to date on the implementation thereof?
- 1.4. The municipality at some stage indicated that it had appointed four chartered accountants at the finance section. What value has the municipality derived from the recruitment of these officials if the municipality still compiles financial statements with errors?

Date: 20 July 2022

- 1.5. Is there any action plan that was developed and implemented to address these findings?
- 1.6. How is the municipality going to ensure that for the year ended June 2022, the city does not end up with erroneous financial statements?

## **Question 2**

### **Credible Performance Reporting:**

Management's insufficient emphasis on performance information and lack of adequate planning resulted in multiple targets included in the strategic documents and reported on in the annual performance plan, not being verifiable.

It further resulted in no achievement being reported for some targets developed while in other instances, some achievements reported in the annual performance report were not supported by accurate, complete, and reliable information.

Furthermore, the municipality did not develop standard operating procedures for all indicators and targets for the financial year.

The Auditor General recommended as follows pertaining to the above statement:

- Implementation by management of the recommendation made in internal audit reports
- The Metro should not only focus on their financial audit opinion, but also put effort into the accurate reporting of the achievement of their service delivery targets.
- The Performance Management Unit (PMU) should be strengthened and supported by leadership

Date: 20 July 2022

- Sound financial management to ensure funds are available to meet priorities.

- 2.1. Has any of the recommendations been implemented?
- 2.2. If not, what are the reasons?
- 2.3. If implemented, what is the results to date on the implementation thereof?
- 2.4. Was the evaluation of section 56 and 57 management conducted quarterly in line with the Municipal Systems Act during the year under review? If conducted, provide supporting documentation to this effect. If not, what proactive measures are in place to ensure that the evaluations are conducted and was there any consequence management for the non-compliance?
- 2.5. As the MPAC, we are aware that there are two officials in the PMU and that a benchmarking exercise has been undertaken by the unit. What steps will the city take to ensure that the unit is strengthened and receives the necessary support?

### **Question 3**

#### **Compliance with Legislation**

##### **Annual financial statements:**

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of the MFMA.

Recommendation by the Auditor General: Controls with regard to the quality of the financial statements should improve. This can occur by ensuring that controls are implemented throughout the year and not only at year-end.

---

Date: 20 July 2022

---

- 3.1. What controls have been put in place to address the above finding?
- 3.2. What progress has been achieved as a result of the implementation of the corrective measures?
- 3.3. If no controls have been implemented, provide reasons.

#### **Question 4**

Expenditure management: Paragraph 35.36 and 37 of MMM stand alone AG report

The report of the Auditor General stipulates that reasonable steps were not taken to prevent Unauthorised, Irregular, Fruitless and Wasteful expenditure during the year under review. It is further recommended by the AG that management should implement steps and controls to prevent Irregular, unauthorized and fruitless & wasteful expenditure.

- 4.1. What corrective actions have been taken to address the above- mentioned finding?
- 4.2. Provide a progress report with regards to the corrective action referred to above.
- 4.3. If no corrective measures have been put in place, provide reasons.
- 4.4. Provide a progress report into the investigation of irregular expenditure commissioned by the previous intervention team.

#### **Question 5**

Strategic planning: Paragraph 38 of MMM stand alone AG report



Date: 20 July 2022

The performance management system and related controls were not adequate as required by municipal planning and performance management regulation 7(1) due to the significant internal control deficiencies identified.

The Auditor General recommended that management should give adequate attention to performance management to improve the quality of the annual performance report.

5.1. This matter is a repeat finding from the previous audit report. Kindly provide reasons why the previous recommendation was not implemented.

5.2. What corrective measures will be taken to address the finding in question?

5.3. Did the management develop an action to address findings these raised by AG?

#### **Question 6**

#### **Procurement and contract management: Paragraph 39 and 40 of MMM stand alone AG report**

Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis. Furthermore, sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management.

6.1. What means are used to record performance and monitoring information of contractors?

6.2. What steps have been taken against the officials responsible for project monitoring and contract performance for the lack of records?

Date: 20 July 2022

### **Question 7**

#### **Consequence management: Paragraph 41.42.43 of MMM standalone AG report**

The Unauthorised, Irregular expenditure Fruitless and wasteful incurred by the municipality was not investigated to determine whether any person is liable for the expenditure.

Recommendation: Investigation of irregular, unauthorized and fruitless & wasteful expenditure should be done in time and where necessary, consequence management should be implemented.

7.1. Please provide the Committee with a report of any consequence management that was implemented with regards to unauthorised, Irregular, fruitless and wasteful expenditure.

7.2. If no consequence management was implemented, please provide reasons. And if not, when can the Committee expect progress report in this regard.

7.3. What reduction strategies and policies does the municipality have to ensure these expenditures are reduced and eliminated moving forward?

### **Question 8**

#### **Irregular Expenditure: Note 64 of Consolidated AFS**

During the year under review, the City incurred irregular expenditure of R190 844 856 million.

The highest contributors to the expenditure are attributed to:

Date: 20 July 2022

- Service providers where contracts were extended without council approval (R 181 481 008)
- Expenditure items identified where supply chain process was not followed (R9 231 468)

8.1. What corrective measures or mitigating strategies have been implemented to ensure that these expenditures are reduced and ultimately eliminated?

8.2. If not any, why not?

8.3 If implemented, what is the results to date on the implementation thereof?

8.4. Was consequence management implemented against the officials that extended the contracts of service providers without Council approval? If implemented, provide a report, if not, provide reasons to this effect.

8.5. Was consequence management implemented against the officials responsible for the expenditure items where supply chain processes were not followed? If implemented, provide a report, if not, provide reasons to this effect.

8.6. Provide a progress report pertaining to the investigation of the irregular expenditure incurred by the City during 2019/20 and prior years.

#### **Question 9**

##### **Unauthorised Expenditure: Note 62 of Consolidated AFS**

The majority of the unauthorised expenditure was caused by overspending of the approved budget. The drivers of overspending are:

- Corporate Service: R 212 774 926



Date: 20 July 2022

- Engineering Service: R 281 981 553
- Social Services: R 21 315 547
- Waste and fleet management: R 47 116 380

9.1. What corrective measures or mitigating strategies have been implemented to ensure that these expenditures are reduced and ultimately eliminated? Especially overspending on overtime.

9.2. If not any, why not?

9.3. Does the City have an operational plan to curb/ reduce spending on overtime claims in these directorates?

9.4. Provide a progress report pertaining to the investigation of the unauthorised expenditure incurred by the City during 2019/20 and prior years.

#### **Question 10**

##### **Fruitless and Wasteful Expenditure: Note 63 of Consolidated AFS**

The total fruitless and Wasteful expenditure identified for the year under review amounts to R19 694 896. The majority of the disclosed fruitless and wasteful expenditure was due to the extension of time and additional costs incurred on projects .In particular, one the major contributors to the fruitless and wasteful expenditure is the R16,9 million (53,4%) which relates to IPTN projects where service providers claimed extension of time ( EOT).

10.1 What corrective measures, have been implemented to address the above findings, especially with the IPTN projects?

Date: 20 July 2022

- 10.2 What is National Treasury's response to the above fruitless and wasteful spending and slow progress, with regards to the IPTN?
- 10.3 If implemented, what is the results to date on the implementation thereof, especially on overtime?
- 10.4 What plans are in place to fastrack the completion of IPTN Infrastructure project?
- 10.5 Provide the Committee with a progress report pertaining to the investigation of the fruitless and wasteful expenditure incurred by the City during 2019/20.
- 10.6 Provide the Committee with a detailed plan to recover all fruitless and wasteful expenditures.
- 10.7 The report indicates that no disciplinary steps were taken against officials that are responsible for the fruitless and wasteful expenditure under note 63.
- 10.8 What plan does the City have in place to ensure that punitive measures are taken?

#### **Question 11**

**Material uncertainty related to the going concern: Payment of creditors: Note 15 of Consolidated AFS**

Section 65 (2) (e) of the MFMA provides that all the money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

Date: 20 July 2022

The Auditor-General has raised issues around the going concern of the Municipality based on the average time taken to pay Creditors, 164 days instead of 30 days as required by the law.

11.1 Why is this going concern not addressed?

11.2. Please indicate to the Committee the reasons why the Municipality took on average 164 days to pay creditors instead of the maximum allowable period of 30 days.

11.3 Is there a plan in place to ensure that all suppliers are paid within 30 days of invoice as per legislative provision mentioned above?

11.4. What corrective measures, have been implemented to address the above finding?

11.5. If none were implemented, why not?

11.6. If implemented, what are the results to date on the implementation thereof?

11.7. Is there a program in place to manage budgetary cashflow? If yes, provide the Committee with a copy thereof.

## **Question 12**

### **Material uncertainty related to the going concern: Payment of Bloemwater**

The municipality owed R765 303 349 (2020: R765 030 409) to the water board, as at 30 June 2021, which was long overdue:

Date: 20 July 2022

12.1 Why is this going concern and not addressed?

12.2 Please indicate to the Committee the steps taken to ensure that the debt mentioned above is serviced so that the provision of water by this entity to the municipality is not lessened to due monies owed.

12.3. If implemented, what is the results to date on the implementation thereof?

### **Question 13**

#### **Material losses: Paragraph 12 Consolidated AG report**

As disclosed in note 65 to the consolidated financial statements, material water distribution losses of R337 156 445 (2020: R221 045 754) were incurred mainly due to burst water pipes, leakages, and unmetered sites. This is a recurring matter which was raised in the previous AG report.

13.1 Please indicate to the Committee what mechanisms the City is going to put in place to remedy these root causes to the material water distribution losses (pipe bursts, leakages, and unmetered sites).

13.2. Why is this going concern and not addressed?

13.3. What corrective measures, have been implemented to address the above finding?

13.4. If not any, why not?

13.5. If implemented, what is the results to date on the implementation thereof?

13.6. Please provide the Committee with the cost of the city's maintenance plan.

Date: 20 July 2022

## **Question 14**

### **Government Debt**

The majority of the cumulative debt of R2 billion owed to the City is due to non-payment by National and Provincial Government departments for services provided.

- 14.1 What steps have been implemented/ arrangements made to date to recover this National and Provincial Government debt?
- 14.2. What amount has been recovered and what is the stumbling blocks prohibiting the collection of this outstanding debt?
- 14.3. Debt owed to the municipality by big businesses who have gross incomes of millions every month are being written off. Why is this debt written off?  
Provide the committee with details of businesses whose debts were written off.
- 14.4. Provide the Committee with a list of the top 20 businesses that owe the municipality, including the amounts.
- 14.5. There has been a dispute with regards to the billing system of the municipality. What measures are in place to ensure that government departments and businesses are billed with actual amounts in terms of consumption and not estimates?

## **Question 15**

### **Internal Control deficiencies: Paragraph 48 of Standalone MMM AG Report**

The Auditor General raised the following on internal control deficiencies:

Date: 20 July 2022

- There was a slow response from leadership to implement and monitor the audit action plan to address prior year findings on the financial, performance management, compliance with legislation, and internal control deficiencies identified in the previous audit which resulted in repeat findings reported as well as material corrections processed.
- Leadership failed repeatedly to take effective steps to ensure that there were consequences for poor performance and transgressions, as Council did not investigate unauthorised, irregular and fruitless and wasteful expenditure incurred in the prior financial years.
- Management's insufficient emphasis on performance information and lack of adequate planning resulted in multiple targets included in the strategic documents and reported on in the annual performance plan, not being verifiable. It further resulted in no achievement being reported for some targets developed while in other instances, some achievements reported in the annual performance report were not supported by accurate, complete, and reliable information. Furthermore, the municipality did not develop standard operating procedures for indicators and targets for the financial year.

15.1 What control mechanisms is the city going to put in place to ensure that every control deficiency finding as raised above by AG is adequately addressed and does not recur.

15.2 How is management going to ensure that consequence management is implemented on all the above control deficiency findings?

Date: 20 July 2022

### **Question 16**

#### **Material Impairment**

The material impairment due to uncollectable debt has increased from R3.9 billion to R5.4 billion during the year under review.

16.1 Kindly provide a detailed report to the Committee how much debt was handed over to the appointed debt collection companies, how much have they collected, how much has the municipality paid them, and lastly can you indicate how the city is assessing their performance and what is/was your conclusion on their performance (whether are they over performing or underperforming)?

16.2. In a case of underperformance by the debt collectors, is there any consequence management measures implemented by the municipality?

16.3 Why is the debt collection function being outsourced while the city has a revenue/debt collection division?

16.4 How are you planning to intensify debt collection drive to ensure that the financial position of the municipality improves?

16.5. Provide the Committee with a copy of the service level agreement between the city and the appointed debt collection company.

### **Question 17**

#### **Other reports (Para 68-70 of the MMM AG's Report)**

In addition to the investigations relating to material irregularities, attention is drawn to the following engagements conducted by various parties which had, or could



Date: 20 July 2022

have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of the opinion on the financial statements or findings on the reported performance information or compliance with legislation.

- The directorate for priority crime investigation (Hawks) was investigating an allegation of overtime payments to VIP/Body guards employed in the offices of the political office bearers. The outcome was unknown as the investigation was in progress at the date of this auditor's report.
- The Hawks were investigating allegations of irregularities in the municipality's procurement processes regarding a security service tender awarded for the period 1 March 2019 to 28 February 2021. The outcome was unknown as the investigation was in progress at the date of this auditor's report.

- 17.1 Provide the Committee with copies of the reports of the above-mentioned investigations, if available.
- 17.2. Which political offices, specifically, are being investigated for overtime payments to VIP/ Bodyguards?
- 17.3 Please indicate to the Committee whether the contract of the security company under investigation is still in force or not, how much has been paid to the Company to date, also indicate the name and if it was registered with the Private Security Industry Regulatory Authority (PSIRA) during the period under investigation by the Hawks.
- 17.4. What actions has management taken to curb overtime across the board?



Date: 20 July 2022

### **Question 18**

#### **Organisational Performance: Chapter 4. Component A of Consolidated Annual Performance report**

Table 35 and 36 reflect the number of vacancies that need to be filled by the municipality.

18.1 What are the processes in place to ensure that the organizational structure is reviewed and finalized?

18.2. When will the city commence with the review of the organizational structure to ensure alignment with the strategic objectives of the IDP?

18.3. When will the city commence with the filling of the posts of City Manager, Heads of Department and other key strategic positions with skilled and experienced personnel?

18.4. Are these positions budgeted for?

18.5. What were the financial implications of acting appointments during the year under review?

18.6. What plans are in place to ensure that the city complies with the Municipal Staff Regulations that are effective from 01 July 2020?

### **Question 19**

#### **Solid waste and fleet management: Paragraph 1.7.4 of Consolidated Annual Report**



Date: 20 July 2022

The report indicates that there were 13 of 26 service delivery projects are capital projects which are at an advance stage of appointing contracts for the implementation thereof. It's also stated that the Fleet division some critical contracts are not in place, which hampers the effectiveness and efficiency of the division.

19.1. Provide the committee with the details of the 13 capital projects referred to in the consolidated annual report

19.2. How is management planning to address the challenge of a lack of adequate resources to collect waste as per Collection Schedule?

#### **Question 20**

##### **Human Settlements Department: Paragraph 1.7.7 Consolidated Annual report**

The report states that there is satisfactory progress in the Hillside View project with houses already constructed and completed although there are a few challenges in terms of bulk sewer. One of the main challenges in the Hillside View project is the outstanding matter of the Social Housing Institution (SHI) for the management of the social housing units. Upon the completion, Council had not concluded on the matter as a result, the developer is managing these units outside the framework of the Social Housing Act. It is imperative that Council prioritises this matter and provide direction.

20.1. How far is the outstanding matter of the SHI referred to above?

20.2. How much has the developer collected in terms of rent thus far?

20.3. When will a report serve before Council in order to conclude the matter and provide direction?

Date: 20 July 2022

20.4. Provide the Committee with a copy of the service level agreement between the municipality and the developer

### **Question 21**

**Various Indicators: Paragraph 27 of MMM Consolidated AG report**

The Auditor General was unable to obtaining sufficient appropriate audit evidence for the reported achievements of 10 of the 39 listed indicators relating to the Basic service delivery KPA. This was due to the lack of accurate and complete records. The Auditor General was unable to confirm the reported achievements by alternative means.

21.1 What corrective measures are in place to ensure that the Auditor General is able to obtain sufficient, accurate and complete records to conduct the audit process moving forward?

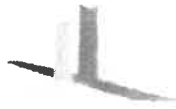
21.2. Provide reasons why the information required during the audit process could not be provided to the AG.

21.3. Was there any consequence management for the officials that could not provide the information to the AG?

### **Question 22**

**Indigent Register**

The city's indigent register has not been updated since 2019.



Date: 20 July 2022

22.1 What plans are in place to ensure that the indigent register is updated as a matter of urgency in order ensure distribution of free basic services to qualifying households?

22.2 Can you indicate to the committee whether the compilation of the indigent register is outsourced or being done internally?

### Question 23

#### FRESHCO

The entity has entered into an agreement with the Free State Housing Company (FRESHCO), a section 21 company to implement and pursue a programme of social housing suitable for low to medium income household. The agreement commenced on the 1<sup>st</sup> of February 2010 and shall be terminated on the 31<sup>st</sup> of January 2033. The entity charges FRESHCO a nominal rental amount on the monthly basis which escalates by 5% annually. The rental amount is included in note 32-Rental of facilities and equipment.

23.1. Based on the above, kindly provide the committee with the written contract agreement that was entered into between the parties.

23.2. Provide the committee with a report on the functionality of FRESHCO.

23.3 Provide the Committee with an update on the issue of FRESHCO having been placed under administration by the Social Housing Regulatory Authority (SHRA).

23.4. Given that FRESHCO is under administration, what are the measures in place to ensure that the flats are being managed in a correct manner?

Date: 20 July 2022

---

**Question 24**

**Bloemfontein Zoo**

24.1. What is the current status of the zoo?

24.2. Provide a progress report on the relocation of the zoo to Kwaggafontein.

**END.**



PO Box 3704, Bloemfontein, 9300  
2<sup>nd</sup> Floor, Bram Fischer Building, De Villiers Street, Bloemfontein  
Tel: +27(0)51 405 8621, Fax: +27(0)51 405 8108

Your Ref: MPAC Response  
Room 201, Bram Fischer Building

Our Ref: MPAC Response  
Date: 11 August 2022

## **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

### **RESPONSE TO MPAC: QUESTIONS EMANATING FROM THE 2020/21 ANNUAL REPORT**

Your letter dated 20 July 2022 refers. Please find below responses to your questions.

#### **Question 1**

1.1. As part of monitoring the Audit Action plan, the Internal Audit unit follows up on the implementation on a quarterly basis and submits its reports to both Management and the Audit Committee for actioning. The Audit Committee also discusses both Management and Internal Audit Reports on the implementation of Audit Action plan as a standing agenda item in its ordinary meetings. The Audit Committee, when reporting to Council reflect on its role on the monitoring of the Implementation of the Audit Action plan and submits its recommendations to Council in this regard. Portfolio of Evidence (POE) is available in this regard for MPAC.

1.2. See 1.1.

1.3. See 1.1.

1.4. The quality of AFS is dependent on different factors. Firstly, items on the AFS are based on inputs from other user directorates and these are at times are not monitored during the year and they cause errors in the reporting framework e.g., processing of payments to incorrect votes. As the AG indicated previously indicated that there should be controls through the year and the controls should be implemented and be effective. Secondly, timely and quality of information submitted for AFS preparation is also a contributing factor. Thirdly, the system closure is always an issue as the directorates tends to bring information late and this affects unbundling of items for assets purposes.

Accounting and reporting are at the end of the reporting line and is limited to the supporting documentation provided by the end user directorates. Each directorate should be responsible for monitoring and evaluating the supporting documents for accuracy before submitting for payment and reporting.

Since the departure of three Chartered Accountants, the municipality has never made any replacement for these positions. Late submission of the information causes unnecessary pressure towards the end of the deadline.

1.5. An action plan to address finding raised, and internal audit should monitor the action plan developed by management:

The action plan has been developed and submitted to the internal audit for review. It has not been fully implemented for 2022 financial year. The intervention team is currently monitoring the action plan to address those issues that can be addressed between now and the submission of the financial statements. The internal audit unit has been part of the review of audit action plan to ensure that whatever actions implemented fully addressed the finding raised by the Auditor-General.

1.6. The accounting section has the following procedures in place to ensure that a credible set of AFS is submitted for audit purposes on 31 August 2022:

- Audit findings raised in the high-level review process last year are addressed in the current set of financial statements submitted for audit purposes so that the same findings do not reoccur.
- The GRAP checklist issued by National Treasury is used to determine if all necessary disclosures are made in the AFS as required by GRAP.
- The financial statements will be internally reviewed by the accounting section, CFO, and internal audit.
- The financial statements will be externally reviewed by National Treasury and the audit committee.

## **Question 2**

2.1. The department responsible for the Integrated Development Plan (IDP) and Organisational Performance Management (OPM) conducts quality checks. However, due to late submission of reports by the user departments this causes delays in verification and authenticating of submitted information. An audit action plan is developed to address these findings and the action will incorporate improvement of the Annual Performance Report document and quality management checks. Lastly, the high vacancy rate in the department contributes to the poor quality of the submitted information due to the current staff being stretched to the limit and are forced to chase down deadlines.

2.3. A mechanism has been developed to be able to minimise findings relating to accuracy of performance information. These included amongst others, the signing of authenticity letters by Heads of Departments (attached as Q2.3A). These were signed without proper verification of the information. Lastly, the City developed Standard Operating Procedures (attached as Q2.3B).

2.4 Evaluations of the Section 56 and 57 Managers were not conducted. However, the office responsible for IDP and OPM has inducted the committee members that were supposed to evaluate the City Manager and Heads of Departments.



2.5 A report on the capacitation of the IDP and OPM unit was developed following benchmarking sessions as indicated by the committee. This report was submitted to the Acting City Manager. The City is in the process of reviewing its structure and this will assist in capacitating the unit to ensure quality reports are submitted timeously. (Attached as POE Q2.5).

### **Question 3**

The accounting unit has the following procedures in place to ensure that a credible set of AFS is submitted for audit purposes on 31 August 2022:

- Audit findings raised in the high-level review process last year are addressed in the current set of financial statements submitted for audit purposes so that the same findings do not reoccur.
- The GRAP checklist issued by National Treasury is used to determine if all necessary disclosures are made in the AFS as required by GRAP.
- The financial statements will be internally reviewed by the accounting section, CFO, and internal audit.
- The financial statements will be externally reviewed by National Treasury and the audit committee.

The following measures have been implemented throughout the year on the AFS level:

- Accounting and Compliance have followed up the issues as raised by the AG with the relevant directorates to ensure that the prior issues that affects the AFS were resolved. For example, there was engagement with traffic fines directorate to update the traffic fine register and other controls that relates to traffic fines.
- Interim Financial statements were compiled as of 31 December and potential issues were identified and followed with the relevant directorates.
- All payment requisitions and invoices were scrutinised to ensure correct accounting of those expenditures.

### **Question 4**

4.1. The following corrective actions have been undertaken:

- All orders, invoices and payment requisitions are scrutinised for supporting documentation to ensure that the expenditures are following relevant legislation, sufficient budget is available, and that no fruitless and wasteful expenditures are allowed
- All procurements are checked against the SCM policy to ensure compliance
- Interpretation of BID Committees compositions in terms of National Treasury Regulations have been resolved

### **Question 5**

5.1 and 5.2 Management is committed to improving the controls for the Performance Management System. Despite that, the city is still reliant on the manual processing of performance management information. The city will continue to ensure that the documents are

filled and kept safely in a manner that will assist in improving the quality of the Annual Performance Report.

5.3. Taking into consideration that the city is faced with financial constraints to procure a PMS, the city will in the interim expedite the process to capacitate the IDP and OPM unit to enhance productivity and should still prioritise to invest procuring the management performance system.

#### **Question 6**

6.1. Contracts Management developed 2 (two) Performance Monitoring Templates which were confirmed by Engineering Services that they are in order and can be customized to monitor the performance of any contractors and professional service providers for any type of service. The said templates were workshopped in all Departments and the only Department that felt that they will not engage in performance monitoring was Human Settlements as their reasoning was that they cannot monitor the performance as it is poor due the failure of the municipality to pay the service providers on time and this have a negative impact on their performance. The Project Managers were requested to provide the monthly reports in any form that suits them between soft and hard copies. Attached are two templates that were developed and produced by Contracts Management to strengthen monitoring of contracts.

6.2. The former City Manager was engaged and informed of the development of the templates, which was workshopped and advise that the Human Settlements position on not going to comply and submit their monthly monitoring for reasons mentioned. City Manager was further informed that Contracts Management is assisting with compliance with Section 116 of the MFMA. It was the prerogative of the City Manager to take necessary steps against the Departments that fails to report. Only limited Project Managers submitted reports but not consistent as provided by the Act. The challenge was again brought to the attention of the City Manager who indicated that the matter will be handles without giving any details of the approach to deal with the matter.

The only steps that were taken by Contracts Management was to report the non-compliance on performance monitoring by project managers to the City Manager as there was nothing more that can be done by them. Contract Performance officials did keep the records of the few reports that they started receiving and such records are available on request as proof thereof. The unfortunate part of it all is that the AG requested reports of those who were not providing reports and despite Contracts Management requesting them to provide the reports for AG, some did not bother to respond but some did.

#### **Question 8**

Service providers where contracts were extended without council approval:

Management is ensuring that no contract extension that does not comply to the MFMA and other relevant legislation and policies are approved. All request for extensions is validated first with SCM as well as contracts management to ensure that these extensions comply and is legal. No request is approved without all relevant documentation attached.

Expenditure items identified where supply chain processes not followed:

All supporting documentation is requested and required for all submissions made and before any payments are made. Any deficiencies are reverted to the user directorate. SCM and contract management advises on those issues.

These extensions of contracts and expenditures where SCM processes were not followed still need to be subjected to the processes of investigation.

#### **Question 9**

All requisitions for payment of suppliers must have a printout of available budget included and are returned to the directorate if insufficient budget is available.

#### **Social Services:**

9.1. Most of the unauthorised expenditure was caused by overspending of the approved budget. The R 21 315 546.99 overspending of the budget is not attributable to overtime but to the following:

- The contracting of security services for access control and guarding of municipal premises.
- Expenditure amounting to R 90 707 921.92 against a budget of R 70 378 573 was incurred
- resulting in an over expenditure of R 20 317 491.23.
- Allocation of an amount of R 35 458 649.10 for depreciation in respect of outdoor Sport and
- Recreational facilities against the budget of the Sub-Directorate Social Development. No
- provision was made in the budget for this expenditure. Figures relating to depreciation are
- provided to Directorates by the Directorate Finance during the budget preparation process.
- The Directorate managed to "save" R 70 162 779.38 on its approved budget, but the abovementioned two items ultimately resulted in the overspend.

The Directorate Social Services managed to cover its over expenditure in respect of overtime through savings on basic salaries. The net result was a saving of R 2 537 979.24. A factor that directly contributes to an overspend is an insufficient budget. Some units that are required to render services after hours, over weekends, public holidays and in some instances 24/7: Traffic policing is rendered over weekends and on public holidays. In terms of the prevailing collective agreement Traffic Officers working on Saturdays, Sundays and public holidays are entitled to payments at certain rates which are reflected as overtime payments. In order to reduce overtime expenditure for this function the number of officers and / or the hours for which the service is rendered can be reduced. However, any such reduction will impact directly on service delivery.

#### **Corporate Services:**

Overtime has been identified as major challenges and it appears at the time management failed to implement any measure to reduce overtime. The expenditure indicate that overtime has been increasing without any plans put in place. Overtime is regulated in terms of the Basic conditions of Employment and Collective Agreement. The city had tendencies of application of the legislative prescripts selectively.

9.2. The sub-directorate will overspend on animal feed's vote in this financial year due to the R34 000 which was approved for this financial year. This amount is only sufficient for a period of two (2) months. An excess and savings request have already been submitted in order to have enough funds to purchase animal feed for the 12 Buffalos.

9.3. The transfer of staff to other Sections and Directorates in the municipality has reduced the number of employees in the zoo and will enable a saving on the overtime but in other sub-directorates it will be impossible to reduce overtime due to the nature of work. The current management has introduced operational plan to address excessive claim of overtime such as review of preapproval template for overtime and engagement was held with middle management to monitor adherence of prescribed hours allowed to claim overtime.

#### **Question 10**

- There is currently a joint forensic investigation process led by KPMG and National Treasury on procurement of buses (operational) and infrastructure expenditure, expected to be completed by December 2022;
- There is no matter on overtime expenditure, other than acting allowances, which have been suspended and related employees returned to their substantive positions;
- There are no results to date, other than awaiting the joint National Treasury and KPMG forensic reports on both operations and infrastructure reports;
- The plans on ITPN infrastructure corrective measures are being implemented on Moshoeshoe Roads A and B, whereby new contractors have been appointed to completed the uncompleted road infrastructure milestones by end of October 2022;
- Progress report on 2019/20 wasteful and fruitless expenditure will await the joint KPMG and National Treasury forensic report;
- Disciplinary procedures, partly have been commenced through withdrawing the acting positions of officials who acted on leading the IPTN management to their substantive positions, but will also be determined by the joint National Treasury and KPMG forensic investigation
- Detailed plan to recover fruitless and wasteful expenditure as well as punitive measures will be determined by the joint National Treasury and KPMG investigation

#### **Question 11**

Approval of a funded budget that allows for the following key strategies:

- Sufficient budget for allowance for debt impairment to be in line with actual collection rate
- Ensuring sufficient surpluses is budgeted for to ensure that money would be available to pay outstanding creditors
- Curbing expenditures requiring own funding

Debt collection strategy is implemented for collection of long outstanding debt including the following:

- Working with Centlec to disconnect electricity to force consumers to make payment of arrears
- Meeting with government to commit to a sustainable arrangement plan to recover their arrear debt
- Implementation of auxiliaries to recover arrear debt
- Implementation of cost containment policy and enforcing it
- Suspension of non-essential items to build cash reserves.

The municipality is unable to pay all creditors within 30 days due to the following reasons:

- Cashflow constraints
- Long time that directorates are taking to provide invoices for payment to finance
- Invalid and irregular invoices submitted to finance

Management have implemented the following plan/corrective measures:

- All grant funded expenditures are paid within 7 days.
- Arrangements are entered with creditors where required.
- See items as indicated above on-going concern.

The city compiles a report on cashflow every day which includes bank balances, outstanding creditors, and investment reconciliations as part of management of cashflow.

### **Question 12**

Please see answers under question 11 regarding the going concern.

The following steps are implemented by management to ensure payment to Bloemwater:

- Sufficient budget has been made available for the upgrading of the Maselspoort Waterworks Treatment Plant to allow for more water to be processed directly by the municipality and therefore reducing the Bloemwater account.
- In process of finalising the new SDA with Bloemwater to ensure better terms for the municipality in water provision.
- Ensuring that sufficient funds are budgeted for Bulk purchases.
- Arrangements made with Bloemwater on settling of arrear water debt.

### **Question 13**

#### **13.1.1 Pipe Bursts and Leakages**

##### **13.1.1.1 Pressure Management**

As part of the intervention on curbing of pipe bursts, Engineering Services (ES) is implementing pressure management project that ensure that excessive pressure on water pipes is brought under control. The project is targeting both existing and new pressure reducing valves (PRVs) i.e recommissioning of existing and commissioning of new PRVs. This project is ongoing.

##### **13.1.1.2 Water maintenance and rehabilitation report**

ES has conducted a study on its water reticulation network and the draft water maintenance and rehabilitation report has been compiled and submitted to ES. The aforementioned report has highlighted high risk water pipes that need urgent replacement attention. The refurbishment of

water supply system project is currently addressing pipe bursts through a pipe replacement contract.

#### 13.1.1.3 Fittings, fleet and personnel required for water maintenance team

ES high compiled a list of fittings which are required to attend to burst pipes as well as leaks emanating from different types of water infrastructure. This list was submitted to the Acting CFO for procurement to take place. A list of fleet as well as personnel required to attend to these leaks has also been compiled and submitted to the office of the Acting City Manager.

#### 13.1.2 Unmetered sites

ES has instructed its Professional Service Provider (PSP) to revise the 10-year Water Conservation and Demand Management plan. One of the sub projects identified is the identification of formal sites which have an incomplete/complete water reticulation system but no meters being installed. This exercise will be done using GIS and estimated costs will be determined. The expected completion of the revised plan will be before the end of December 2022.

#### 13.2. The biggest challenge is attributed to the following;

- High vacancy rate experienced in water department and other sub-directorates in Engineering Services;
- Insufficient budget allocated for operation and capital projects;
- Insufficient and unreliable fleet allocated to water department.
- New tenders were put into obedience by National Treasury and this impacted on delayed procurement of spares

13.3. After consideration of the request for water fittings made by Engineering Services, The CFO indicated that the procurement be made through the request for quotations which is currently pending until the closing date of 05 August 2022.

13.4. The procurement process is still pending.

13.5. Not implemented yet.

13.6. The costs to maintain the infrastructure is estimated as per attached Annexure A.

### **Question 14**

Please see below summary of those accounts and steps taken:

Government Department	Status Quo	Amount owed	Actions taken
Provincial Public Works	<p>In terms of current suggested payment plan, current account as well as R 53.928 million per quarter in terms of arrears is paid which has been kept to from April 2020 till September 2020. This has not been accepted by council.</p> <p>In June 2022 R 16 976 348,40 was paid for property rates and R 33 952 696,80 was paid for other services. A new payment arrangement has been suggested by Provincial PW, however has not been formalised yet.</p>	R 810 985 667	<p>Letter of Demand has been issued to Provincial Public Works regarding outstanding debt</p> <p>No increases for 2021/2022 financial year and lower tariffs for 2022/23 financial year.</p> <p>The city is in the processes of compiling a new general valuation roll that will restructuring or accommodate properties tariffs to ensure affordability</p> <p>Re-allocation of credits between Public Works accounts (and their rates schools accounts)</p>
National Public Works	<p>Dispute on Tempe Account of approx. R 175 million.</p> <p>SAPS, DoD, etc. now needs to separately pay for services and reconciliation process is underway to effect payment.</p> <p>In June 2022 R 6 727 200,02 (SNDF paid R 3 517 096,77) was paid to the municipality by department.</p>	R 248 806 772	<p>Legal have been requested to provide independent legal opinion on the Tempe matter to resolve the dispute for payment to be processed – Documents have been sent to NPW and in process of resolving dispute</p> <p>Supplementary valuation done to resolve issue – Final date of objection is end of June 2022.</p>

No debts are written off except those that are allowed in terms of the debt collection and credit control policy or that falls within the debt write off policy. Debt is however provided for in terms of the GRAP standards. This is an accounting standard and legislative requirement. The debt is however not actually written off.

Please see below list of Top 20 businesses:

NAME	CONSOLIDATED BALANCE
FREE STATE SOCIAL HOUSING COMPANY	R 16 154 053,07
DONCON PTY LTD	R 15 730 654,63
HILLSIDE VIEW TEGNIESE KOLLEGE	R 7 392 050,41

CORNUCOPIA TRUST	R 4 017 888,24
BLUE CHIP FINANCE	R 3 349 597,93
EBEN-HAESER TRUST	R 2 712 769,16
CLASSIC ORIENTAL TRADING 554 CC	R 2 672 181,49
JANEL PROPERTIES TRUST	R 2 331 241,20
EAGLE TRUST	R 2 211 847,15
KAVOD TRUST	R 2 169 263,96
NOSILIVA CONSULTANCY CC	R 2 134 963,40
B BLOEMFONTEIN CELTIC	R 2 075 489,93
CLASSIC ORIENTAL TRADING 554 CC	R 1 778 417,96
KERKRAAD N G OVS	R 1 778 172,20
G N G FAMILY TRUST	R 1 740 398,09
A Z TWAYIE	R 1 690 556,41
G N G FAMILY TRUST	R 1 688 839,35
SUE CELKEN FAMILY TRUST	R 1 675 021,63
MAYULA PROCUREMENT & SUPPLIES PTY LTD	R 1 671 342,78
GNG FAMILY TRUST; TRUSTEES FOR THE TIME	R 1 589 196,33
AZRACENTO CC	R 1 547 354,08
D K MAAKE	R 1 540 710,93

For businesses and government, special meter readers are assigned to ensure that correct readings are taken and on a regular basis. Any disputes have been directly addressed with the businesses and government. Specific portfolios have been created within debt collection that deals specifically and directly with any big businesses and government.

#### **Question 15**

15.1 In future the directorates will ensure that the controls are in place and effective. Internal audit is assisting to monitor the effectiveness of the internal controls in the municipality. The respective directorates will ensure that the information submitted for APR preparation is credible to avoid reoccurrence of some of the repeated findings. Lastly, the municipality is in the process



of capacitating the IDP and OPM unit and is implementing the audit action plan to address issues raised by the auditor general.

15.2 The city is currently in the process of developing the Individual Performance Management Framework to be able to implement proper consequence management and aiding in capacitating the employees with necessary skills where needed. This document will be in circulation to the relevant forums such as labour representatives and other stakeholders to mention but a few for inputs.

#### **Question 16**

The following debt was handed over to the respective debt collectors:

	<b>Handover Summary</b>	
<b>Description</b>	<b>Ramothello Attorneys</b>	<b>Mtimandze Projects</b>
<b>Balance handed over</b>	<b>R 966 660 097</b>	<b>R 977 757 837</b>
<b>Number of Accounts</b>	<b>38 280</b>	<b>38 354</b>

Please see below on summary of collections until February 2021. This could not be updated with later information within the timeframe of submission of this report.

	<b>Handover Summary Collection</b>	
<b>Date</b>	<b>Ramothello Attorneys</b>	<b>Mtimandze Projects</b>
<b>Jun-19</b>	<b>5 678 448</b>	<b>5 678 448</b>
<b>Jul-19</b>	<b>4 206 923</b>	<b>4 206 923</b>
<b>Aug-19</b>	<b>7 234 190</b>	<b>5 671 403</b>
<b>Sep-19</b>	<b>7 633 152</b>	<b>7 624 940</b>
<b>Oct-19</b>	<b>6 979 187</b>	<b>7 233 189</b>
<b>Nov-19</b>	<b>6 867 983</b>	<b>6 595 512</b>
<b>Dec-19</b>	<b>5 218 759</b>	<b>4 950 164</b>
<b>Jan-20</b>	<b>4 989 944</b>	<b>3 669 207</b>
<b>Feb-20</b>	<b>6 142 775</b>	<b>4 772 581</b>
<b>Mar-20</b>	<b>5 085 530</b>	<b>3 669 207</b>

Apr-20	1 892 506	3 674 844
May-20	2 469 026	2 745 892
Jun-20	5 595 091	4 467 062
Jul-20	3 839 772	3 958 977
Aug-20	5 057 087	4 589 173
Sep-20	5 303 441	5 760 132
Oct-20	6 912 419	6 440 664
Nov-20	6 788 010	6 137 076
Dec-20	4 795 256	4 478 532
Jan-21	3 561 685	3 235 345
Feb-21	4 634 238	3 472 445
<b>Total</b>	<b>110 885 422</b>	<b>103 031 716</b>

The debt collectors are paid a percentage of the amount that they collected. They must collect to receive payment. The contract with the current debt collectors has expired and appointment has been terminated. The debt collection division is under capacitated. They are not currently able to have sufficient resources available to perform all functions of debt collection adequately.

See Question 11 for additional information.

### **Question 18**

- 18.1 Section 66 of the Municipal Systems Act empowers the Municipal Manager to develop a staff establishment for the municipality and submit to the municipal council for approval. The Municipal Staff Regulations that come into effect from 01 July 2022 outlines standardised processes and procedures to be followed by municipalities when embarking on staff establishment. The Organisational structure review process has commenced during October 2021 and consultations were made with National Treasury and national CoGTA regarding the staffing at public office bearers and macro structure (Head of Departments).

The proposed public office bearers and macro structures (Head of Departments) has been taken for consultation to LLF which was adopted. Subsequent workshop to councillors by national and provincial CoGTA, the organisational structure for public office bearers' offices had to be refined in line with the requirements of the Municipal Staff Regulations. The refined and aligned structure will be consulted further with the Public Office Bearers, Executive Management Team (EMT) and LLF. Both macro and public office bearers organisational structures to be tabled to council for approval during September 2022. In the process, the organisational structure for staff below will be reviewed to be in line with the macro structure and consulted with relevant stakeholders.

18.2 Same as above.

18.3 The institutional recruitment, selection, and appointment process in terms of both Section 82 (a) of the Municipal Structures Act, Act 117 of 1998 and Section 56 managers in terms of the Municipal Systems Act takes place within a clearly defined legislative and/or regulated context. The Municipal Structures Act enjoins Council with the legislative mandate and/or power to appoint a person fit for purpose as Municipal Manager and Accounting Officer.

The process to recruit, select and appoint persons fit for purpose as Section 56 managers is depended on the timely appointment of an Accounting Officer or City Manager who is undoubtedly fit for purpose. This is so because section 56 of the Municipal Systems Act enjoins Council to "appoint managers reporting directly to the Accounting Officer or City Manager in consultation with the Municipal Manager.

To be precise, section 56 (a) of the MSA provides that: "A municipal Council, after consultation with the Municipal Manager, must appoint:

- (i) A manager directly accountable to the Municipal Manager; or
- (ii) An acting Manager Directly accountable to the Municipal Manager under circumstances and for a period as prescribed.

The Recruitment, Selection and Appointment process as encapsulated in Chapter 3 of the Local government: Regulations on Appointment and Conditions of Employment of Senior Managers (Government Notice No.37245 of 17 January 2014) needs to be followed and may not be regurgitated in full respect to Council but remain the centrepin of the municipality recruitment plan.

There have been two attempts to fill the position of the City Manager by placing advertisement with the initial one being the advert that came out with the City Press issue of December 09, 2021, together with the erratum that came out on the same newspaper medium being the City Press issue of January 16, 2022, which also had the effect of extending the closing date to January 24, 2022. No further action was taken in compliance with the applicable regulations in this regard hence the re-advertisement through the same newspaper medium, City Press issue of April 10, 2022. It must be acknowledged that FS CoGTA advised the City to issue an erratum essentially extending the closing date from April 29, 2022, to May 06, 2022.

Once again, Regulation 12 for appointment of Senior Managers mandates council to appoint selection panel to conduct shortlisting and interviews and make recommendation to council on the appropriate candidate to be appointed by municipal council. The last advert to for the position of City Manager was issued at City Press on 06 August 2022 closing on 26 August 2022. The municipality has developed process plan to be tabled for council for approval. It should be noted that the macro structure is currently being finalised with reduction of Head of Departments from status of 9 positions of Heads of Department into 7 positions, having a bearing on advertisement of Heads of Department. It is imperative that the macro structure is tabled to council for approval to fast track advertainments and recruitment processes.

18.4 The position of City Manager and Heads of Departments are funded.

18.5 The financial implications of acting position during the year under review amounted to R24 911 763,81, broken down as follows:

OFFICE OF CITY MANAGER	1 388 106,09
EXECUTIVE MAYOR	95 430,87
COUCIL WHIP	560 890,11
CORPORATE SERVICES	5 507 072,72
FINANCE	2 999 393,44
SOCIAL SERVICES	1 943 004,46
PLANNING	2 992 749,21
FANANCIAL INTERNS	395 585,84
ENGINEERING SERVICES	7 145 396,93
REGIONAL OPERATIONS	1 180 920,79
NALEDI	703 213,35
<b>TOTAL</b>	<b>24 911 763,81</b>

18.6 A Task Team drawn from Corporate Services has been established whose brief is to ensure that the Regulations are implemented. Based on the assessment conducted by FS Cogta on MMM's readiness in terms of implementation of the regulations, a roadmap has been developed which sets out the key milestones to be achieved, these being:

**HR Planning Processes** (staff establishment review, grading of jobs, development of Personal Development Plans for all staff, inclusion of competencies in all job descriptions, and development of Standard Operating Procedures for staff establishment review and Job Evaluation). **Development/Review of HR Policies.** **Stakeholder Engagements** (HR functionalities, LLF and Management). **Communication Plan/Strategy** (newsletters to all staff on the Regulations; roadshows to all directorates on the Regulations and importantly introduction of Performance Management and Development System).

#### Question 19

##### 19.1.

CHALLENGE	SDG TARGET	SDG REPORTING COMMENTS
Pole/street bins placed in all Mangaung's CBD's	All Mangaung's CBDs receive street or pole bins	BID has been advertised by SCM, but it has been removed from the USDG funding for the current

		financial year
Repair and maintenance of the Southern landfill weighbridges  <b>MMM/BID 601:</b> <b>2020/2021</b>	100% Appointment of a contractor	Withdrawn /Cancelled bids due to incorrect specifications and expired validity period. Waiting to re-serve at BID specifications meeting
Repair and maintenance of the Northern landfill weighbridge  <b>MMM/BID 602:</b> <b>2020/2021</b>	100% Appointment of a contractor	Withdrawn /Cancelled bids due to incorrect specifications and expired validity period. Waiting to re-serve at BID specifications meeting
Repair and maintenance of the Botshabelo landfill weighbridge  <b>MMM/BID 600:</b> <b>2020/2021</b>	100% Appointment of a contractor	Withdrawn /Cancelled bids due to incorrect specifications and expired validity period.
Upgrade and Refurbishment of Southern Landfill site  <b>MMM/BID 601:</b> <b>2020/2021</b>	100% Appointment of a contractor	Withdrawn /Cancelled bids due to incorrect specifications and expired validity period. Waiting to re-serve at BID specifications meeting
Installation of One weighbridge at Thaba Nchu Transfer Station  <b>MMM/BID 603:</b> <b>2020/2021</b>	100% Appointment of a contractor	Withdrawn /Cancelled bids due expired validity period. Waiting to re-serve at BID specifications meeting
Installation of one Weighbridge at Wepener Landfill site  <b>MMM/BID 603:</b> <b>2020/2021</b>	100% Appointment of a contractor	Withdrawn /Cancelled bids due expired validity period. Waiting to re-serve at BID specifications meeting

Installation of One weighbridge at Dewetsdorp Landfill site  MMM/BID 603:2020/2021	100% Appointment of a contractor	Withdrawn /Cancelled bids due expired validity period. Waiting to re-serve at BID specifications meeting
Development of the second phase of the Transfer Station in Thaba Nchu	100% Appointment of a contractor	Waiting to re-serve at BID specifications meeting
Construction of the Ablution Blocks at Wepener Landfill Site	100% Appointment of a contractor	Waiting to re-serve at BID specifications meeting.
Construction of a Guardhouse at Wepener landfill site	100% Appointment of a contractor	Waiting to re-serve at BID specifications meeting
Construction of a Weighbridge office at Wepener landfill site	100% Appointment of a contractor	Waiting to re-serve at BID specifications meeting
Install tracking system in all identified Municipality's fleet to ensure better use of fleet.  MMM/BID489(A): 2020/2021	100% Appointment of a contractor	Withdrawn /Cancelled bids due to incorrect specifications and expired validity period. Waiting to re-serve at BID specifications meeting

19.2 The collapse of the fleet due to non-payment of service providers, non-maintenance, in proper planning and budgeting has created an environment of non-service delivery within the Department. The current situation can be remediated through fleet maintenance, management, and financial resources to ensure a running and stable fleet. The installation of a fleet management system is crucial in ensuring proper monitoring of the fleet and identification of abuse of vehicles. This was on the budget but has been removed for this financial year.

The over utilisation of service providers has also created an enormous financial burden on the Municipality and can directly been linked to the collapse of the fleet that was apparent during informal investigations. The hostile worker environment and deliberate sabotage of vehicles to create an environment for the abuse of overtime has also been identified as a major contributing factor of fleet deuteriation.

Critical fleet has been identified for immediate prioritisation and discussions with the Acting Chief Financial Officer and Acting City Manager has been concluded to prioritise funds for this purpose. It must however be noted that the non-payment of service providers (arears) is currently a stumbling block that hamper the stabilisation of the fleet in the immediate future.

The Department also concluded a list of vehicles that need to be auctioned off so to create some cashflow in the support of the current challenges. A vehicle replacement tool has also been utilised and will form the basis to inform budget processes going forward.

#### **Question 20**

20.1. Council has still not considered an item dealing with the Social Housing Institution matter. This item was prepared and accordingly submitted during the month of July 2018 (see Annexure 06 July 2018). To date the item has not reached Council and there is, therefore, no council decision on the SHI matter.

20.2. Rent collection was done outside the social housing policy framework and the involvement of Mangaung Metro. There is, therefore, no record of rental amount collected by the developer.

20.3. The item is ready to serve before council since 06 July 2018.

20.4. Service Level Agreement between Mangaung and the developer is attached.

#### **Question 22**

An indigent item will be submitted to council during August 2022 to include additional registered indigents. The municipality have also developed a plan to identify and register indigents in terms in line with the indigent policy in preparation for the new indigent cycle.

The indigent register is compiled by making use of internal capacity. However due to capacity constraints, they are augmented by a supplier to assist in the compilation of the new register.

#### **Question 23**

1. Notarial agreement of lease is attached.

2. A draft report from the Social Housing Regulatory Authority is attached. They will be submitting the final report to Mangaung on the 5th August 2022

3. See the attached draft report from the Social Housing Regulatory Authority dated 27 June 2022

4. The Social Housing Regulatory Authority takes full responsibility of the management of the social housing project once a SHI is placed under administration. SHRA core mandate is to invest into, enable and regulate the social housing sector.

#### **Question 24**

24.1. The zoo is currently closed to the public and only 12 Buffalo remain after all the other animals were removed in March 2020. No revenue has been collected for the Metro since the closing.

Below is a list of needs that only address the day-to-day management of the Zoo and what is needed to refurbish the zoo. For the Zoo to comply with current National norms and standards numerous other requirements will have to be met.

- Membership with PAZAAB (Pan African Association of Zoo's Aquaria and Botanical gardens) will have to be renewed, but membership will only be allowed if the Zoo complies to the norms and standards of this organization.
- Permits from DESTEA must be renewed, but once again it will only be approved if the Zoo complies with the minimum norms and standards.
- Public participation in the Zoo should be encouraged in the form of "Friends of" – organizations, as is the norm in all Zoological institutions. The current Friends of the Bloemfontein Zoo is in recess and should be re-convened to assist with what is required to re-open the facility.

For the site:

- Appoint a garden service on a permanent basis
- Appoint a horticulturist/landscape architect for gardens and enclosures
- Repair and replace water supply (pipes old and burst regularly even after repair)
- Re-sleeve sewer system as current system constantly gets blocked due to cracked pipes and tree roots
- Repair and upgrade wooden fences in gardens, roads and walkways inside zoo, dams, moats, etc

For the buildings:

- Repair and upgrade ablution facilities at entrance complex, Lapa and Kiosk (roof collapsed and toilets broken, copper pipes stolen)
- Repair electrical system, internet system at Admin offices
- Repair staff locker rooms, toilets, showers, geyser, ceilings and electrical system
- Rebuild Curators offices (burnt down in 2020)
- Replace and repair freezer and fridge units in butchery
- Kiosk and appoint service provider to run the shop
- Repair and upgrade sick bay
- Replace eastern wooden wall of Lapa and repair and replace electrical system due to theft.

For the enclosures:

- Revise layout and redesign most enclosures of the Zoo in order to comply with National and international standards.
- Redo and upgrade all signage and information boards of entire Zoo
- Below is a list of enclosures that needs to be repaired and upgraded in order to comply:
- Replace and upgrade fences around small and large game camp
- Repair concrete and stone wall around rhino enclosures
- Address drainage situation at Rhino enclosure
- Repair and upgrade crush system, water troughs and sleeping quarters



For the vehicles:

- Currently no vehicles in Zoo (only a tractor and trailer, but is not roadworthy and only on loan from Parks)
- Finish repair, service, Isuzu Flatbed with crane. At workshops since December 2019.
- Replace the following vehicles: Fleet 2010 Toyota Hilux single cab 4x4 (written off in 2014)
- Fleet 2098 Isuzu Tipper truck (stolen)
- Repair 4 broken golf carts (wheels stolen and batteries unchargeable)
- Replace rims and tyres of game trailer and small trailer (stolen)

For tools and equipment:

- Replace the following tools and equipment that are either broken, stolen, or destroyed in the office fire:
- Spades, shovels, garden forks, hay forks, wheelbarrows, pickaxes, bow saws, hard and soft brooms
- Meat saw for butchery
- Meat scale for butchery
- High pressure washer for butchery and enclosures
- 2 x portable water pumps
- Pumps for water articulation of ring-feed system
- Submersible water pump for Tiger enclosure
- Electrical fencing energisers
- Electrical fence testers
- Leaf blower
- Compressor
- Grinder
- Steel cut off machine
- Welder
- Drill press
- Drills
- Table saw
- Chainsaw
- Brush cutters
- Lawnmowers
- Infrared heaters
- Furniture, computers, printer for Curators and Senior Zoo Keepers
- Bakkie fire fighter (skid unit), drip torches and rucksack fire fighters
- Chest freezer

For the staff:

List of staff members transferred are as follows:

MJ Mogotsi (024358) Zoo keeper (Level 15) Solid Waste

PS Gantjo (054687) Zoo keeper (Level 15) Solid Waste

MP Rancho (097673) Zoo keeper (Level 15) Solid Waste

KJ Gaonakala (097709) Zoo keeper (Level 15) Solid Waste  
 R Seitshiro (097709) Zoo keeper (Level 15) Solid Waste  
 SM Khuna (097741) Zoo keeper (Level 15) Solid Waste  
 KJ Letsoara (099095) Zoo keeper (Level 15) Solid Waste  
 LL Lechuti (097699) Zoo keeper (Level 15) Solid Waste  
 MS Seakhela (097754) Zoo keeper (Level 15) Solid Waste/Traffic  
 VV Nefale (099053) Zoo keeper (Level 15) Solid Waste  
 KJ Hlahane (030193) Zoo keeper (Level 15) Solid Waste  
 HJ Baloyi (099024) Senior Zoo -keeper (Level 11) Pest Control: Environmental  
 health/ Fire Department/ Natural  
 Resources Management  
 MS Putsoa (095882) Zoo -keeper (Level 15) Natural Resources Management  
 TJ Ngeno Zoo- keeper (Level 15) Natural Resources Management  
 SKM Ledibane (005898) Cashier (Level 14) Cashier: Regional Office Pay Point  
 TG Biko (019855) Cashier (Level 14) Cashier: Traffic  
 The remaining staff for the Zoo and Kwaggafontein is sufficient to manage the two  
 facilities at present.

- 1 x Manager
- 1 x Education Officer
- 2 x Curators
- 1 x Senior Zoo- Keeper
- 2 x Zoo -Keepers
- 1 x Driver
- 1 x General Worker

Requests have been made for staff training /skills improvement, but it was never approved and implemented. List of training needs were submitted to HR, but no training has taken place since the submission of the request. The training is important and of a very specific nature, regarding Animal Husbandry, and such training cannot be provided by local service providers. Requests to utilise service providers from outside Bloemfontein were disapproved and there was request that the division should use local service providers, but they are not available  
 Courses which are beneficial to the staff include the PAAZA Zoo-keeper Course, Snake handling courses, and general animal husbandry courses.

Lack of passion for the Zoo environment and animals by the unskilled staff members, which leads to serious issues regarding animal welfare, complaints from the public, NSPCA inspections, media reports, etc.

In majority of the Zoo's in South Africa's minimum requirement for a zoo-keeper is a National Diploma in Nature Conservation. None of the zoo-keepers in the zoo has a Diploma. Council took a decision to appoint zoo-keepers with a minimum of Grade 12 to enable them to study further in this field. Appointing passionate people will be better and assist in resolving most of the staff issues experienced in the Zoo.

#### **Budget:**

- The budget for this financial year has been severely cut off which will further hamper the daily operations in the Zoo. Only R34 000 approved for buying feed for the Buffalo (not even enough for two months, a request for excess and savings has been submitted. No

Capital budget for upgrades, improvements, repairs, and maintenance for the 2022/23 financial year. The Operational budget for the Zoo has been drastically reduced for the current financial year, which will make the operating of the zoo a challenge. The delays in the payment of service providers hampers the daily operations of the Zoo. This refers to the purchase of animal feeds for the animals (as discussed above), appointment of contractors and purchasing of equipment and materials. Even basic issues, which are a Health and Safety risk for the staff of the zoo such as repairs of electrical and sewer systems, are not attended to.

- Lack of budget for marketing and education material, and no dedicated Website for the Zoo, are also issues compounding the functions of the Education department. No approval has been given for the requests to have signage in the Zoo replaced, updated and repaired.

#### **Marketing:**

- Allow Zoo to do its own marketing and have its own dedicated website
- Allow Zoo to interact with the press regarding positive publicity (e.g., new animals births, new arrivals, events and special occasions)

#### **Education:**

- A dedicated Education Facility to be built for use by school groups, educational functions, after
- hour events, etc
- Qualified Education section staff are to be appointed
- Purchase of educational material, computers and peripherals needed to offer educational
- programmes
- Dedicated vehicle for offering educational programmes to schools, etc which cannot visit the
- facility
- Pamphlets and brochures need to be printed – both educational and marketing value

#### **Animal stock:**

- Dispose the 12 buffalos that are left in the Zoo through a competitive bidding process.
- Currently money is spent on the animals without any financial benefit to Council due to the fact that the Zoo is closed and not generating any income

#### **ICT network:**

- Computers need to be replaced (old ones burnt in fire, or older than 10 years)
- Printers to be installed
- Network to be upgraded
- Point of Sale system at entrance (ticket office) to be upgraded
- Wi-Fi capabilities for visitors to be investigated

24.2. The project commenced in 2012 The designs were finalized, and the project physically commenced with the fencing of the site being completed. Project progress was slow and

unsatisfactory mainly due to limited budgetary allocations. However, the relocation project was terminated following a pronouncement by the then Executive Mayor, Councillor Olly during the Mayco Lekgotla which was held on 19 and 20 October 2018 and was adopted as such. The Zoo therefore remained at its current location.

**Kwaggafontein proposal:**

- Finalize exchange of plot at Kwaggafontein
- Developing the facility for Educational, Research, Recreational & Conservation purposes
- Educational, by accommodating school groups for day visits and wildlife camps,
  - o game drives for
  - o visitors and other educational programs
- Research and Conservation through continued partnerships with Universities, DESTEA, National Museum, Botanical Garden and other tertiary institutions involved in the related field.
- Recreation through development of camping and picnic sites, coffee shops and restaurants, Lapa petting zoo, game drives, "Farm snoozes", mountain biking, hiking, horse trails.
- The farm is already established with a game fence and free ranging wildlife
  - o in the long run there will be a saving on the budget as animal feeds will be necessary in small amounts as animals are free ranging, no garden service required, and future development can be done through public participation
- Less intensive animal management and care will be required as is the case with a Zoo and therefore, less chance for complaints from animal rights groups
- Establish a working group to discuss finer details of the proposal
- Animals for selling and exchanging.
- Kwaggafontein can be developed as a feed production facility for fruit and vegetables.

It is important to note that the above, pertaining to Kwaggafontein, are low key budgetary issues not requiring a major outlay of capital. Apart from the relocation project, as discussed above, there are several major issues regarding Kwaggafontein which also need to be resolved. There are too many animals on the farm, which will lead to serious overgrazing, and loss of animals due to hunger if action is not taken immediately. A request to sell off the surplus animals was submitted in May 2022. Proposals for development of the Kwaggafontein Game Farm have also been submitted.

Any additional or outstanding information will be provided.

Kind regards



**Tebogo Motlase**  
**Acting City Manager**  
**Date: 11 August 2022**