

CONFIDENTIAL

**MINUTES
of a
SPECIAL MEETING**

**MANGAUNG
METROPOLITAN
MUNICIPAL COUNCIL**

**COUNCIL CHAMBER
FIRST FLOOR
BRAM FISCHER BUILDING
BLOEMFONTEIN**

**MONDAY
FEBRUARY 13, 2023
AT 10:00**

**MANGAUNG
METROPOLITAN
MUNICIPALITY**



**MINUTES OF A
SPECIAL MEETING
of the
MANGAUNG METROPOLITAN MUNICIPAL COUNCIL
held IN THE COUNCIL CHAMBER, FIRST FLOOR, BRAM FISCHER BUILDING
BLOEMFONTEIN
on
MONDAY, FEBRUARY 13, 2023
at 10:00**

ATTENDANCE REGISTER

POLITICAL LEADERSHIP			
#	NAME	PARTY	LEAVE
1	<u>Speaker</u> Cllr Lockman (Stefani Bernadette)	ANC	
2	<u>Executive Mayor</u> Cllr Siyonzana (Mxolisi Ashford)	ANC	
3	<u>Deputy executive Mayor</u> Cllr Mothibi-Nkoane (Maria Mapaseka)	ANC	
SECTION 79 CHAIRPERSONS			
4	Cllr Mokoakoa (Mpho Isaac)	ANC 29	
5	Cllr Nhlapo (Ntombi Anna)	ANC	
6	Cllr Qai (Alfred)	AIC	
7	Cllr Seleke (Puseletso Leticia)	ANC	
MEMBERS OF THE MAYORAL COMMITTEE(SECTION 80 CHAIRPERSONS)			
8	Cllr Titi-Odili (Lulama Magdeline)	ANC	
9	Cllr Morake (Molefi Andries)	ANC	
10	Cllr Matsoetlane (Maditaba Joyce)	ANC	
11	Cllr Mogotloane (Thabo Joel)	ANC 39	
12	Cllr Tladi (Motshewa Martha)	ANC	
13	Cllr Mosala (Motlhokung Theodorah)	ANC 11	
14	Cllr van der Ross (Kevin Etienne)	PA	
15	Cllr Twala (Pani Sidney)	ATM	
16	Cllr Jonas-Malephane (Vuyelwa Eunice)	ANC	

PR COUNCILLORS			
#	NAME	PARTY	LEAVE
17	Cllr Campher (Zaandre MC)	DA	Absent with apology
18	Cllr Davies (Maryke)	DA	Only until 12h00
19	Cllr De-Huis (Dikeledi Jane)	EFF	
20	Cllr De Kock (Valerie Belinda)	FFPlus	
21	Cllr Denner (John Henry)	FFPlus	
22	Cllr Dennis (Magdalene Elizabeth)	DA	
23	Cllr Ferreira (Thomas Ignatius)	DA	
24	Cllr Klaasen Raynie Sarah	DA	
25	Cllr Letsoko (Mantwa Sanah)	EFF	
26	Cllr Lipale (Gopolang Jeremiah)	EFF	
27	Cllr Makau (Pitso Elias)	EFF	
28	Cllr Malebo (Deliwe Lettia)	EFF	
29	Cllr Maliela (Motiki Edwin)	DA	
30	Cllr Masoeu (Thapelo David)	DA	
31	Cllr Mogotsi (Mamahlape Elias)	EFF	
32	Cllr Mohlamme (Lebohang Lerato)	DA	
33	Cllr Mokoena (John Itumeleng)	AASD	
34	Cllr Mongale (Mojalefa William)	AASD	Only from 11h00
35	Cllr Monyakoana (Ntwa Patrick)	ANC	
36	Cllr Moreeng (Kabelo Christopher)	DA	
37	Cllr Mtshakazane (Eunice Xoliswa)	EFF	
38	Cllr Njiva-Lebajoa (Mamotse)	DA	
39	Cllr Phupha (Ntsoaki Agnes)	PA	
40	Cllr Phohleli (Tsholwane Eddy)	EFF	

41	Cllr Ramatlama (Mpho Joseph)	EFF	
42	Cllr Rampai (Pule Joseph)	ACDP	
43	Cllr Rasoeu (Lempe Ernest)	DA	
44	Cllr Sebolao (Jankie Elisha)	EFF	
45	Cllr Shale (Nkahiseng Reginah)	EFF	
46	Cllr Snyman van Deventer (Elizabeth)	FFPlus	
47	Cllr Terblanche (Arthur Phillip)	DA	
48	Cllr Thomas (Johannes Beleme)	EFF	
49	Cllr Thompson (Mare-Lize)	FFPlus	Absent with apology
50	Cllr Thwala (Zwelinjane Jonathan)	DA	Absent with apology
51	Cllr Van Rensburg (Corize)	DA	
52	Cllr Viviers (Benhardus Jacobus)	DA	Only until 15h00
53	Cllr Vorster (Braam)	FFPlus	
WARD COUNCILLORS			
54	Cllr Sefaki (Samuel)	ANC 1	
55	Cllr Mokgothu (Tona Kenosi Wilfred)	ANC 2	
56	Cllr Machachamise (Tshepiso Odious)	ANC 3	
57	Cllr Supi (Mahoko Harold)	ANC 4	
58	Cllr Lecoko (Lehlohonolo Nathaniel)	ANC 5	
59	Cllr Moilola (Tshidiso Petrus)	ANC 6	
60	Cllr Rampai (Chabeli Frank)	ANC 7	
61	Cllr Nyaphudi (Likeleli Julia)	ANC 8	
62	Cllr Tlhakung (Betty Masetlhabi)	ANC 9	
63	Cllr Setlai (Teboho Lesley)	ANC 10	
64	Cllr Hashatsi (Rafedile)	ANC 12	

65	Cllr Siteo (Nombulelo Dorcas)	ANC 13	
66	Cllr Lekgetho (Lebogang Winston)	ANC 14	
67	Cllr Mohibidu (Pulane Martha)	ANC 15	
68	Cllr Kruger (Caprice Logan)	ANC 16	
69	Cllr Mohatle (Mampone Sally)	ANC 17	
70	Cllr McKay (David Mark Campbell)	DA 18	
71	Cllr Peter (Seth Qondile)	ANC 19	
72	Cllr Pretorius (Werner)	DA 20	Absent with apology
73	Cllr Lotriet (Pieter Adam)	DA 21	
74	Cllr Leech (Dulandi)	DA 22	
75	Cllr van der Walt (Tjaart Botha)	DA 23	
76	Cllr Kotze (Gerhardus Dirk Petrus)	DA 24	
77	Cllr Botes (Francois Rossouw)	DA 25	
78	Cllr van Niekerk (Hendrik Johannes Christiaan)	DA 26	
79	Cllr Banyane (Zachous Nechodemus)	ANC 27	
80	Cllr Nikelo (Vumile Edwin)	ANC 28	
81	Cllr Tukula (Teboho Daniel)	ANC 30	
82	Cllr Mabena (Mere Joel)	ANC 31	
83	Cllr Menyatso (Thabang Victory)	ANC 32	
84	Cllr Mohono (Tshidiso Augustine)	ANC 33	Absent without apology
85	Cllr Tshwane (Kabi Daniel)	ANC 34	
86	Cllr Fantisi (Teboho Samuel)	ANC 35	
87	Cllr Makoloane (Itumeleng Justice)	ANC 36	

88	Cllr Ramolelle (Mmota Simon)	ANC 37	
89	Cllr Matsoso (Molahloane Florenciah)	ANC 38	
90	Cllr Pholoholo (Ntebaleng Petunia)	ANC 40	
91	Cllr Dintlhwane (Mantja Agnes)	ANC 41	
92	Cllr Mothupi (Maqoma Lazarus)	ANC 42	
93	Cllr Nkiane (Mpho Elizabeth)	ANC 43	
94	Cllr Pretorius (Selmé)	DA 44	Only until 12h00
95	Cllr Mathe (Lisiwe Jeanette)	ANC 45	
96	Cllr Majoro (Mpho Samuel)	ANC 46	
97	Cllr Kganakga (Mokgadi)	DA 47	
98	Cllr Pretorius (Johannes Christiaan)	DA 48	
99	Cllr Moqolo (Lehlohonolo Joseph)	ANC 49	
100	Cllr Lelala (Makoa Cristophel)	ANC 50	
101	Cllr Mohulatsi (Mamoorosi Margaret)	ANC 51	

PRESENT

GUESTS

1. AGSA
2. AGSA
3. AGSA

Mr O Duda
Ms S Steenbok
Mr B Boshoff

NATIONAL INTERVENTION TEAM

1. NCR
2. Governance Expert
3. Service Delivery Specialist

Ms G Malaza
Mr M Nkosi
Mr E Ngomane

OFFICIALS

1. Acting City Manager
2. Acting Chief Financial Officer
3. Acting HoD: Engineering Services
4. Acting HoD: Planning
5. Acting HoD: Human Settlement
6. Acting HoD: Waste Management
7. Chief Executive Officer: Centlec
8. General Manager: Committee Services
9. Secretariat officer
10. Secretariat Officer

Mr T Motlashuping
Mr L Denge
Mr W M°leod
Ms N Mabunda
Ms NR Dumalisile
Mr F Nel
Mr M Sekoboto
Mr Motete Mothekhe
Ms R Mamatela
Ms M Morakabi

Note by Secretariat

1. **Attendance Register:** Every member attending a meeting shall sign his/her name in the attendance register kept for this purpose before the commencement of the meeting.
2. **Leave Register:** In order to streamline administrative processes Councillors are friendly requested to submit applications for leave of absence in the appropriate register kept for this purpose. Members are requested to fill in this register 12 hours before the commencement of the meeting (Rule 22.2) (Leave Form).
3. **Name-plates:** Councillors are friendly requested to please take along their name-plates and to display it throughout the meeting.
4. **Apologies during the course of the Council meeting:** Councillors are friendly requested to complete in full and submit the relevant apology form for this purpose (Leave Form).
5. **Code of Conduct:** Councillors are reminded of item 3, Schedule 1 of the Code of Conduct for Councillors which reads as follows, namely:

Attendance at Meetings: A councillor must attend each meeting of the Municipal Council and of a Committee of which that councillor is a member, except when:

- (a) leave of absence is granted in terms of an applicable law or as determined by the rules and orders of the council or
- (b) that councillor is required in terms of this Code to withdraw from the meeting.

6. Meeting rules:

- i. All Councillors must arrive at **least 15 minutes before the commencement** of the Council and all other Committee meetings;
- ii. Cellular phones **must be in silent mode** and **speaking on a cellular phone during the meeting is prohibited**; (Rule 50.2a)
- iii. A Councillor who speaks must **confine his or her speech strictly to the matter under discussion**; (Rule 31)
- iv. Unless expressly otherwise determined, a Councillor **may speak only once on a matter**; (Rule 32)
- v. No speech shall exceed **five (5) minutes** in length without the consent of the Speaker. (Rule 34.1)
- vi. Council members are reminded to uphold high level of good conduct during Council proceedings (No disruptions, no interruptions, no howling, no swearing to other Council members, less movement in the Chamber, no abuse of the PA system).

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**AGENDA
(OPEN COUNCIL)**

**1.
OPENING
(MOMENT OF SILENT CONTEMPLATION FOR MEDITATION AND PRAYERS)**

**2.
NOTICE OF THE MEETING**

**3.
APPLICATIONS FOR LEAVE OF ABSENCE**

**4.
ACCEPTANCE OF THE AGENDA**

**5.
ANNOUNCEMENTS**

**5.
ANNOUNCEMENTS**

The Speaker announced as follows:

1. That there will be IDP Review meeting scheduled for Tuesday, 14 February at 11h00 and Ward Councillors, MMCs, NCR, Acting City Manager and HoDs, Centlec CEO and officials were *all* expected to be present.
2. That on Wednesday, 15 February 2023, there would be a Budget Conference which was requested by the MMC of Finance to start with the process of the adjustment budget. The notice will be send out and all Councillors were expected to be present.
3. That Councillors were also reminded of protocols for leave of absence, that there were forms to be filled were available preferably before the commencement of the Council meeting (for approval) unless there were emergencies that the Councillor did not anticipate.

In responding to Cllr JE Sebolao, she explained that the invitation as per the first announcement above, was for Ward Councillors however if there are PR Councillors who wish to observe, it will not be a problem as other political parties where they do not have Ward Councillors, they would allocate PR Councillors to those different Wards.

She responded to Cllr D Leech as follows with regards to the letters Councillors received on payback of their salaries: she has spoken to the acting HoD Corporate Services, she confirmed that there should be a meeting to clarify what has happened and that there were calculation problem.

Cllr E Snyman van Deventer acknowledge that as this was a Special meeting, no motion of congratulation and sympathy however, wishes to congratulate Cllr M Thompson who was blessed with a healthy baby boy on Friday, February 10, 2023 and passed condolences to Cllr DE Kock who has just lost her grandmother.

Cllr JC Pretorius then welcomed Cllr C van Rensburg attending her first Council meeting.

Cllr GJ Lipale announced that there will be a shutdown all over the Country on the 20th of March 2023 and no one should be on the street and must stay at home. He further congratulated Cllr JE Sebolao who was given R50,000 by the EFF to give to a charity of his choice.

NOTED.

The Executive Mayor tabled the items as outlined in the agenda as follows: “Thank you, Honourable Speaker. The Deputy Executive Mayor, Chief Whip of the ruling party, chief Whips of the different political parties, MMCs, Councillors, officials led by the Acting City Manager, officials of Centlec led by the CEO, office of AG, citizens of Mangaung, media. Ndiyalibulisa.

It is important for us to take you in the memory lane. In 2019, this Council was placed under Section 139.5 (a) and (c). When you read your constitution, it would tell you that this Council was under compulsory Financial Recovery Plan (FRP). There was a team of experts that came to Mangaung starting from governance, finance even those who are in the infrastructure; to change Mangaung.

Three months after the new Council, this Council was placed under Section 139.7 and two Ministers came here, to this Council and they said to us, whenever there is intervention, there are always failures, Mangaung is going to be a case study where all ministers will bring experts to come and change Mangaung and that was four months after we were elected in this Council. Each Minister brought people so that we change this Council.

Around June 2022, we were supposed to pass the budget. You will remember, two times we failed to pass the budget, but the last time, we did pass the budget. Some ANC Councillors came to me, they said, we are not prepared to pass this budget; you'll pass this budget, our people out there would fight us and this budget that you are going to pass, doesn't talk to the needs of our people. They made an example, that the draft budget is different than what Council is passing. They made a classical example, that in terms of the law, you are expected at least to have 8% for maintenance and this budget is far less than even 2%. Now, when talking about sewers spillages those are matters that are there in maintenance and there is no budget and they asked me, how can we pass such a budget.

I responded to them, that we are under Section 139.7. There are three stages: *the rescue stage, stability stage and stage to sustain*. That Council was servicing five loans not taken by us, those who taken the five loans are seen as people who performed. I then said, what you are saying today to me was correct, that the budget that we are passing is not ours, this budget that it is a budget that is assessed and changed by National Treasury; ours is just to pass it. Please Councillors accept for us to pass this budget and they warned and said to me, Executive Mayor, we are going to pass this budget, but don't come to us crying, that is why they did not vote on two attempts.

Today Councillors, people are crying out there and they think that budget is our and it is a budget of National Treasury because they said, they are now rescuing us and as they rescue us, there are certain things that we cannot do, as much as those things are needed by our people. There are certain things that our people want and they cannot get them because of our financial situation. Today, I must indicate that I remember those words that those Councillors were warning me about.

7A

This Council is totally ran by cabinet and one must go and check the Constitution, under Section 139(7). Now, the experts coming from different departments are here and these experts, their role is to change this Council. I must indicate that, for the first time in years we are now going to submit an annual report with all three components and in all these years, we will come with only a performance report, financial then come later, etc, but this time around, it means there is improvement.

Last year November, Councillors and I requested Cllr MA Morake to also inform the community that he will deal with issues of sewer, water etc with a team and Cllr MM Tladi and Cllr MJ Matsoetlane will deal with issues of cleanliness in the City, they would be working together, because Mangaung is dirty, we need to change that. When we came in, we also approached Coca-Cola and other companies on the matter; officials must not just get paid, they must earn their salaries. The next Council meeting, will be eight months down the line I haven't received a draft Financial Recovery Plan. I don't have it, eight months down the line.

The team is here and the reason for them to be here is to draft and give us the Financial Recovery Plan. As we speak now, I don't even have a draft and this team has been here for eight months. Now, you have an Executive Mayor who is working with a team that has been appointed. You have an Executive Mayor who is working with MMCs, who I strongly believe that they have full powers the Executive Mayor has given to them.

Nationally, you have Cabinet Ministers, Provincially it is MECs, and in the local government, it is MMCs, their working are the same, they are leading Departments or portfolios. They are expected to ensure that each portfolio succeeds as well as the Departments. My role is to monitor them and by tomorrow I'm going to sign performance contracts, at the end of the month, those performance contracts will come here and each and every quarter I will report about their performance because all of us, we are expected to do what is expected of us. If you are given a portfolio, do your work. Out there, our people are crying, they expect us to come with change and I have seen, in January and December, they can perform and that performance must continue."

He then referred to the agenda and tabled the items. He indicated that the Team from the office of Auditor General was invited to present the audit of Mangaung. That as politicians, their role was to make policies and monitoring. Section 80 Committee Chairperson were expected to ensure Departments were performing and if not, they were expected to come with recommendations to the Executive Mayor.

NOTED.

**1.
SUBMISSION OF THE ANNUAL REPORTS FOR MANGAUNG METROPOLITAN
MUNICIPALITY AND CENTLEC FOR 2021/2022 FINANCIAL YEAR**

Mr Odwa Duda introduced the team from the office of the Auditor General (AG) whereafter read the mission and vision of the Auditor General of South Africa as outlined in the circulated handout attached to this minutes, Pages 1 – 48 and thereafter allowed Ms S Steenbok to continue presenting as per the attachment.

After the presentation, the Speaker stated that the report was tabled and would then be referred to MPAC and therefore only clarity seeking questions on the presentation would be allowed as Councillors were not expected to make speeches or comments.

Cllr BJ Viviers: that as the AG prepared the documentation, whether he had the City Managers annual report? And that listening to the AG's report, they were not in agreement with the report given by the City Manager on compliance and the fact that reports were given through to the National Treasury. That clarity be provided on the overtime which is known as one of the biggest material problems, because in the Council's graphics it only went up to R40 million per month.

Cllr FR Botes asked what was the stronger legislation to implement in the Municipality relating to water losses in the Municipality?

Cllr NP Monyakoana raised a concern that last year, the AG's report was never resubmitted to Council because the norm was that after presentation, it would go out for 60 days for public participation and MPAC to consider and thereafter resubmit back to Council. That he was worried that this report would also not be resubmitted to Council.

Cllr JE Sebolao stated that at previous MPAC meeting, the office of AG was asked about the R1.9 million given to FRESHCO and they were promised information on that and to date, the R1.9 million was not reflecting anywhere in the reports.

Cllr CF Rampai referred to the AG's strategy for 2030 relating to enforcement, need to elaborate more on the matter as the AG keeps on seeing the same things at municipalities. How was the office of AG's office enforcing in issues raised?

Cllr B Vorster referred to slide 25 with regards to unauthorised, irregular, fruitless and wasteful (UIFW) expenditure, the report indicated that: the UIFW incurred by the municipality was not investigated to determine if any person was liable for the expenditure. Whether they were referring to the years previous to 2021/22 seeing that the report it would only be dealt with, now by MPAC for consideration and recommendations to Council?

Cllr GDP Kotze indicated that in the report of AG, ongoing investigation of overtime has been mentioned and security contracts and for the past three years, the investigation were still ongoing? That maybe the Acting City Manager be requested to provide the investigations that were not yet completed.

Councillor GDP Kotze further remarked:

- That several questions were asked in Council as part of oversight but they were not being answered by the Executive Mayor and therefore the AG's office must take note of that.
- That as a reminder to Executive Mayor, the Metro was under administration for the past three years, but the ANC was in the Metro for past 30 years

Cllr D Leech asked whether the office of the AG was aware of the R109 million missing, whether they were looking into it? That the matter was covered in the minutes of the Section 80 Committee meeting of Finance as well as that of Council meeting minutes.

Cllr LM Titi-Odili commended the Internal Audit for performing well in terms of the report however the Audit Committee and MPAC still had some issues to deal with and Internal Audit working closely with MPAC and Audit Committee, must assist in that regard. When MPAC submit the oversight report, as they do not have full powers in terms of investigation of issues raised, what would be the AG's advise to the Council in order to assist MPAC?

Cllr NA Nhlapo referred to page 11 (slide 13) of the presentation and indicated that its outlined that the group did not recognise current liability, what was the magnitude of what was outlined and also on page 19 (slide 31) on going concern of the team, that the group's current liabilities exceeded its total assets by R485 444 061 magnitude, or maybe the percentage of that?

Cllr MI Mokoakoa indicated that issues on IPTN were not elaborated on and advice on the proposal of MPAC to Council to consider implementation of shift system or stand -by to curb on overtime.

Cllr BJ Viviers asked whether what the Acting City Manager stated on the Municipality's collection rate on outstanding debt, was at 81%?

Cllr TP Moilola requested to emphasised the question raised by Cllr NA Nhlapo, that the formula was that: *Asset = liability plus equity*. Therefore should the liabilities exceed the assets then the Municipality was facing an immense challenge. Secondly, that during auditing process, there were substantive protocol procedures to enable the auditors to tract amount spent and received, whether there was any legislation to ensure that it enforce the implementation of the recommendation of AG?

The office of the AG responded:

- That on reliability of information on audit report, during auditing, they indeed are provided with draft annual report and do look at achievements reported and compare against the supporting documentation. Therefore their report do highlight that either they did not have supporting evidence or report differed materially with what was in the report hence they raised questions of reliability.
- That on water losses, bringing in another legislation would not help as there was adequate legislation, however to rescue on water loses, the Municipality would need to monitor water losses reliably and further ensure adequate budget for maintenance of infrastructure.

7C

- That on consequence management, the legislation was there in that regard for implementation if an official was not delivering on what was expected of them therefore consequences should be implemented.
- That they were also equally concerned about tabling of their reports to Council and also submitted to Committees of Council. That for the office of AG to come to Council, they should not continue raising the same findings, there should be plans in place to ensure that issues raised were addressed.
- That the intention was not to embarrass Council however they have to report what they found and glad that there was a level of losing patience of reporting the same issues hence the AG has the extended powers which they started to implement from the 1st April. The extended powers not only allow them to recommend but also to give remedial action. That they would advise that the office of AG be invited to present to Councillors on what is entailed on the extended powers.
- That on accountability ecosystem, that there were expectations on the role of Councillors to ensure that Council performed their oversight duties e.g. when they had to recover funds from Accounting Officer, to ensure that such matters were dealt with and the intention thereon was to reduce what the AG had reported yearly, therefore with such enforcement, they would change the behaviour, and move from a culture in public sector of doing harm but provide services and therefore support of Council was key in such matters.
- That Council was reminded that with regards to reports from Acting City Manager, the year under review/audited was from the 1st July 2021 – 30 June 2022, therefore the interim support team from National was only gazetted on the 28th April 2022, so they only started in May 2022, two months before end of the financial year. The report tabled by the Acting City Manager, have not yet been looked at and therefore cannot express an opinion on it as yet but looking at a year back.
- That on overtime, on AFS its note 43, there was R233 million of overtime for the year.
- That on water losses, they raised a number of findings for water not billed for, which indicated that it did not mean that if it is disclosed that it was due to bad conditions of infrastructure, but also look at whether the Municipality was billing for the water delivered to the communities.
- That on the matter on FRESHCO, the audit for the year under review, there were no findings.
- That the investigations on UIFW was for 2021/22 and the report thereon would still need to be tabled and for the past five (5) years there was no investigation on UIFW and from audit point of view, they indeed do follow up each year however the status remained the same.
- That they had noted the comment on the missing R109 million, but did not have findings relating to that and look into those meeting minutes.

7D

- That they advice Council to make use of Internal Audit Unit for the reason that the Unit was very effective, as they report the same findings as the Office of AG, but it was the lack of management addressing the findings.
- That on current liabilities, Cllr NA Nhlapo was correct, that on the audit report, paragraph 4: *"current liabilities were understated and general expenditure and contracted services were understated by R105 692 508"* and the root causes was about internal controls systems that needed to be improved. That as auditors, they do not audit all transactions, based on sample selected, and in audit terms they had projections and that was the best estimate of what the current liabilities were understated with.
- That on IPTN, they raised a number of findings under non-compliance section as well as number of grants and how they were managed.
- That on overtime and shift allowance, as auditors, they had numerous discussions with the Acting City Manager and NCR on how to tackle this issue and they were looking on ways to improve the system in the Municipality. The Departments working on overtime, needed to come up with best practises on this matter.
- That the collection rate on outstanding debt was probably for the new financial year and not for the year audited.

The Speaker thereon stated that the issues relating to the R109 million missing as raised by Cllr D Leech was covered under item 6.10 (recommendation b) from the office of the Minister of Finance.

The Speaker then gave clarity on the issue raised by Cllr JE Sebolao regarding the safety of the NCR who was forced to address the workers protesting outside the Building, as well as the Councillors in the Chamber?

He then allowed Councillors to draw items for discussion.

Cllr GDP Kotze stated that the office of AG has responded to questions he was about to ask and further thanked them for the report as it was a "slap in the face" for the residents of Mangaung and that he was proven right with regard to his statement of the previous year of the competency of the Executive Mayor and his then serving HoDs.

Cllr B Vorster addressed the Council: "Thank you, Honourable Speaker. The Freedom Front Plus is asking the following questions with regards to the report of 2021/22 financial year:

1. Why did the Honourable Executive Mayor not comply with Section 127 of the MFMA, clearly stating that this annual report should have been tabled before this Council within seven (7) months after the end of the financial year, being 31st January 2023?
2. Why did the Honourable Executive Mayor not promptly submit to this Council his written explanation setting out reasons for the delays as set out in Section 127 (3) of the MFMA?
3. When will this Council receive the written explanation from the Executive Mayor?

Auditor General's Report

1. How can it be that under a Provincial and later under a National Intervention Team, the AG gave qualified opinion?
2. How can this Municipality continue as a going concern if the financial statements indicated that the group incurred a net loss of over R872 million in the 2021/22 financial year and the group's liabilities exceeds its total assets by R485 million?
3. How can this Municipality survive if there were over R1.8 billion in material losses?
4. How can over R406 million in material water losses be allowed, 45% of the total water purchased due to burst pipes, leakages and unmetered sites?
5. What will be done to ensure that the Municipality spend the conditional grants seeing that the group underspent on the conditional grants by over R570 million in the 2021/22 financial year?
6. What urgent measures will be put in place yet again prevent the following expenditure as in the 2021/22 financial year?
 - Unauthorised expenditure of over R1.4 billion due to overspending on the budget?
 - Irregular expenditure of over R186 million due to non-compliance with Supply Chain Management processes?
 - Fruitless and Wasteful expenditure of over R93 million mainly due to payments made on key service delivery projects that were not delivered?

Honourable Speaker, the most important question is however, will there be consequence management seeing that according to the financial statements and the auditors' report..."

Cllr LM Titi-Odili interjected on a point of order that Councillor was now discussing the item, but it was for noting and it will be resubmitted back to Council in 60 days for discussion, that the Speaker did allow Councillors to raise clarity seeking questions to the office of Ag on the matter.

Cllr E Snyman van Deventer stated that the item was submitted for noting and any Councillor was allowed to ask clarity seeking questions and that is what Cllr B Vorster was doing. That the MMC and official could take note of the questions asked by Councillors and incorporate that into the report to be submitted to Council in 60 days.

The Speaker thereafter requested Councillors not to repeat clarity seeking questions already addressed by the office of AG.

Cllr B Vorster continued: "When will the Council start to listen to the recommendations of MPAC because none of the recommendations in the past was implemented?"

Honourable Speaker, is this report not a clear indication of the financial mess that the Council found itself in? To the Intervention Team, where is your Financial Recovery Plan? The Executive Mayor said that the experts came in 2019 under Provincial Intervention Team, what did they do up until now? Thank you, Honourable Speaker."

Cllr NP Monyakoana asked why was the report was late which was supposed to be tabled on the 31st of January and what would then happen?

Cllr CF Rampai acknowledged the opening remarks by the Executive Mayor by informing the people in Ward 7 and the entire community of Mangaung Metro about the budget and that they were not included. He then reiterated what Cllr NP Monyakoana raised on why was the report submitted late and action be taken on those responsible?

The Speaker responded yes to Cllr MJ Mabena on whether the AG's report would also form part of reports to be dealt with by MPAC.

The Executive Mayor responded that the same question on the lateness of the report was asked by the NCR. That he received the report after the 29th of January and has to be submitted to Council on the 31st of January and therefore, it was already late for the 31st of January. That dates of exchange of documents and interaction between the office of AG and management of Mangaung will be provided and taking into account the history of the Municipality, the report was submitted early as compared to other years.

Cllr NP Monyakoana then asked what did the law stipulate? The Speaker explained that the report was submitted as is to MPAC, including its lateness and MPAC would they provide a report in 60 days on what should then happen. That MPAC would report and make recommendations on who must take accountability on the late submission of the report.

The Speaker then thanked the office of the AG for the presentation and then allowed them to leave the meeting.

The Council did not vote on this item as it was submitted for noting. The Speaker then provided clarity that some items would have both noting and approval, such items, they would have to vote however if it is only for noting, then Council do not need to vote.

It was thereupon

RESOLVED that Mangaung Metropolitan Municipality Council notes:

- (a) The Mangaung and Centlec's standalone – 2021/2022 annual reports and annual financial statements.
- (b) The Mangaung and Centlec's standalone – 2021/2022 audit reports as presented by Auditor General.
- (c) The consolidated Mangaung 2021/2022 annual report and annual financial statements.
- (d) The Mangaung consolidated audit report as presented by the Auditor General.
- (e) That the presented audit reports by Auditor General will be incorporated in the annual reports; and
- (f) Refer the above reports to the Municipal Public Accounts Committee that will process the said report and develop the oversight report and thereon advise Council accordingly.

2.

CENTLEC (SOC)Ltd: MID-TERM PERFORMANCE REPORT (SDBIP): 1 JULY 2022 – 31 DECEMBER 2022: 2022/23 FINANCIAL YEAR

The Deputy Executive Mayor delivered her speech as follows: “Thank you, Honourable Speaker. The Executive Mayor of Mangaung Metro Municipality, MMCs and all Honourable Councillors, administration team led by the Acting City Manager, NCR and Team, Chief Whip of the ANC, AG’s Office, community of Mangaung, viewers on Facebook, media houses, protocol observed.

Honourable Speaker, let me start by complimenting this Council in the new year for 2023, I wish you blessings for the whole year.

Honourable Speaker, I will be failing if I do not remind our community and this Council, about an icon, who today was supposed to be 31 years that he was out of jail. By saying that Honourable Speaker, I remember the 11/2/1990, when our icon, Nelson Rolihlahla Mandela became a free man for all of us, and that event paved a way for the 1994 democratic breakthrough that we have seen in our life time. We therefore, salute him for his selflessness and dedication to the liberation of our nation, black and white. Not forgetting the Mandela Family as a whole for they suffered while Mandela was in prison and may we never forget that icon.

Honourable Speaker, the MFMA, No 56 of 2003 and the National Treasury MFMA Circular no 13 on the SDBIP requires that the Municipality must prepare an SDBIP indicating...”

On a point of order, Cllr JC Pretorius requested that the Deputy Executive Mayor stick to item and not jump to item 6.3 and 6.4. The Speaker ruled as such and said that she expected issues of Centlec in terms of the item.

The Deputy Executive Mayor explained that 3 items dealt with SDBIP and were from her office hence she was dealing with all three. (6.2 – 6.4). After Cllr NR Shale raised a point of order, on the matter, the Speaker reiterated that she expected inputs on item 6.2.

The Deputy Executive Mayor continued: “Honourable Speaker, the Municipal Finance Management Act 56 of 2003 and the National Treasury MFMA Circular Number 13 on the Service Delivery and Budget Implementation Plan (SDBIP) requires that the municipality must prepare an SDBIP indicating how the budget and the strategic objectives of the Council will be implemented.

Based on the above, the SDBIP must include the service delivery targets and performance indicators for each quarter. This is an integral part of the implementation and entrenchment of our performance management system.

The SDBIP enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager and for the community to monitor the performance of the municipality as each activity contains outputs, targets and timeframes.

Honourable Speaker, the SDBIP is yet another step forward to realise the principle of democratic and accountable local government as enshrined in Section 152 (a) of the Constitution of the Republic of South Africa.

I am delighted to indicate that with these two (2) reports including the Centlec item, being the (Mid Term – Centlec), (2nd Quarter – Section 52d) and (Mid Term – Section 72), the City has seen an improvement when compared to 1st quarter performance and the previous financial year reports of this specific period. The average performance of 55% in the first semester indicates that the city is in the right trajectory to bettering the lives of the communities of Mangaung. I still encourage this Council to work together with the administration to improve the challenges that are still a threat to our communities/ our City.

Equally so Honourable Speaker, the City is expected to account to its residents through the drafting and engaging community members on the implementation of this important strategic plan. Hence the tabling of the Annual Report as per Section 127 of the MFMA. Thank you, Honourable Speaker.”

Cllr LE Rasoeu remarked: “Thank you, Madam Speaker. The DA rejects the Centlec Mid-Term Performance Report. We believe that there are discrepancies and we believe that it is the Executive Mayor’s attempt to mislead Council.

Madam Speaker, on the 7th of November 2022 Council took a resolution to appoint Mr Maseko as Administrator at Centlec; *has Mr Maseko been appointed and how far is he with the appointment of Board members?* Executive Mayor and Acting City Manager, please update us on this process.

Madam Speaker, according to the resolutions, Council should be provided progress report for the appointments of the board members.

Madam Speaker, the DA has also submitted a motion on the Centlec’s Board Members eligibility criteria. Please take note. Thank you, Madam Speaker.”

Cllr GJ Lipale remarked: “Thank you, Madam Speaker. With regards to Centlec, as the EFF we are of the view that, this report would be prime Skhumba and Trevor Noah material. If it was not this sad, the scores that have been brought before this sitting reflecting mid term performance of the institution are not making sense.

The CEO as the overall head of this institution scored 100% on his KPAs yet there is a challenge of inaccurate data in the vending system of the organization. If such critical information is botched, then it leaves to wonder, what other data being supplied in this report has been inflated or doctored.

The other worrying factor at the organization is the resignation of the board, there is no board at all and now we are sitting here and the Deputy Executive Mayor is saying everything is ok.

While we do not have doubt on the abilities of the personnel at Centlec, we call on the management to address this matter of the board as a matter of urgency. There are young people in this City who are very passionate and hungry for an opportunity to serve the citizen and the community of Mangaung and other municipalities where Centlec conducts itself."

Cllr B Vorster remarked: "Thank you, Madam Speaker. It is recommended that this report be submitted to the Board of Centlec, the problem however, Centlec does not a Board at this moment. According to the report, the overall performance is not that bad, it is however questionable, if one looks at power failures for long period of time, over the City due to infrastructure failures.

Mid-Term performance of Engineering Wires and Engineering Retails stands at 60% and 67% respectively. Infrastructure and adequate training of personnel should be the main priorities. Theft and vandalism of electrical infrastructure should be prioritised. The challenge of extended and prolong downtime leading to loss of public confidence in Centlec, should be addressed as a matter of urgency. The available fleet in the power failure office, stands at 56% and this should be rectified, also as a matter of urgency.

Honourable Speaker, load-shedding already put a sever financial strain on the businesses and the people of Mangaung. Further extended and prolonged downtime only further contributes to this already negative financial situation. The Freedom Front Plus therefore cannot support this report. I thank you, Honourable Speaker."

Cllr VE Nikelo remarked: "Thank you, Honourable Speaker. Let me start by saying, I really fully want to agree and concur with what the Deputy Executive Mayor has indicated. The report that has been submitted by Centlec, I want to understand what the opposition parties are saying, in relation to the issue of the Board, but the question that you must also ask ourself Madam Speaker is that, should the operations at Centlec stop because there is no Board?

Should the people of Mangaung not get the services of electricity because there is no board or should the CEO of Centlec not submit the report because there is no board? In terms of the Companies Act, Centlec is an entity of Mangaung Metro Municipality and if there is no board, the Municipality must play an oversight role over that. So, we cannot be standing here as the Council of Mangaung Municipality and really complain about Centlec not having a board whereas as the Council we did not also perform our responsibilities. So, for that it may say Honourable Speaker, I wanted to reiterate and say, as the African National Congress we support the report and we are accepting the report as is. Thank you, Madam Speaker."

Cllr TP Moiloa indicated that they had already raised an issue regarding Mr Paul Maseko and with regards to the recommendations, he proposed that the issue be included.

The Speaker reiterated that once Council resolve on the matter, it was up to the Executive Mayor and the City Manager to ensure that decision is implemented. That between the Executive Mayor and the Acting City Manager, they should have ensure that Mr P Maseko receive his appointment letter and if that did not happen, it then meant that the resolution was not implemented.

Councillors voted as follows with an amendment: 52 in favour, 23 against and 15 abstained.

It was thereupon

RESOLVED

- (a) That the performance of the organisation for the period (1st of July 2022 – 31st December 2022) is noted by the ARC.
- (b) That the mid-term report is submitted to the Council for approval.

3.

MFMA: SECTION 52(D) SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) SECOND QUARTER REPORT

Note by Secretariat: Council agreed to discuss items 3 and 4 simultaneously and voted as such.

Cllr TD Masoeu requested a 10 minutes DA caucus and thereafter, Cllr JC Pretorius gave feedback from the caucus to request Speaker to allow four (4) speakers from DA and thus showed the importance of having a Council Whip.

Cllr TD Masoeu addressed the Council as follows: “ Madam Speaker, There is a saying that goes like this: *“believe that life is worth living and your belief will help create the fact.”*

Madam Speaker, there is also another saying that goes like this: *‘begin at once to live, and count each separate day as a separate life’*. May I also quote this: *‘any idiot can face a crisis, but it is a day to day living that wears you down’*.

Madam Speaker, it was on the 29th July 2022 when I delivered the speech standing right here and I said the following:

The project for upgrading of Informal Settlements to Phase 3 that was meant to address infrastructure in Botshabelo West installation of water reticulation did not happen. At the time the SDBIP target for that project was 1000 households connected with water and sewer toilets and this was supposed to happen during 2021/2022 financial year. The actual performance was zero. The corrective action for the Project was recorded as follows: *accelerate construction to complete in August 2022*. I remember vividly saying the following: ‘Today is 29th of July 2022 and I am looking forward to this ANC run Municipality finishing this project in record time because next week, at the time; it was 1 August 2022 and I hope that will happen.

Today in front of me, this report says the following on page 87; Human Settlement target for both IDP and SDBIP on number of households living in informal settlements provided with water and sewer for 2022/2023 is 1850. In fact, for quarter 2 it is 500 and guess what? Actual performance is still zero. This is once again a reminder that the residents of Mangaung in particular those of Botshabelo, have been misled that they will get running water and sewer reticulation.

I also need to remind Council that residents of Ward 38 are still struggling with sewerage on a daily basis. In Section D and M, two projects were supposed to have taken place. Both projects are for installation of sewer and both did not happen. The SDBIP target for both projects for 2021/22 financial year is 100 households connected with sewer reticulation. Again the actual performance is zero. The corrective action for project is, bid to appoint contractor to be re-advertised.

Madam Speaker, what is shocking is that now the corrective action has changed from Bid to appoint contractor to be re-advertised; something else which is SCM delays project not re-advertised. The truth is whilst all of this is happening, it is the residents of Botshabelo that have to bear the brand of continuously be exposed to sewerage health hazardous conditions.

May I also remind Council that, residents in Sections D, M, U, W, R, V, S are also still to be provided with sewer reticulation. In fact some of residents in these areas say that they have been staying there for more than 12 years and there is still no sewer for residents and the community in those areas are living in appalling conditions. Pit toilets are not being emptied on a regular basis, resulting in residents having to dig make-shift toilets in the ground as they have no where else to go. The situation in these areas, is dire and unbearable. What is unacceptable is to hear that corrective action is blaming SCM that keeps on re-advertising bids.

It has since been reported that in U-Section a resident fell into a furrow or trench dug few years ago to install the water pipeline that was never completed. The resident was apparently hospitalised. One wonders if this will once again lead to litigation against the Municipality.

Where the DA governs, Madam Speaker, infrastructure is prioritised and resident sites are serviced before the sites are allocated for occupation. The answer is simple. Allocating un-serviced sites to residents is endangering the very residents and their lives. Thank you, Madam Speaker."

Cllr NR Shale addressed the Council as follows: "Thank you, Honourable Speaker, I think at the next Council we are not going to tolerate the behaviour or attitude of yours, but I am not there.

Honourable Speaker, as the EFF caucus, we reject with contempt that the report on the performance of this ANC led Municipality deserves. We are of the view that the challenges as highlighted in the report are self invited as the Municipality keeps on insisting on having service providers to do the work that the personnel are equipped and capable of performing. If the Municipality was to cut on appointing the private services providers, that are in its pocket and who give them kickbacks, then half the battle faced by the community of Mangaung would be won.

The other challenge that is being highlighted in the Municipality, is the constant shifting of funds from one allocated project to the other. Often times and as the contractors who are being frustrated by the Municipality will allude, these funds are sometimes diverted from their rightful projects to the ones that favour ANC affiliated providers and those close to the leading faction within this ANC.

It goes without saying that the situation in Mangaung is nothing short of a crisis and this crisis is brewed and manufactured in the ANC kitchen. The report speaks directly to an institution that is failed by the cadre deployment that saw this Municipality appoint managers who are clueless and are unqualified for the tasks they get handsomely remunerated for. Some, if not most of these managers leave you wondering how on this God forsaken Country they got appointed in the positions that they are in, when they are not even conversant with MFMA and other laws and policies governing municipalities.

The EFF calls on the Municipality to clear the clutter in its personnel and get the relevant and able qualified people in the office of the Supply Chain, so that the challenges and burdens that are placed on the contractors and service providers should cease to exist. Truth be told, there is no excuse for not paying service providers who have rendered services to the Municipality within 30 days of submission of their documents. Thank you, Honourable Speaker."

On a point of order, Cllr MC Lelala requested that Cllr NR Shale withdraw what she said about the Speaker, that she will not tolerate her behaviour at the next Council meeting. Cllr NR Shale then indicated that she did not insult the Speaker.

Cllr JH Denner addressed the Council: "Honourable Speaker, Let me start with the very reason why these reports are tabled by the Honourable Executive Mayor in the first place. Section 52 (d) of the MFMA states that *the mayor of a municipality must within 30 days of the end of each quarter submit a report to council that details the implementation of the budget and the financial state of affairs of the municipality.*

Due to political infight among the ANC in Mangaung, MFMA timelines are seemingly blatantly ignored. This is the exact same reason why service delivery is at ultimate low. The Executive Mayor is fighting for survival and because of this he is neglecting his main priority, the management of the Municipality. Everything else takes priority over delivering good quality services to the people of Mangaung. We can only hope that the ANC majority will soon be a thing of past so we can get on with the reason why we are here and that is to ensure proper municipal management to the advantage of all who live here.

We note that according to the mid-term report, 55% of targets that the Metro has set have been met. These targets include projects such as the construction of a community centre in Thaba Nchu, several tenders that have been awarded, sites handed over and construction initiated. It seems, however, that the Municipality idea of a target obtained, and our idea of a target obtained differs immensely.

Case in point the Vereeniging Avenue extension: this project is marked as a target obtained, however this road extension is still closed for use by the public. This project is marked as a target obtained, however this road extension is still closed for use by the public. This project is useless if it cannot be used or does not add value for the people of Mangaung. In other words, we are being misled by these so called obtained targets, how many other projects are marked as obtained while actually being white elephants gathering dust and contributing to the people of Mangaung's frustration with the Municipality.

The fact of the matter is, Madam Speaker, the Municipality cannot set the test, write it and grade it as well. There has to be evaluation of the Municipality's performance; we as Council need to start seeing these projects for ourselves. We need to go to these sites, see the work being done and judge the quality of the work and reporting for ourselves. Reporting by the Municipality is lacking and we need to hold them accountable. We cannot support this report. Thank you, Madam Speaker."

Cllr DMC McKay on a clarity seeking question to Cllr JH Denner that if he refers to the promise made by the Acting City Manager that the Vereeniging Bridge will be open by the 15th of February 2023 and still it has not yet happened? Furthermore the 55% he was referring to, is it perhaps the 30% pass mark mistake that was made on the report, which then meant 35% achieved by Engineering Services and 59% achieved by Finance and not the 55% and 67% as indicated?

Cllr JH Denner confirmed indeed Cllr DMC McKay was correct.

Cllr PA Lotriet addressed the Council: "Thank you, Madam Speaker. The aim of this report is to assist the Accounting Officer in understanding the fruits of his labour. This is the moment of truth.

If the Accounting Officer was a CEO in the corporate environment, he/she would have to convince the board, that all the activities planned were executed and that lead to achieving growth and profit targets. The aim of the Metro is mainly to provide a service to the community. So, where a profit after tax bottom-line would be the yardstick for success, a customer (resident) satisfaction index would indicate your success as Accounting Officer. Unfortunately, such a customer satisfaction index is not included in this report.

Perhaps an independent, objective and scientific opinion poll among residents will give National Treasury to whom you have to submit this report, an objective impression on the state of affairs. Residents after all, are only interested in service delivery, infrastructure, prosperity and a safe environment. What I know is that you will rank very low on all these categories. The "challenges" listed in your executive summary were here before an intervention team arrived. What is of interest, is what you did about the situation? This was the reason, why the Acting Municipal Manager and the other members of the intervention team were sent here. You were supposed to fix the problems.

The organisational structure was supposed to be in place, before you started your intervention. You can not manage any organisation without managing through the structure actively and in real time. To draw up a structure for five (5) years is fine as it provides support to your strategy over the five (5) year period, provided it is done on a time line and revised with every interim budget and annual budget. The problem here is that line managers do not understand science behind managing your organisation through your human resources. Time doesn't allow a lecture on how this is supposed to be done; but I am urging you to find out what you are supposed to know in this regard.

Equally frustrating is the very bad relationship between Mangaung and the Unions. We find ourselves in a situation that both have dug themselves in opposing trenches where they fight for themselves instead of in the interest of the organisation.

The placement of cadres and infighting for the control of resources is not a secret. What we further know is that, there are no good guys and no bad guys in the faction fights. We know alliances change with the wind direction. The writing is on the wall.

We, the DA invite those individuals (and there are many) who find themselves frustrated with the situation to talk to us. ANC leadership has proved incapable to protect assets of the Metro. The general narrative among the public is that the Metro will use money to renew an asset which by the way deteriorated under their watch but as soon as it is done, decay immediately starts to set in. This will happen to the Arthur Nathan Swimming Pool once restored. The Metro entered this project without doing proper research and a business model that will ensure sustainability. Like our roads, stormwater, sewerage and electrical infrastructure it will simply deteriorate to useless status.

Demographic changes are inevitable. Bloemfontein is experiencing an influx of poverty. People arrive here hungry and destitute. The Constitution stipulates that the Metro must deal with this problem. You don't! People ask land of you where they can erect humble homes to protect themselves. You basically turn a blind eye on them. Job seekers are branded as hobos. They are all treated like criminals.

Each and every "emoji" in this self-assessment is debatable and must be debated. Time here does not permit an in-depth debate and analyses. We can not support this. The DA will take it upon itself to, with the community, give their version of how things are."

Cllr DMC McKay wanted to ask clarity seeking question to Cllr PA Lotriet however the Speaker did not allow as he did the same on the speech delivered by Cllr JH Denner and he wanted to do the same with Councillor from the same caucus as himself.

Cllr MM Tladi addressed the Council: "Thank you, Honourable Speaker. As the ANC, we are supporting the two (2) items as they are. I just want to confirm that they are true reflection and they were submitted from Departments to the office of the Deputy Executive Mayor and I am happy because they are as submitted by those Departments.

Honourable Speaker, I hear Councillors debating and you can see from the report, that no one was talking about the challenges faced by the Departments for an example, the Departments are saying that there is a high rate ...in the City that contributed to their performance, the insufficient budget that no one is talking about it; that there is lack of tools of trade and no one is saying anything about that; high vacancy rate and lastly, at Social Services, we cannot even offer WiFi in our libraries because of lack of budget. Those are the challenges on why the Departments performance is reflecting bad. Other challenge is that we are lacking sports equipment that can even support our kids to play sports.

One of the challenges identified, it is SCM delays. I don't know whether is the challenge of insufficient funds or when the Departments submit to SCM Unit, do they submit all documents? We must focus on such as they cause delays and ultimately grants will return and that is why as ANC we are saying, we support the two (2) reports as they are. Thank you, Honourable Speaker."

Cllr T van der Walt raised the following clarity seeking questions:

1. Why is the report on the Municipal Planning Tribunal (MPT) for the first quarter of 2022/23 not been submitted to Council?
2. Why has the Executive Mayor or the Municipal Manager not implemented the Council decision that members must be appointed to fill the MPT which is critical for building in Bloemfontein?
3. Why has there been no progress on building plans digitisation item that was budgeted for? Its importance is emphasised by the intimidation vandalization and theft of Building Control offices.
4. Has any criminal complaint be laid about the above (3)?
5. Where are the traffic enforcement cars, we do not see them for months?
6. In the past year, we had seen that hundreds of equipment has been bought for the Parks Department, but in areas such as Wards 23 and 26, they had not even seen one (1) bush cutter or even one (1) PEP worker to cut the grass or one (1) median for the past three months, why is that?
7. Are there any plans to appoint one(1) more tractor driver as there were four (4) tractor mowers bought but the Municipality has only one (1) tractor driver?
8. That, with regards to cooperation, when will Mangaung start to cooperate with the many NGOs, Civil Rights Organizations, Councillors, Nonprofit companies, Churches, Ward Committees and other stakeholders looking after the parks and medians and even potholes and road lines signages in many of the Wards in Mangaung, that are simply ignored?

The Executive Mayor then responded as follows: "Thank you, Honourable Speaker. In Johannesburg, a municipality which was led by the DA, as you drive from Khayalami, on the left side towards Diepsloot, there is a road which had been standing incomplete for years, it is irritating people. if you drive past Steyn City and go up, the road is closed until you reach Diepsloot. I asked a question, why is the road closed and someone responded that the person who was given the tender, other bidders took the bid process to court and the bidder awarded the tender was then interdicted in doing the work and as a results, the road stood incomplete.

The same situation is in Botshabelo. The Waterborne system, we know for the fact that a tenderer was appointed and one company took the matter to court and the tenderer was interdicted and as result, there is no movement. I am sure that we are going to get a formal report on what really happened to that tender. I don't want us, as we deal with the matter to say this Municipality is led by the ANC and that one by the DA. We as Councillors, we do not sit in the bid committees. Our role is to play an oversight hence I requested a report on the matter and I will give a proper answer on it.

The contribution made by Cllr MM Tladi is true, and we had seen the reasons however, we must not forget that Council has IDP and Budget Steering Committee and Members of the Mayoral Committee are members of that Committee and Council will then adopt a budget.

Earlier, I spoke about the same budget and I am pleased that the item report about funds which are not there, there is no budget. Our budget is funded but it does not talk to the needs that Cllr MM Tladi was talking about. I think at one point, we need a meeting where we look at creativity...Tomorrow, I will be having a meeting with the Acting City Manager and Acting CFO. I know the Deputy Minister told us that if money is not spent, they will take it back, at the end of February 2023.

I am saying, no Councillor sits/involved in the SCM processes hence there are monies going back. In the past, Council was not informed of monies returning. This quarter is a yardstick and the next quarter, we are going to bite and those who did not spend, will account. We cannot be discussing zero, zero and zero, it cannot be right. We are not here for that. Yes, we heard reasons but our people don't drink reasons, and they want proper roads. I thank you, Madam Speaker."

Thereafter, Councillors voted as follows: 51 in favour, 36 against and 1 abstained.

It was thereupon

RESOLVED that Council approves the MFMA Section 52(d) SDBIP 2ND quarter report (1 October – 31 December 2022).

4.

MFMA: SECTION 72 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) MID-TERM REPORT

Note by Secretariat: Council agreed to discuss items 3 and 4 simultaneously and voted as such.

As resolved above, i.e. 51 in favour, 36 against and 1 abstained.

It was thereupon

RESOLVED that :

- (a) Council approves the MFMA Section 72 SDBIP Mid-Term report (01 July – 31 December 2022).
- (b) Council note that the report will be submitted to National Treasury and
- (c) Council note that the report will be published in the municipal website.

**5.
MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): BUDGET AND PERFORMANCE
ASSESSMENT REPORT IN TERMS OF THE MFMA, SECTION 72(1)(A) FOR THE SIX (6)
MONTHS ENDED 31 DECEMBER 2022**

Cllr LM Titi-Odili remarked as follows:

- That on water losses, the AG already highlighted that the Municipality was at 45%.
- Overtime is one of the material finding from AG and that the Municipality overspent at an amount of R40 million. That Corporate Services Department did in fact indicated that they had focused on shift system as discussed at LLF. This matter thus need urgent debate and conclusion.
- That cost containment measures have been implemented by management especially with regards to outsourcing, consulting and contractors by ensuring that work that can be done internally be undertaken by Municipal employees.
- That the Municipality received the equitable share late however tried to pay creditors and the next report will indicate how much the Municipality was owing and that Council should take note that there were creditors not recorded in the system of the Municipality as also indicated as such by the AG.
- That in terms of debtors, R1.5 billion owed by businesses and R1.4 billion by government. The amount owed by government, R900 million is specifically for the Provincial Government. The City was engaging with Provincial Government already a portion.

Cllr D Leech addressed the Council: "Thank you, Madam Speaker. All Councillors with children and grandchildren know about the friendly vampire of the cartoon called Transylvania. In this famous cartoon, this little vampire marries a very hip and happening cool dude and this cool dude is determined to change his father in-laws hotel, but the grandfather every now and again when he hears about all these changes just go blah blah blah blah! And that is a very famous term of this movie and I think it is very relevant today. So, today we will just also say blah blah blah! Even though the new son in law, this cool dude who is now going to change everything, could not manage to change this hotel of horrors and vampires.

Again, Mangaung Metro Municipality fell short on its budget with R250 million, you overspent with R165 million and managed to, not source R80 million; now that it is just for six (6) months, this is now not only yearly term. Adding to this, our famous Metro Police or whatever it is called now, budgeted for astonishing R15 million than they would earn for this Metro for fines and penalties. They only managed to earn R4.3 million; with regards to electricity, you budgeted for an income of R1, 74 billion but only received R1, 57 billion. You are costing yourself money because of loadshedding. What is even more interesting is that, regardless of this, you managed to overspent on bulk electricity purchases by R160 million and I know you gave some explanation there in the documents which doesn't make sense. Please explain to me, how we buy more electricity than what we plan but we sell R175 less of electricity.

Again we are getting to the soap opera on the TV shows, you remember many years ago and my Afrikaans colleagues will remember this, there was a story called Orkney Snork Nee and there was Oom Frik and whenever somebody tried to spin some story to him he used to say, neh! and today we also say neh!

On contracted services and MMC I am sorry but you don't have cooking clue what's going on in your own report; you managed to spent only half the money you have budgeted, it is not a good thing, it means you did not deliver services perhaps that is why the residents of Mangaung have to live with own sewerage for over three months, I have proof of that. This brings me to a little parenting tip, you see nowadays whenever a child is upset and throwing a tantrum, the parents go, oh I'm so sorry and they start apologising and start hugging just for the kid to stop shouting, that how you do it.

Mr. Acting Municipal Manager, when we as Councillors on numerous occasions reported issues to you and practically begged you to do your job, yes your job in terms of the Municipal Systems Act, you chose to get upset, you promised reports and when you didn't deliver, you got upset again. We warned you that we would go to the Public Protector and to the Human Rights Commission, again you only got upset and failed to perform your duties. So, today we as the DA would like to inform you that we have laid criminal charges against you. This was accompanied by very large file of evidence. The terms of reference of your position are stipulated in a national act and even though you are part of a political power play appointment, your position still falls within Mangaung Metro and you still report to this Council.

Furthermore, with regards to the budget report, the Metro budgeted R40 million for overtime; you did not spent R40 million on overtime, you budgeted R40 million, you spent R97.7 million. Madam MMC, that is a difference of R55 million; R55 million more than the R40 million which you budgeted for.

Engineering Services, overspent its budget by R15.3 million, can you imagine how many problems we could have fixed with that, unfortunately we are still waiting for the roll-over budget. Now, let me just put your focus on that, we applied for R500 million, we only got a R120 million, that is what was approved. The reason why we only got R120 million of that R500 million it is because you underspent on the money that you already have. You cannot apply for more if you did not spent the money you have; you only spent 20% of the grants you already received.

Lastly, my point is on the astonishing R1.4 billion still owed to Mangaung Metro by the Provincial and National Government and yet government buildings still have water and their lights are still burning but you have the audacity to charge the taxpayers for rates, sanitation, water and electricity, this is why you can plant tree in every single street of this town, grass is growing higher than the jungle gym standing in parks, the yards are flooded with raw sewage for months on end and we ever so often do not have water, not to mention ..."

The Speaker interjected to indicate that her 5 minutes to address the Council was finished.

Cllr B Vorster addressed the Council: "Thank you, Honourable Speaker and all protocols observed. The Freedom Front Plus wants to ask clarity seeking questions regarding this report:

1. Why was this report not tabled before the Council before January 31, 2023?
2. Due to this non-compliance, will a proper adjustment budget be tabbed before this Council by the 28th February 2023 in accordance with legislation and the regulation?
3. Page 3: where will the revenue come from on the operating budget to be inline with year t date budget?

4. What measures will be taken to reduce the expenditure seeing that it is already over expenditure of R168 million on the operating budget?
5. Page 4: should loadshedding not be blamed for the electricity unfavourable revenue variance of R174 million?
6. Page 5: what measures will be put in place to correct the fines revenue that stands at an unfavourable variance of almost minus R11 million?
7. Page 6: why again is there overspending on overtime in an amount of over R54 million and how can it be allowed that an amount of R94 million be spent on overtime for the first two (2) quarters?
8. Why is unauthorised expenditure yet again being allowed?
9. Why is there an overspending of overtime for the Metro Police in the amount of R5 million for the two (2) quarters?
10. Page 10: why is the capital expenditure only stand at 21.2%?
11. Page 11: why is there a 0% non-spending on the Neighbourhood Development Partnership Grant?
12. Why is it that only 20.56% of the total grants spent?
13. Page 15: what measure will be taken to collect the R5.7 billion outstanding debt older than one year?
14. Regarding the arrangement with government, Acting City Manager, the Council and the Freedom Front Plus wants to see written agreements for the repayment of the debt by government amounting to R1.4 billion.
15. Page 18: with regards to the R100 million of unspent grants, that has just disappeared out of the investment account, we are requesting that the Acting City Manager tables the interim report to the Council pending the ongoing investigation with regards to this matter. Thank you, Honourable Speaker."

ClIr BJ Viviers addressed the Council: "Honourable Speaker, when God created *homo sapiens*, he blessed them with the sense to hear. Homo Sapiens needs to evolve further, to be able to listen. It would seem as if the ANC in MMM has not evolved to that level. Let me explain; the DA have said many a times collect the debt, but still debt owed to MMM has grown from R7,8 billion at the end of December 2021 to R9 248 billion by the end of December 2022, that is R1,4 billion more in a year. Listen what the AG has said, on page 53 of the MMM Consolidated Annual Report *"The two (2) companies that were appointed to assist the Municipality with collection of debt for business that have failed to meet their obligations has ended"*.

What is going to happen now, will the next debt collectors even be worse? To add insult to injury, the City Manager says in his annual report under compliance with legislative requirements that there was timeous submission of reports to Treasury in line with Sections 72 and 52 of the MFMA. Now how could that be when we all know that the Executive Mayor submitted his Section 52(d) report for the quarter ending 31 March 2022 late to this Council on 30 June 2022. I guess reports were sent to National Treasury before submitting it to Council. What is Council's purpose then and what is the credibility of this Section 72 Report or the MMM Consolidated Annual Report?

Listen! Employee costs grew from R1 084 billion by the end of December 2021 to R1 198 billion by end of December 2022. That is R112, 5 million more in a year. I wonder if the ghost workers of MMM is included in that figure?

Listen to the AG: *"I was unable to obtain sufficient appropriate audit evidence for expenditure relating to overtime"*. Overtime was budgeted R7 million per month:

January 2022 – Over R14 million.

February 2022 – R10,1 million

March 2022 – R2,8 million. Well done, but then we go again:

April 2022 to June 2022 – Over R14 million each month.

July 2022 – R13.8 million

From August 2022 till December 2022, R14 million each month.

The problem is the graphics only goes to R14 million per month so we do not now how far beyond R14 million per month it goes. On the sums given by the AG R19 million per month. So, what happens if the ANC hears, but do not listen. Well to kick off with you will have a deficit of R752 million. In business we will say you had a loss of that amount for the year.

Now to those who hear, but do not listen they will think, ok we can absorb it, but listen to the AG: *"The group incurred a net loss of R872 million but, at that date, the group's current liabilities exceeded its total assets by R485,4 million."* Then if you listen you know you are insolvent. In Afrikaans se ons: *"jy is bankrot"*. The effect is that you will get a *qualified opinion* and will further as quoted there will be serious concern if you *continue as a going concern*".

In normal business, you will then rather go under voluntary liquidation, but no if you are the ANC rather than standing back for someone else can make the business work, you would rather cling on your political power and opt for Provincial and National intervention in terms of Section 139 of the Constitution. Listen! Provincial and National intervention has not assisted this Municipality in any way. Ons is eerder nog meer bankrot.

The DA will vote against this report as we are of the opinion that it is not credible and there is more than meets the eye. The only way that this tide can change is if the public now already register to vote and then vote in a DA led government who listen and not just hear. Thank You, Honourable Speaker."

Cllr NP Monyakoana remarked: "Mostamaisi was Dipuisano, report ena e nale mathata a mangata haholo and e expose the Intervention Team, le Acting City Manager because it is bad.

- Page 10: ba bua hore ka selemo, ba ne ba targetile ho etsa projects tse 239 but ba qetile projects tse 209, di hokae projects tseo ba buang ka tsona ka hara Mangaung?
- Page 6: e bua ka overtime, office ya Executive Mayor ha ke tsebe ke overtime ya eng?

Cllr D Leech and Cllr B Vorster tse ding ba di-coverile, but let me also challenge, raise a concern or appeal to opposition parties in this Council, time and again I will appeal to Councillors, ka nako eo re ngangisanang ka tsamaiso mona Council le ntho tse hantle tse sa etsahaleng ka hara this Council, ba refer to ANC and yet ka hara this Chamber, business e re kopanyang ke ho tsamaisa mosebetsi wa this Council and re a dumela hore ntho tse ding ha di hantle, re a dumela hore in a manner that officials, and the Intervention Team e re disappointileng ka teng, bontate le bomme ba dutseng mane, bao ho itswe ba nale qualifications and ke di experts, ba tlo assist this Council time and again, ba isa this Council fatshe, ba ntse ba etetebetsa worse. So, nako eo ba nang le yona ka Mangaung, re nahana hore ka nako eo, re tlabe re le hole.

1. Ba qadile ka ho re mislead ka budget le ho raise expectation tsa batho ba rona ba Mangaung
2. They rendered us useless as Councillors. Whatever eo re buang ka yona, batho ba rona ba nna le hope hore everything e tla loka, but bontate le bomme ha ba spend nako hore ba tlise reports tse tjena because ha ba qete beke ba le ka Mangaung maybe bekeng ba sebetse two to three days hobane ha ba fumanehe. That is why re nna le direporto tse Ma Councillara ba argue-ang ka tsona ka hara this Council. Re a ipotsa Speaker ha o re, if batho ba sa etse mosebetsi because at least there is a motion against the Executive Mayor, but what about the City Manager and this Team eo a sebetsang le yona? All of them, ba nale ntho tsa bona tseo di ba setseng morao because ha o cheka all reports, dichelete di a disappear, ha ho letho le etsuwang. Some Councillors assist these officials to loot the Municipality and we are quiet Honourable Speaker.
3. Why AG a sokola ho thola documents ho Maspala tse mo assistang ho etsa mosebetsi wa hae, hobaneng? Council ena ha e kgone ho debata ntho eo, e botse City Manager and the Executive Mayor hore why ho nale this problem? Ke eng eo ba e patang? Ba dumellana le report ena as it is, so as Councillors, ke eng eo re tlamehile re e etse because batho ba tlamehang ba implement, ba tlamehang ho etsa sure hore as Councillors re dutse kamona ba nka action, ba deeply involved nthong tsena? In other words, the Acting City Manager le Team ya hae ba participate in the maladministration of Mangaung Municipality, they are contributing a lot and these things need to be cleared Honourable Speaker."

Cllr PJ Rampai remarked: "Madam Speaker, we received the report of the Executive Mayor and have gone through it, but now the question is if we can take this report to Dewetsdorp, Wepener, Soutpan and Van Stadensrus, will the people agree with the report? Which means that if community ya Mangaung e satlo dumellana ka report ena, it is not the report of Council.

Secondly, the Excellency, Honourable Executive Mayor on his opening address he said, the loan we have, doesn't belong to us, potso ke hore na if e ne e etswa empa e le part ya the previous administration, o ile a etsa eng ha kajeno re bolellwa hore loan e teng ha se ya rona? Re ile ra buwa ha ne re qala Council ya rona, my address was: *"batho ha ba lwane hobane ba hloka mosebetsi, batho ba lwana hobane ditshepiso di dieha ho phethahala"* That is what is happening in the report.

Thirdly, Executive Mayor said, he had appointed some Councillors ho check-a hore Mangaung e hlwekile, but Madam Speaker, after this Council meeting, ha reye re lo tsamaya diterateng tsa Mangaung, Charlotte Maxeke Street hore na ho jwang? Hore ntho eo Executive Mayor a buang ka yona ya etsahala? He re ye ho sheba park e pela City Hall hore na ho etsahalang moo? A na re ka dumelana ka report ena? Mangaung e bohlaswa, ha e sale jwalo ka pele, ha re sa rata Mangaung, that is why batho ba lwanang. Do you think Madam Speaker we can agree with this report, do you think the people of Mangaung will agree with the figures? The answer is no!

Executive Mayor in his address also said he appointed people to look and deal with sewerage spillages. The Chairperson of the Province said on social media, lona le dula matlong a matle, a na le tla thaba, batho ba dula mekhukung eo sewerage e mathang kantle, a na o tla kgona ho dula mekhukung oo?

Re ka botsa one of the officials hore moo a dulang teng, seterateng ho nale sewerage e tsamayang? We can even ask the officials that if there is loadshedding in Mangaung, ke batho bafe ba suffer-ang. We have checked the report, a na e re fa nnete? A na re e dumelle? Engwe ya ntho tse ke di mametsang speech, ho itswe, re seke ra iketsa medingwana, so ka mantswe a mang, re ilo ho thetsa setshaba sa Mangaung, hore ho hotle, dichelete ke tsena.

One of the Councillors at the previous meeting said, if we table the budget, the Council must take a resolution that the bank statements must be presented in Council so that to ensure that the money is there, not only on paper. Yes, we have money on paper, but in the bank? If e le teng, na Mangaung e ne e tla ba the way e leng ka teng? The Executive Mayor said we must not allow people to cry, it is true, if the righteous are in authority, people will rejoice and they will be happy, but if the unrighteous are in authority, people will mourn, they will fight and will not be happy. Thank you, Madam Speaker."

The Executive Mayor responded to questions raised by Councillors: "I think the Councillor misunderstood me when I said we took loans in the previous term, that is between 2011 and 2016 and we are still servicing those loans, starting from 2016 to date. I am sure that by 2024 some of those loans, re tla be re qetile ho di patala and that is what I said. We were talking about the liability of this Council and we said 2019 when the MEC came to Mangaung with the Deputy Minister of Finance, Mr David Maseko said to this Council that they were now placing us under Section 139 Subsection 5(a) and (c) because you failed to pay the loan of the bank and that is what he said to all of us, here. So, we did not deny that this Council has taken the loan but by failing to pay, that resulted ...one of the reason was that, you did not pay and therefore you cannot run your own affairs, we are now intervening; that is what I was saying.

Councillor I think there is a level of admission to some of the things, that is why with regards to MMC's, we are going to combine them to work as a team; we know for instance Cllr MM Tladi as she was talking about the tools of trade, we know that those are the things that we are going to discuss with the Province, we had even discussed with the Minister of Forestry and Fishers and Environmental Affairs, Ms Barbara Creecy where we said we need trucks and she promised that she is going to assist us. But I'm sure as we move, we had already recorded some of the positive things and we believe if we worked together we may change the situation. All of us are not pleased with the situation.

When you talked about sewerage, I went to Ward 5 with the Councillor and some officials and we saw the situation. Some of those pipes are inside the houses and manhole inside the houses. I was also in Ward 3 with the Ward Councillor and some of the residents have built their houses on top of the pipes and therefore there is a proper report maybe I should share the report with Councillors. I was also in Ward 2 with Premier, I travelled to check the problems in Mangaung and I'm saying maybe, City Manager, we need to share that report with all Councillors and they will understand the situation that we are in.

I was checking in PE, they have aged infrastructure like us and other areas. So, I'm saying we do have these problems and we had acknowledged them and as we move, we need to move together. I agree with Cllr NP Monyakoana we are all Councillors here, let us work together and change Mangaung together.

Those three teams, one will be led by MMC Cllr MA Morake, and it deals with issues of infrastructure, one led by Cllr MM Tladi that deals with cleanliness and one led by Cllr LM Titi-Odili that will be dealing with the issues of debt collection etc. So let us work together and move and I am sure Mangaung will be a better place. Thank you, Madam Speaker."

On a point of order, Cllr MW Mongale stated that the Executive Mayor was denying what Cllr PJ Rampai quoted where he said: "these loans are not ours". It should then be put into proper context as it was recorded. The Executive Mayor said that the loans were made by previous administration, and that is what he implied that the current administration did not make those loans and therefore he should not deny the truth.

Cllr D Leech asked clarity on which teams were doing the job, the diggers and those laying the pipes and she needs to get hold of them to fix the problem

Cllr LJ Moqolo said that as it has been mentioned that the 5 loans were taken in 2011 and wanted to check that as the Provincial Government was owing the Municipality, whether the current Council must pay for the loans which were not done by them. The money taken to service Bloemfontein, like when the EFF President was visiting Mangaung, as well as when ANC was celebrating its 101 year, Bloemfontein was serviced, therefore where did they get the money used then?

Cllr FR Botes stated that he was glad that the Executive Mayor was visiting wards as part of oversight and would further implore that he also visit DA Wards and when would that happen?

Cllr Monyakoana request that the Executive Mayor must stick to his words, as he indicated during the budget meeting that there was R500 million for service delivery and by that August the money will be available for service delivery, will he be able to repeat what he said?

Cllr AP Terblanche asked what was the way forward with regards to debt owed by the Municipality, the Executive Mayor must come with a solution to deal with the matter?

Cllr JE Sebolao stated that his concern was with sewer spillages around Mangaung however there was this important thing happening in Ward 12, and was wondering why the Ward Councillor was not talking about it. That there is a mine in Ward 12 and he spoke to acting HoD of Human Settlement and the Executive Mayor with regards to that.

Cllr R Hashatsi interjected on a point of order, and requested that Cllr JE Sebolao to stick to item at hand.

The Speaker indicated the point of order was sustained and Cllr JE Sebolao to stick to the item whereupon Cllr JE Sebolao reiterated that sewer spillage in Ward 12 was bad and thus need urgent attention.

The Executive Mayor responded: "This Council took a loan between 2011 – 2016. This Council was elected November 2021. The loan was not taken by this Council but the then Council. The reason why I mentioned that, we spend a lot of money on the repayments, at the same time, when we were placed under administration, it was one of the reasons and issues of service delivery. The Councillors of DA also indicated that it is important that we visit their Wards, I know at one point, visited the Ward of Cllr GDP Kotze around Bobbies Park. Lastly, I want to make an announcement, tomorrow we are opening the Vereeniging Road at 14h00. I am expecting Cllr DMC McKay to clap hands. Thank you, Madam Speaker."

Councillors voted as follows: 50 in favour, 36 against and 0 abstained.

It was thereupon

RESOLVED that, in compliance with Section 72(1)(a) of the MFMA

1. The Accounting Officer submits to the Executive Mayor this statement reflecting the implementation of the budget and the financial state of affairs of the Municipality for six (6) months ending 31 DECEMBER 2022.
2. The Executive Mayor and the Council should note and evaluate the reported assessed Municipal mid-year financial performance against the budget for the 2022/23 financial year.
3. In order to comply with Section 71(4) of the MFMA, the Accounting Officer ensure that this statement be submitted to National Treasury and Provincial Treasury, in both a signed document format and in electronic format.
4. Based on the assessment of performance as indicated above, it is recommended that an adjustment budget for the financial year 2022/23 be compiled and tabled before Council for consideration, after approval of the mid-term.

**6.
REPORT ON THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY FOR
THE QUARTER ENDING DECEMBER 2022**

Cllr VE Nikelo addressed the Council: "Madam Speaker, let me take this opportunity on this important item of the report of Supply Chain Management as required by Regulation 6 of the MFMA. I should indicate that this report meant to ensure and assist the Council and community of Mangaung take stock of everything that has been happening in terms of the procurement within the institution and as a results, it also assist the august house to take stock as well in terms of the procurement processes happening within the institution and as results, the report is in line with MFMA, and also in line with what the ANC has been saying, regardless of everything that has been happening, we need to be transparent to our people. As we are transparent, it also raise the challenges we might face, but at the same time develop mitigating strategies. In terms of dealing with the deficiencies that maybe identified in the process of implementation of SCM processes.

The report also offers the Council an opportunity to play an oversight because all of us can remember that in terms of the legislation, no Councillor can be involved in the procurement processes. However, we are vested with the responsibility of ensuring that we play an oversight role to hold the administration accountable as far as these processes are concerned.

The report Madam Speaker, it includes, I know some people are going to raise this issue, of the appointments that were made during December of the service providers for the door to door refuse removal and probably some of the people will blow this out of proportion unnecessarily but it must be clear and indicated in this house Madam Speaker that those procurements where the appointment of the panels and when you appoint a panel, you do not even have an obligation that the very same panel will get employed or you will not get employed. It is only to deal with those issues on an urgent basis and if the need arises.

So sometimes I know that the community of Mangaung or rather the Councillors will want to blow this thing out of proportion and I want to clearly indicate to the community that we said as Mangaung, there are no major appointments that we did. So as a result, it should be clear that when you appoint a panel, you are under no obligation to say the panel will be working or not.

The other thing Madam Speaker, that was also identified in the report, is around the issues, what is purported as discrepancies in terms of the payment of the service providers, where it is also believed that, other service providers are preferred over the others; meaning that ho nale bao e leng hore ho the ekare ba entswe medingwana and bao eleng hore they will always be appointed and preferred hence we said Madam Speaker, we have identified that and as part of the recommendation, we know that the reports is for noting, but we are also saying, it must also be indicated in the recommendations Madam Speaker that; where we think there are discrepancies. those discrepancy must be investigated so that we get to the bottom of everything. So, I would move for the support of the report with the recommendation that the issue of the investigations where we think, especially on the payment of service providers that have been preferred, must be done and report must be tabled before this house. Thank you, Madam Speaker.”

Cllr LE Rasoeu remarked that they cannot exercise oversight when documents are not sufficient and on the matter of door to door, they would still follow up on the transactions through Rule 38 questions and other means. That they rejected the report as they had issues on it, for instance, the last quarter, there were indigent burials and they did not understand why there were deviations on indigent burials as there had to be a budget allocation for such. Why is that the report did not have supporting document ,for instance, the requests to be attached, verification reports. The report did not have those and thus how then were Councillors expected to exercise oversight when no supporting documents have been attached including death certificates of the indigents. That as Councillors, they wanted to know who were the people who died.

On a point of order, Cllr VE Nikelo stated that such information cannot be made available as they need to protect the people of Mangaung hence it cannot be attached to the document unless it is for verification or investigation, it could be done at that level and not for the purpose of everybody to see it.

The Speaker indicated that it is what Cllr LE Rasoeu feels that it must be in the submission, therefore he be allowed to complete his address. He continued as follows:

- That those documents were important for Council to exercise its oversight.
- That according to the Indigent Policy, there was a specific amount that the Council agreed on, to spend on a burial, however in some instances, according to the report, the amount had been exceeded, and they wanted to know why and how did the amount be exceeded?
- That the mentioned documents need to be submitted to Council for the Council to exercise oversight.

Cllr JH Denner delivered his speech as follows: “Honourable Speaker, I would like to place it on record that there it is unacceptable that the Council's role is reduced to rubber stamp when it came to procurement processes of this Municipality. The Freedom front Plus is deeply concerned that once the processes are completed, and money spent, there is not much we can do but oversight of the different stages of procurement. For instance, we keep noting that funds are spent on still incomplete Vereeniging project. Another R13.4 million had been paid to a replacement contractor and yet in the mid-term report, this project is indicated as target obtained. When will this road will eventually open, we have heard now that it is going to open tomorrow and what is the final cost of this project?

We note the approval and award of written quotation of much needed equipment for the fire Department as being procured and delivered. Two contractors were approved for the pruning of trees to the value of half a million rand and yet when residents requests that trees must be pruned, they are either informed that it is the responsibility of Centlec or there are no available vehicles, where are these contractors? Thank you, Madam Speaker.”

Cllr CF Rampai remarked:

- That the reports were not consistent , in one item it would be indicated as that and on the other something else, there were a lot of contradictions.
- That once there was no system that the Council could utilise to satisfy itself to ensure oversight over the SCM, there would also be such issues. For all the years, there had been findings on SCM by the AG and Council had also raised issues. It was not fair that Councillors were just informed that so and so had been awarded the bid without even satisfy itself on whether the correct procedures were followed.
- The Acting City Manager's performance report indicated that there was a backlog in SCM, however in a month, a door to door waste removal was advertised and they are done in the same month, R13 million and with that amount, compaction trucks could have been bought or hired people, but it had been stated as emergency.
- There was sewer spillages all over, why can the Municipality not prioritise other things, including Ward 7 and then the Municipality appointed 15 contractors for door to door waste collection. He would be taking photos however, come the month of June, those contractors would not be seen however payments would be done.
- That it was a public knowledge that the Financial Specialist recommended to the Acting City Manager to note that something was happening at SCM Unit and it was not only been seen by Councillors but also financial experts however nothing has been done, the worse the person was fired or was it because Council did not have powers with regards to the intervention?

Cllr DL Malebo delivered her speech as follows: “Kealeboha Motsamaisi wa tsa Dipuisano. Pele ha ntse ke mametse, Molekgotla NR Shale o ile a kgalemela ka maitshwaro a hao Madam Speaker, yaba ka tsohong la ka la leqele, basebetsi mmoho, ke bolela bona Balekgotla ba futhumala. Ke batla hore ke e tobeketse, ka nnete tsatsing lena, maitshwaro a hao, ke a sa kgotsofatseng ho hang. Re o shebile Madam Speaker.

Honourable Speaker, this is a crucial component of our Municipality since it helps all many Departments within the Metro and ensures that it functions well, is competitive, and can meet the needs of the community, only given the below points are met.

Appointment of Stuff: May the remaining 40 of the 80 staff be appointed in a transparent manner, including as many people as possible. All positions must be advertised, and there must be open interviews. The appointments are going to capacitate other Department in the Municipality.

Awarding of procurement contracts: A fair, equitable, transparent, competitive, and cost-effective mechanism must be used to award any contracts, as stated in Section 217 of the Constitution. This indicates that, we can avoid corrupt contracts and corruptible people if the aforementioned methods are followed. The Supply Chain Management Division can operate smoothly and without corruption. We can see a lot of the companies that have previously received contracts, and we are aware that some have been unfairly given, like the company that provided catering for our Councillors induction at the beginning of last year. We can also see a lot of the other companies, that continue to receive contracts while others are not given a chance.

The third of the EFF’s seven non-negotiable pillars, directs us to operate at maximum capacity, and we have always held this belief. In order to increase accountability and prevent fraudulent contracts, the Municipality should hire additional individuals who are capable of performing similar tasks. As for this item the EFF we will not support it, given the reasons stipulated above. I thank you, Madam Speaker.”

The Speaker thereupon reiterated the proposed additional recommendation by Cllr Nikelo proposed that the Acting City Manager be tasked to investigate any existing discrepancy in the report relating to preferential payment to service providers.

Cllr NP Monyakoana indicated that at the previous Council he requested a forensic audit on a company Khanya Lesedi, on how the General Manager of SCM was relating to the said company because it would always be part of companies that get paid?

Cllr VE Nikelo remarked: Madam Speaker, with all due respect, sometimes we turn to confuse things, there is a vast difference between SCM, expenditure and the user Departments. So, we cannot mix these things. SCM follow the processes, expenditure processes the payments and the user Department ok if payments needs to be made. So, it cannot be right that when certain things are not going well, then we take everything and bring it to SCM. I am not protecting anybody in SCM, but I am saying in this house, we are wasting our time because there are segregation of duties in the SCM Unit. On those segregation of duties, the expenditure cannot do the duties of SCM vice versa. But ultimately, they all fall under the Finance Department.

There are issues we have with SCM but then we link everything willy-nilly. We requested that if there is anything we need to do at SCM, let us investigate if there are processes that are not untoward, they must be investigated and we get to the bottom of it.”

Cllr JE Sebolao on a point of order, indicated that Councillors were just there for voting the Speaker interjected and called Cllr JE Sebolao to order and he continued that Cllr NP Monyakoana was talking about the forensic investigation that was proposed in the Council.

At this point Councillors started to talk whereupon the Speaker called the Council to order.

Cllr LM Titi-Odili caution that Council must not start somethings that might come back to the Council because Cllr NP Monyakoana was just reminding Council and they as Council must emphasise that in the next Council, Acting City Manager must table two (2) reports, namely the one on the R100 million as well as forensics investigation at SCM, that she did not encourage verbal responses but rather written report.

Cllr NP Monyakoana stated that if the Acting City Manager was prepared to answer, he be given a chance to do as such.

Cllr MA Morake remarked: “Thank you, Madam Speaker. As Council, there are laws that are managing local government and there are reports coming and issues referred to Committees like MPAC if there are discrepancies, there are Hawks, SIU. If someone is alleging and have proof of corruption, must go to the hawks...”

At this point Councillors raised point of order and others started talking whereupon the Speaker called the Council to order.

Cllr S Sefaki seconded the proposal by Cllr VE Nikelo for additional recommendation (b).

The Speaker indicated that she had written to the Acting City Manager and the NCR regarding implementation of the Council Resolutions and if not implemented, reasons must also be provided and the report was expected to be included in the Council agenda of the 28th of February 2023.

Councillors voted as follows on additional recommendation (b): **81 in favour, 0 against and 6 abstained.**

RESOLVED

- (a) that the Council take note of the Supply Chain Management report for the second quarter ending December 2022.
- (b) that the Council task the Acting City Manager to investigate any discrepancies with which were mentioned in the report relating to the preferential payment to service providers .

7.

REPORT ON THE REVISED 16TH SUPPLY CHAIN MANAGEMENT POLICY

Cllr LM Titi-Odili remarked: "Thank you, Honourable Speaker. The amendment of this Policy is in accordance to the announcement of the President in terms of the Procurement Act that was put into effect last year and should be also put in effect by institutions of government. In Regulation 4 and 9 of the Act, prequalification and preferential procurement Regulation 4 and Regulation 9 is subcontracting in a tender and those are the amendments to be put into effect in our Policy as the City. The issue of 30% is addressed, the levels of application, grouping, large and small, proper consideration of young women, disabilities were now properly addressed hence it is submitted to Council and it was for noting. Thank you, Honourable Speaker."

Cllr E Snyman van Deventer addressed the Council: "Thank you, Madam Speaker. First of all, it is for approval and not noting. Agbare Speaker, net eertens 'n vraag, ek is nie seker rakende die omvang van die bevoegdheid van die Reels Komitee nie, maar moet beleide nie eers na die Reels Komitee toe gaan, voordat dit na die Raad toe kom? Dit is net 'n vraag. Dan, opmerking dat hierdie document net goed proeflees en laat iemand kyk na die tegniese versorging soos bv leestekens.

Madam Speaker, we heard a lot just now, regarding the SCM Policy. This Policy gave us the opportunity to address all these problems, all the questions raised that Councillors raised since I have been in Council and yet we are not using this opportunity. We are still looking at a problem regarding the oversight role of Council and 5.2 on page 17, the Council has an oversight role as far as Supply Chain Management system is concerned to ensure that the municipal manager executes the SCM Policy within the ambits of the applicable legislation like what Cllr LE Rasoeu of the DA have said, how can we perform oversight role if the following are not sent out, amount of the award, the name of the person whom the award was made, preference points of the persons appointed. Because of lack of information, we pay millions for vehicles, buses; if I can remind you of what happened just a few years ago.

This is why things happens, like we would pay R200 for a pair of scissors worth R20 millions have been spent on vehicles paying R550,000 for a vehicle that you can buy for R300,000. Those types of problem are not solved with this Policy, we are not assisting Councillors to fulfil their oversight role. We all know of the huge problems in our Supply Chain Management Unit, that people try investigating what is happening there; that stops as there are just too many hurdles, even a change of staff at SCM Unit is prevented.

The problems regarding the SCM and everything that is happening there, tenders etc, no problem will be solved by Policy alone. The Policy can mostly serve as a guide and as long as we have people there and I do not want to use the words corrupt and corruption, but as long as there are people who did not put the best interests of this Metro and its citizens at the forefront of every decision they make, as long as we have that problem then no Policy will serve us.

Furthermore, there was reference made which I wrote down, one Councillor just said that, the lack of information, was to protect our people. Well, I want to make it clear, that my people are not the suppliers, they are the citizens of Mangaung, the voters, who voted for every single one of you with the idea that, you are going to see that their monies are being used in their best interest, in the interest of this Metro and not in the interest of suppliers.

If you want to tender for anything, then you must be willing that whatever you are asking us, will be disclosed. We are not asking for trade secrets, we just want to know if you received a tender for R100 million, what are we getting for that, and for R10,000 what are we getting for that; are we getting one pair of scissor for R10,000 or are we getting 100 scissors etc, that is all.

Lastly, there are specific powers given to the City Manager, whereby he can look at the tenders awarded, the suppliers and whether there was any abuse of the system or where there was for example non-performance and then say, we will not give you anymore tenders. These types of steps that the City Manager can, are very important and because of that, the whole ideal of forensic reports etc. would not be necessary but unfortunately, you all know at the moment we are not even sure who is really in charge of the SCM Unit. Thank you, Madam Speaker.”

Cllr MW Mongale addressed the Council: “Madam Speaker, one week ago, I went to Bram Fischer Building trying to get an assistance for the burial of one of the community member in Mangaung, when I got to the basement of Bram Fisher, I met a lady and when I try to enquire about the hall, she said it was fully booked and I said what about the one in Rocklands, she did not know where Rocklands is.

Now, my message is, the SCM Policy of Mangaung if it is going to be made like a state of the art document, that does not talk to the needs or the economic benefit of the people of Mangaung, it is useless. If this document is not talking to the people who voted for us to come to this Council and speak our nice English, wearing our nice suites, our presence here has been brought by people of Mangaung. I know some of you will say, but I owe my loyalty to Gauteng but you were never voted by Gauteng people, you were voted by Mangaung people and I am raising it because there is that cleverness from certain people, in my own thinking, that when they help people from outside Mangaung they advanced. It is backwardness at its worst, because your next vote are going to come from the same people of Mangaung and they will reject you, when they know you rejected them when the tenders were given out.

I have been visiting a lot of construction where the tenders have been given out, I spoke to those people and some of them when you talk to them, they would ask you a question, when you ask who are you working for? *O sebeletsa mang?* Ba re etla ke go botje! It then meant that they want to ask you a question because in Mangaung when you say: *etla ke go botje*, you are saying, *let me ask you a question*, and I am the one who was asking a question and expecting to be answered. You can just see the embarrassment.

I am warning people that, let us not be excited about the document for as long as it does not address, I hope the Executive Mayor was here, because I have been asking him over and over again, to dedicate the budget of Mangaung to the people of Mangaung. I am also asking this Council today, that let there be a resolution, that says this SCM Policy is dedicated to the people of Mangaung, nobody else but the people of Mangaung. We are not foolish, we know that there are certain businesses that might not be found in Mangaung, in such cases, it should be a joint venture.

There is no crisis but let people of Mangaung not to suffer again after 28 years into democracy and we make them spectators again because certain people have got the exclusive right to come and consume what they never planted. It is the people of Mangaung that have worked for this Council. I am rising it with all humility and hoping that we get a seconder to this effect and remember, Madam Speaker, I hope you are not going to blame me for this, I am not blackmailing anyone. All I am saying is that, you are live on Facebook and if you don't second me, the people of Mangaung, will know that you will never support them. Thank you, Madam Speaker."

The Speaker then explained and respond to issues raised. The amendment was in terms of the amended Preferential Procurement Policy Framework Act Regulations of 2022 and the background stated, was that in the President State Of The Nation Address, where he indicated that, there would be a set-aside of 30% of appropriate categories of State Procurement, for purchasing from SMMEs Cooperatives as well as township and rural enterprises and to achieve that, policies would need to be amended from a National level and therefore the report thus seek to align the National Legislation with SCM at local level as it had already being published as Government Gazette No 47452.

The Speaker further alluded that, she was busy with a process to undergo a review of by-laws as some were as old as 1984, and in light of that, there are those which were spearheaded by the Departments. The user Department must then bring technical inputs which should then filter down to Section 79/80 Committees, Mayco then Council. That the Rules Committee was only for the purpose of the Council matters and the Standing Rules and Orders and Leave Policy of Councillors.

That with regards to the review of by-laws, she would source assistance from CoGTA as the Municipality did not have capacity to draft the by-laws. Councillors would also be expected to make comments and inputs and the entire process should last for a period between 3 – 6 months whereby at least 10 – 15 by-laws and policies will be review and further that Councillors note that the SCM Policy was review annually.

After discussions, Councillors voted as follows: 67 in favour, 0 against and 11 abstained.

It was thereupon

RESOLVED

- (a) That the Council took note of the amended Preferential Procurement Policy Framework Act Regulations of 2022 as promulgated.
- (b) That Council approved the revised Supply Chain Management Policy in accordance with the revised referential Procurement Policy Framework Act Regulations of 2022.

8.

IMPLEMENTATION OF GOVERNMENT GAZETTE NO 2760 DATED 18 NOVEMBER 2022 (UPPER LIMITS OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGERS)

Cllr MT Mosala delivered her speech as follows: "Thank you, Madam Speaker. when I went through the Government Gazette, No 2760 dated 18 November 2022, I realized that it did not cover for secondment acting allowance. I therefore suggest that under recommendation (c), we rephrase it as follows: *"that the current Heads of Departments will be remunerated in accordance with the adjusted upper limit of former Heads of Departments"*.

Number two, Madam Speaker, I am sure that Councillors will agree with me in principle, about the matter that I am going to raise, you know the word '*upper limits*' it is a thorny issue to us as Councillors mainly because the calculations of the upper limits of the Councillors were not done right; you would find that a Councillor, like myself, who only became an MMC now in November 2022, have received more upper limits than the Executive Mayor who had been there before me. So, that that tells you that, the calculations were incorrectly done. I wrote a letter as the MMC responsible for Corporate Services to the office of the Acting City Manager asking his office to review calculations of upper limits, through office of Internal Audit.

Madam Speaker, the report when it came back, was more worse than before. You would find that many of the Councillors sitting here now, they are owing the Municipality because of incompetency of our administrators who are working at payroll. I believe and hope that this Council today, will agree with me that, we need to instigate either forensic investigation in the Sub-directorate of Payroll and we also need to review their calculations of the upper limits of the Councillors because what is happening honestly, in relation with that item is wrong and incorrect. For the sake of transparency to us as Councillors, can we also be furnished with the formula used to calculate our upper limits. Thank you, Madam Speaker."

The Speaker remarked: "MMC I like when we remind ourselves of our decisions. There was a resolution of Council that spoke to the issue of payroll although it was a different matter. in that resolution, it was clearly stated that the GM of Payroll and his manager were to be suspended pending the investigated. As the Speaker, she would check what the report from the Acting City Manager was saying, if the resolution was implemented, the outcome should be provided and if not, the relevant HoD why the Council Resolution could not be implemented because Council was sitting with the situation in a different form. That on the Council meeting of the 28th of February, the report on that specific Council Resolution be provided."

Cllr ME Dennis delivered her speech as follows: "Thank you, Madam Speaker. The DA take note of this item, I have some questions on this item:

1. How can we as Council feel that this is money well spent? We know that some of the Senior Managers left this Metro poorer, that is literally and figuratively, because of their lack of commitment and the poor services they delivered to residents.

2. How can Mangaung Metro afford to pay money to senior and other managers who could not delivery basic services as their jobs required from them. Any Councillor in this Chamber here today can confirm that it is a futile exercise to get hold of any HoD or get any assistance from their Department. This leaves our already struggling residents to live in sewerage filled yards and streets and also struggling with water meter leaks and clear water running down streets from leaking pipes, costing us millions. Talking of streets, that is another of the resident's daily struggles, streets are full of potholes and in a deteriorating condition after all the rain we had. It endangers human life and is doing a lot of damages to vehicles.
3. How can the Honourable Minister justifies to pay a 1.5% cost of living gratuity monthly to these Manager? Is cost of living not the same for all employees, earning a lot less than these Snr Managers of this Metro? This is a slap in the face to all other employees of this Metro. Rising living costs is directly due to the poor way in which the Country and this Metro is governed under the ANC ruling. Thank you, Madam Speaker."

Cllr NP Monyakoana raised his dissatisfaction with the Heads of Departments and that the reason they were present, was because Council was sitting on a Monday and they fortunately booked their flights for that purpose and now they were requesting extra monies however as Councillors, they did not even know why they were paying them. That when the Team was brought to the Municipality, Council was informed that they would not spent a cent, and that he did in fact ask who will be responsible for payment of their bodyguards, accommodation and their salaries.

The Municipality was paying extra R52 000 for their acting but there was no proof that they were doing their job. In that case, who was then approving their acting allowances? If it was the Acting City Manager and the NCR who approved the payments of acting allowance, they would have to pay the monies back from then to date. There should be an investigation on why Council was misled on their payment and how would Council account for those monies? Furthermore the situation proved that intervention was not working for the Municipality.

Cllr JI Mokoena addressed the Council: "Thank you, Honourable Speaker. I have a few clarity questions:

- On page 8 and recommendations on page 10, it is indicated that the effective date of these upper limits is the 1st of July 2022 and when one looks at the financial implications, under paragraph 4, the number of months is 9, 10 and 12 which is essentially is with effect from 2021?
- Whether upper limits are a guide or mandatory because what is tabled today, reports relating to 2021/22 financial year, in terms of the Annual Report, SDBIPs etc and all are of concern to all of us because it looks like either some people were sleeping on the job or were not doing what they were expected to be doing. For purposes of consistency, I want to reflect that, we all know that we are under mandatory Financial Recovery Plan, which essentially means that we need to be prudent in terms of how we applied the resources of the Municipality.
- The Government Gazette on page 11, says, *notwithstanding the determination of the upper limits*, under paragraph 3, that the Municipal Council should be able to can determine whether it can pay remuneration as indicated.

- Under recommendation (d) of the item, on page 10 of the agenda that the new remuneration packages be adjusted in the Municipal Payroll system for ensuing financial years. Which essentially means we are imbedding and incorporating this additional expenditure, into a Municipality that cannot provide services to its residents, a Municipality that have been failing and that the AG has indicated growing concerns around cash flow, liquidity and it is for that reason in as much as, I am one of the people who appreciate hard work put in by different people, I want to propose that, paragraph (d) of recommendation be deleted and if there is new appointees as senior managers, the Executive Mayor negotiate packages between the minimum and mid, rather than the maximum because this further deepen the crisis in Mangaung.
- It is concerning that this report has been endorsed and signed off by the Executive Mayor and I know it is under recommendation and also signed off by the NCR however it seems like it is contradictory for us to be saying that we are under Financial Recovery Plan but we can still afford to pay people who already left the service with the kind of service delivery that our people have seen and it is for that reason I believe that Afrikan Alliance of Social Democrats, would inline with previous vote on matter relating to upper limits, even for Councillors, had said that the money can be well spent for the community and it is not right that our people can be looking at us on Facebook and hearing this horrible reports presented here, but when it came to money, all of us sitting around the table, are the ones that are trying to gift ourselves all of these monies. I thank you, Honourable Speaker."

Cllr JH Denner addressed the Council: "Honourable Speaker, this Municipality is charging for services that are currently not being delivered effectively. To put this into perspective, Mangaung is probably the worst managed Metro in South Africa, keeping in mind, this is a Country with very little management success stories in a Municipal space, Mangaung is the worst and yet is expected from Council to approve increases of upper limits for the Municipal Manager and his senior managers of R2.38 million and R1.9 million at the upper limit respectively. It is a crying shame that manages in a struggling bankrupt failing Municipality like Mangaung are remunerated at maximum of the upper limits. Why are they not being paid the lower limit? I want to second Cllr JI Mokoena, not even the lower limit, why not pay within the budget? Again, let us put this into perspective, the Municipal Manager earn basically the same as the Minister in Cabinet and more than the Premier of the Free State and senior managers, almost R700 000 more per year than a Member of Parliament. Is this justifiable? The Freedom Front Plus cannot support this."

Cllr DL Malebo remarked that if the EFF was in charge of this process, they were going to reject the upper limits with the content it deserved for the following reasons:

1. The last time Council had proper City Manager and HoDs was during the time of the former Executive Mayor, Mr Playfair Morule as others were masquerading as Section 56 and 57 managers.
2. That the City was currently on an auto pilot and worse under the guidance of missionary of Dr Nkosazana Dlamini Zuma and Mr Enoch Godongwana.

The Speaker interjected to instruct Cllr DL Malebo to observe the decorum of the Council and withdraw what she said about Minister of Finance, Mr Godongwana.

Cllr DL Malebo withdrew and continued:

1. That there were potholes, sewer spillages everywhere, however the same managers were able to purchase “*get out of my car*”.
2. That they were asking the Speaker and Executive Mayor to fast-track the appointment of permanent Section 56 managers.
3. That the EFF would have given the 4% increases to the Ward Committees and therefore could not wait that the current management leave the Municipality as they had obstructed service delivery.

The Speaker explained that in terms of Regulation 6b, the entity was supposed to take into account the sustainability that led to higher categorisation and affordability of higher categorisation using the following ratios: *liquidity ratio, creditors payment period, debtors collection rate, remuneration ratio and any other risks that could be identified*. Furthermore, page 7 had signatures of Acting HoD through to the Acting CFO, Acting City Manager, NCR and the Executive Mayor which then meant that they had considered those issues and submitted the recommendations for consideration.

The Speaker reiterated the proposal by Cllr MT Mosala to remove the wordings under recommendation (c) as follows: “*secondment acting allowances*” to read as follows: “*That the current Heads of Department be remunerated in accordance with the adjusted upper limits of former Heads of Departments*” and it was seconded by Cllr TKW Mokgothu.

The second proposal from Cllr JI Mokoena was to remove recommendation (d) and was thereupon seconded by Cllr MW Mongale.

Councillors voted as follows: Amendments as proposed by Cllr MT Mosala: 50 in favour, 34 against and 0 abstained. Amendments as proposed by Cllr JI Mokoena: 2 in favour, 79 against and 0 abstained. Therefore the amendment as proposed by Cllr MT Mosala was approved.

It was thereupon

RESOLVED

- (a) That Council noted the adjusted upper limits of the total remuneration packages payable to senior managers for the 2021/22 financial year implemented with effect from 01 July 2022 as published on 18th November 2022 in Government Gazette 47538 by the Minister of CoGTA.
- (b) That the former Head of Departments be remunerated the difference between 2020/21 upper limits and the 2021/22 upper limits as calculated.
- (c) That the current Heads of Department be remunerated in accordance with the adjusted upper limits of former Heads of Departments and
- (d) That new remuneration packages be adjusted in the municipal payroll system for the 2022/23 financial year and Heads of Departments be remunerated accordingly.

9.

EXTENSION OF ACTING CHIEF FINANCIAL OFFICER (CFO) AND APPOINTMENT OF ACTING HEAD OF DEPARTMENT SOCIAL SERVICES**Cllr MT Mosala remarked:**

- That under recommendations, they request that Mr L Denge's contract be extended until the 28th of February 2023.
- That on the recommendation (b), Ms Mahoholi Alina Mafisa was recommended as the acting Head Social Services and Public Safety. As the General Manager in Social Services, when one compared all the five (5) General Managers in the Department, she was the best qualified in terms of qualifications and had experience.
- That as the ANC, they therefore support both recommendations (a) and (b) for adoption by the Council.

Cllr GDP Kotze referred and read paragraph 2.4 (page 2) on the report and thereafter remarked: "Madam Speaker, the DA disagree with the statement by the Executive Mayor and the Acting City Manager. On the 30th of December 2022, the DA with Cllr M Davies send a formal email to the Acting City Manager with the following suggestions of independent members for the selection panel which reads:

Good morning ACM Motlashuping.

How are you? You had a festive Christmas and a blessed birthday. Please see below the DA suggestion for the independent members for the selection panels

Corporate Services: *Stephanie Cornelissen qualified in HR.*

Technical services: *Jaco Prinsloo whose on pension, worked for Ninham Shand Engineering specialising in Municipal infrastructure projects.*

Community Services: *Marietjie Landsberg Director of Aurora Alcohol and Drug Centre.*

Planning: *Prof Jaap De Visser Dullah Omar Institute, University Western Cape – Local government expert as planning research experience.*

Economic Development and Human Settlement: *Willem van Reenen*

Finance: *Sonja Steenkamp, professional accountant and finance specialist*

Madam Speaker, this report is misleading Council and the public. I do hope the NCR, Ms Malaza will report on this to the Minister of Finance. The Acting City Manager wants this Metro to fail. Madam Speaker, the DA cannot be rubber stamp again, at the end of February. We recommend that the Acting CFO's contract be extended for three (3) months, because in two weeks time we are going to have another Council meeting and were we will need to extend the CFO's contract again. Thank you, Madam Speaker."

Cllr E Snyman van Deventer addressed the Council: "Dankie Agbare Speaker. Ek sal begin met Raadslid GDP Kotze se voorstel sekondeer. Madam Speaker, this is putting us between the devil and the deep blue sea, we cannot appoint permanent HoDs and the City Manager because of the ANC, but we have to ensure the functioning of this Metro. We must appoint these acting positions to ensure that we can continue with service delivery. The ANC must get their house in order. The Honourable Executive Mayor must advertise and bring the necessary report to Council so that we can appoint permanent HoDs and the City Manager. As usual the Executive Mayor and the ANC led Metro Council were not following the timeframes and regulations.

We request that, please ensure that we appoint people in permanent positions. As a footnote, to be the GM of Parks and Cemetery, may not be the best advertisement on anybody's CV, if you have been to our Cemeteries and Parks this past year. Thank you, Madam Speaker.

Cllr ME Mogotsi addressed the Council: "Thank you, Madam Speaker. For the Mangaung Metropolitan Municipality to be stable, we must decide and appoint permanent CFO. Whatever factional battles of the ANC, are making the Metro appear incapable of carrying out and even the most basic task of filling the vacancies. Due to the instability in Mangaung, R509 million was returned to the National Treasury. we had suffered gradually since the Metro is not given enough funding because of its unpredictability. The previous Council resolved that we were doing away with the acting positions in the Municipality and so this acting position of Social Services is highly uncalled for to be extending on that, instead of appointing a permanent position. As the EFF, will never support this. Thank you, Madam Speaker."

Cllr MM Tladi supported the extension of the contract of the Acting CFO and furthermore that the Department of Social services had been without the HoD for a month and the Department was really struggling and therefore appreciated and supported the item.

Cllr MW Mongale remarked: "Madam Speaker we were torn between a rock and a hard place. We said we no longer want national intervention because we see that there are challenges that we are facing stagnation if not a decay. At the same time, we also said initially, that we do not want the provincial intervention because it was the one that premise the birth of a crisis in Mangaung.

On recommendation (b) in the document, it is making reference to Ms Mahoholi Alina Mafisa in a case her acting exceeds a particular period, the NCR has corrected to mean three (3) month, after the three months, the concurrence is being referred to the MEC of CoGTA, we are brought back to the Province where we have been told that we are under National intervention, Section 139(7). It has been changed without our knowledge that we are no longer under Section 139(7), we have been brought back to the Province. We don't know if National is tired of intervention and now they are relegating to the Province saying, see it yourself, we no longer know what to do with the process because you cannot even quote Municipal Systems Act or the legislation. When this National intervention was made, we were told that we are under Section 139(7), we were even told we should not go to legislations, but we must just accept it, painful as it was, we accepted it. Today now people who came with the same concepts are remerging from it, they are now taking us back to the Province of Free State.

On the issue of the incumbent, in this particular case, Ms Mahoholi Alina Mafisa, who has been the GM in the Parks and Cemetery, I just wish anyone who disagrees with me, to make a visit to South Park and try to see which grave can you see there because it looked like a forest. If you want to take any child to the forest, you can take them to South Park, they will know what is a forest. So, taking such a person to come and act here, we want our local brand and we agree with it, we support a local person but, we are saying don't embarrass us. Do not give us someone who is going to make people fight..."

On a point of Cllr MM Tladi stated that it was wrong of Cllr MW Mongale to mention that Ms Mahoholi Mafisa was not delivering and made example of South Park. That she have been crying in Council indicating that Social Service Department was not receiving sufficient budget. In the SDBIP it has been indicated why the Department was having red flags, it was because of insufficient budget and shortage of staff.

The Speaker reminded Cllr MW Mongale to stick to the item and he continued: “Parks and Cemetery are part of Social Services. Your excuse for money, is not justification and it was like when someone says: I have three children, I could only feed two, the other one, I could not feed, whose child is it anyway. All the Departments are Municipal Departments and they must all be serviced. We said it, even in the last financial year, we raised this to say let us not put an increase for Councillors, so that we must take that money to good use. We were outvoted, and it is the one that led to this crisis that money could have been there, to clean the graveyard and also to revive the parks and other areas where there is a crisis.

The Municipality is under siege and it needs someone who can save it and at the moment there seems to be no one in the leadership who is prepared to help the Municipality to get out of the current condition; it is scary. I so wish that someone can just sober up and realize that, we have a challenge here and we need an intervention and that intervention is of local people that can be able to deliver the services.”

Cllr CF Rampai requested clarity on the Council Resolution of the 7th of November 2022 where Social Services was not a Department and that Council should not appoint an acting HoD for the Department that did not exist.

The Speaker stated that she did raise the concern with the Acting HoD: Corporate Services. She then read the Council Resolution 186.7 taken on the 7th of November 2022. She then reminded the Council that the Ministers indicated that they would not be extending the Acting contracts beyond the 28th of February 2023, which then meant from the 1st of March 2023, Council would not have the a City Manager nor HoDs if there were no extensions.

The Executive Mayor responded:

- That the two Ministers were aware of the situation in Mangaung and after the Council meeting, he would have to communicate with both of them.
- The Department of Social Services, an Acting HoD was needed to lead the Department.
- That when Council advertise, it would be in accordance with the resolution taken by Council.
- That, even when Council pass the budget there would be vote numbers for social services.

In responding to Cllr E Snyman van Deventer regarding when will the Council advertise, the Speaker explained that the process had expired and Council needed to readvertise preferably during the current week, as Council was out of time with the selection panel. That at the time when Council was supposed to approve the item on selection panel, it was then withdrawn.

Cllr NP Monyakoana raised a concern that it would be unlawful to appoint someone in a position that did not exist. He further mentioned that Legal Services Unit be requested to advice, if not the Council was not sure about the item. Due to the fact that Council Resolution were not implemented, Acting City Manager and Acting HoDs, were not even aware of the position of HoD: Social Services and allowed Council to deal with the item. He asked the following questions:

- Why cant the current Acting HoDs, not assist the Department?
- That after three months, Council would also be expected to extend the acting appointments as the process of appointment had again expired?
- That on a question of what was going to happen after the acting appointment expire, the Council would have to appoint internally, appoint GMs to act on those positions.
- That on the issue of Acting CFO, Council had no choice but to extend the contract of the Acting CFO. However it should also be noted that the Acting CFO was appointed on the 19th of December 2022 and not the 1st of December 2022 and that the extension of the contract would then start on the 13th February 2023, and anything that happened before the date of the extension of the contract, Council will not be taking responsibility of it.

Cllr JE Sebolao asked how much was the Council spending on the advertisements?

Cllr PA Lotriet remarked that if the Minister signed off the new Metro Macro Structure and the position for the HoD Social Services was not on the Structure, then Council should not be allowed to vote on it. If Council ran into legal issues, there was still time to approach the Minister or either postpone the issue for seven (7) days.

The Speaker then responded that the Macro Structure was not yet been implemented and will remain as is, until implementation. That after the implementation of Macro Structure, the Micro Structure, staff below would also be submitted to Council for approval.

Cllr MM Tladi asked clarity that, if Councillors were saying that the Acting HoD for Social services be appointed from the team already there, as they were only left with one week, what was going to happen to Social Services Department after the contract expire, which then meant other Acting HoDs from National should not be there, for instance, there was still HoD of Planning as well as Waste and Fleet and those Departments were also merged.

The Speaker reiterated that Council has not yet implemented and during the implementation, it would only be then that the Departments would be merged as resolved by Council.

Prior voting, the Speaker indicated that an amendment to the recommendation to include the extension date of the contract of the Acting CFO be from the 13th of February until 28 February 2023 was not supported.

The Council thereon voted as follows on the item as is: 47 in favour, 0 against and 34 abstained.

It was thereupon

RESOLVED that Council

- (a) Extend acting period of Mr Lutanyani Denge, current acting Chief Financial Officer until 28 February 2023 to be in line with the acting period of the rest of the seconded Heads of Department.
- (b) Appoint Ms Mahoholi Alina Mafisa as the acting Head Social Services and Public Safety for the period of three months or until the position has been filled whichever comes first and that should acting period exceed six months, concurrence must be sought from MEC for CoGTA in line with Municipal Systems Act.

10**FEEDBACK ON CONCERNS RAISED BY COUNCILLORS TO THE MINISTER OF FINANCE AT COUNCIL MEETING HELD ON 07 NOVEMBER 2022.**

Cllr E Snyman van Deventer addressed the Council: *"Dankie Agbare Speaker. Ek wil verwys na die brief self, en ek wil aanhaal: 'as explained at the Council meeting, the establishment and the composition of the intervention team are the discretion of the Minister of Finance and therefore Council is reminded that I am responsible for effecting any changes to the intervention team'.*

Yes, Madam Speaker, the Honourable Minister of Finance thus have this discretion however our concern is about, one new member of the intervention team, suspended in KwaZulu Natal in August 2022 and another dismissed by the SABC in 2014 and in 2018 as CFO of a Metro was not answered. He promised to take responsibility for the changes and he also said that, he will look into it and report back and he will take responsibility for any consequences of his appointments.

Again as always, Council members especially those of the opposition are disregarded and the state is shown towards our problems with these appointments. Honourable Minister, thank you for the letter however I want to remind you that you have one person the majority in this Metro. You have fear every single by-election between now and 2026, you will lose your majority and we as the opposition will find, every single fraudulent corrupt transaction and make sure that everybody responsible, politician or official involved will end up in jail were they all belong. Thank you, Madam Speaker."

Cllr JC Pretorius addressed the Council: "Madam Speaker, Executive Mayor and his Mayco, Councillors, Acting City Manager, Acting CFO, Acting HoD's, National Cabinet Representative and her supporting team, and all Officials in Mangaung Metro Municipality at work and all the officials sitting at home, media and residents present and residents watching the stream on Facebook, good afternoon, dumelang en goeie middag. In Afrikaans we say: "dis n mond vol", Meaning that there are so many positions and titles in this Metro. So many chiefs, so many bosses, so many managers, so many salaries, but at the end the people on the ground still have nothing. No service delivery, no running clean water, crime invested neighbourhoods, potholes and sewage invested roads, health hazard environments, no reliable electricity, and no infrastructure.

Madam Speaker, through you, we are sick of an Executive Mayor and his Mayco that is never in their office's doing the work that needs to be done. We are sick of an Acting City Manager who is not implementing Council resolutions, from the Ombudsman to bringing a list of candidates for the permanent City Manager position that has been vacant almost two years. We are sick of not one person replying or responding to our letter of demand in November last year where we assisted by pointing out exactly where this governing party and administration must focus to bring back service delivery to this Metro. We are sick of officials not answering their phones and attend to service delivery issues..."

The Speaker interjected to request that Cllr JC Pretorius stick to the item at hand. He indicated that he was raising concerns in relation to the item. He continued as follows:

"We are sick of officials with their corrupt activities yet no one does anything to stop this. We are sick of paying taxes and for refuge removal but yet we get nothing in return. We are sick that our motion of no confidence in the Executive Mayor has not yet be tabled in Council after it was send to the Speaker's office in September 2022. We are sick to hear the ANC fires the Executive Mayor every week in the media yet he still sits here today. We are sick that our residents and rate payers are suffering because of the lack of leadership in this Metro.

The Democratic Alliance note the letter from the Finance Minister on the 2nd of February 2023, three months later after the Council meeting of 7 November 2022. We support the recommendation that a forensic investigation on misappropriation of conditional grant funding has to be conducted by the Metro and as stated in the Minister's letter that corrective measures must be taken against the responsible Municipal officials. Thank you, Madam Speaker."

The Speaker stated that the Council would not be voting as the item was submitted for noting.

RESOLVED that Council:

- (a) Noted the letter from the Minister of Finance in response to the matters raised by Councillors at the Council meeting held on 07 November 2022.
- (b) Forensic investigation on misappropriation of conditional grant funding will be conducted by the Metro to provide accurate information on what has occurred in conjunction with the process initiated by the Minister of Finance.

7.	REPORTS FROM THE SPEAKER
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None.

NOTED.

8.	REPORTS FROM THE MPAC
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None.

NOTED.

9.	IN COMMITTEE REPORTS
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None.

NOTED.

10.	CLOSING OF THE SPECIAL COUNCIL MEETING
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The Speaker officially closed the meeting at 17h38.

SECRETARIAT UNIT
COMMITTEE SERVICES

The Council approved the minutes at the meeting held on Wednesday, 12 July 2023 under Item 109.3



SPEAKER OF COUNCIL
CLLR M DAVIES



CONFIDENTIAL

ANNEXURE

MANGAUNG METROPOLITAN MUNICIPAL COUNCIL

**TABLED PRESENTATION
RECEIVED FROM THE
OFFICE OF THE AUDITOR
GENERAL ON ITEM 6.1**

Members are kindly requested
to retain this annexure for use
with the minutes

**MANGAUNG
METROPOLITAN
MUNICIPALITY**



1

MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence

VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability.

2



STRATEGY 2030

making a difference in the lives of our people

We will realise our strategic aspiration by focusing on six strategic goals

Strategic aspiration

To have stronger, more direct and consistent impact on improving the lived reality of ordinary South Africans

Theory of change

Sustainably and efficiently shift public sector culture through insight, influence and enforcement

Accountability ecosystem

Broad-based, effective network of stakeholders driving and deepening public sector accountability



Sustainably

Acquire, develop and maintain the quantity, quality and configuration of people, resources and capabilities to safely achieve and sustain our desired levels of impact



Efficiently

Unlock latent capacity in the existing resource base and our people and lower the cost and effort with which we derive each marginal unit of quality, insight, influence and enforcement



Shift public sector culture

Move a critical mass of auditees towards organisational cultures characterised by transparency, integrity and accountability



Insight

Generate audit insights that illuminate understanding, drive action and yield results



Influence

Move stakeholders from mere awareness of our messaging to action on and advocacy of our messaging



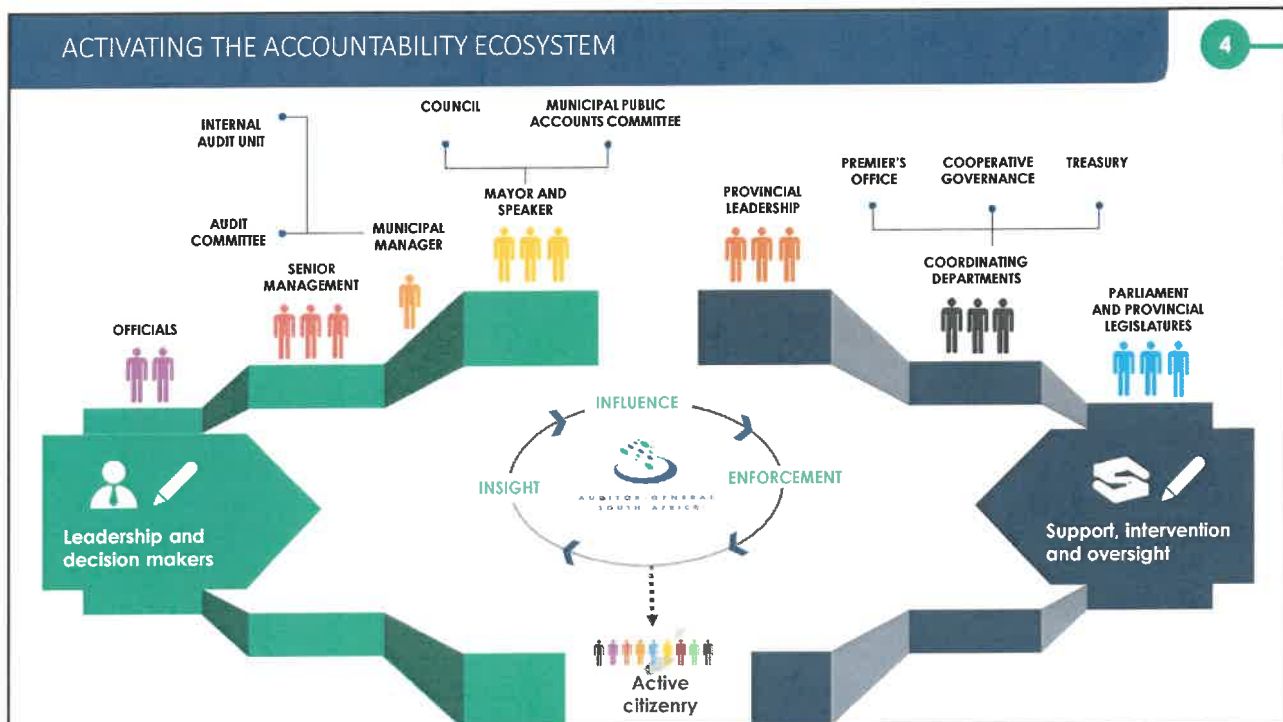
Enforcement

Apply powers to directly and indirectly recover resources lost to the state and taxpayers and ensure application of consequences for wrongdoing

3

ACTIVATING THE ACCOUNTABILITY ECOSYSTEM

4



4



5

Overall key message

The audit outcome of the group has regressed from the 2020/21 financial year when it received an unqualified with findings audit opinion. During the 2021/22 financial year, the group obtained a qualified audit opinion with findings. There are also material matters that are of concern and require significant and urgent intervention for the group to obtain an unqualified opinion in future.

I have noted an overall decline in the status of the key internal controls within the group. Senior management only provided limited assurance during the financial year under audit, which is evident in the number of non-compliance matters reported on in the audit report and the material misstatements in the submitted financial statements.

The outcome of the pre-determined objectives stagnated in 2021/22, as the group received another disclaimer audit outcome reported in the management report. The group could not substantiate the actual reported achievements, while others differed materially from the supporting evidence. Limited measures were taken to improve the municipal performance reporting processes, as the performance management system and related controls were still not adequate.

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Overall key message

The increase in non-compliance matters identified is due to management not taking sufficient and effective steps and actions toward addressing gaps identified in the compliance with relevant laws and regulations that govern the group. Management also does not sufficiently take into account and implement, in a timely manner, the recommendations from independent evaluators of the group's controls (e.g. internal and external auditors).

I am concerned about the instability within the municipality during the financial year. The frequent changes in the role of the accounting officer, as leader of the institution, lead to a breakdown in governance and insecurity among municipal officials. The positions of senior managers within the municipality also remained vacant after the previous incumbents' contracts ended during the year.

The financial health of the group has not improved, with numerous unfavourable financial indicators. The group also incurred a significant amount of unauthorised expenditure during the year under review, which could further negatively impact on the group's financial health.

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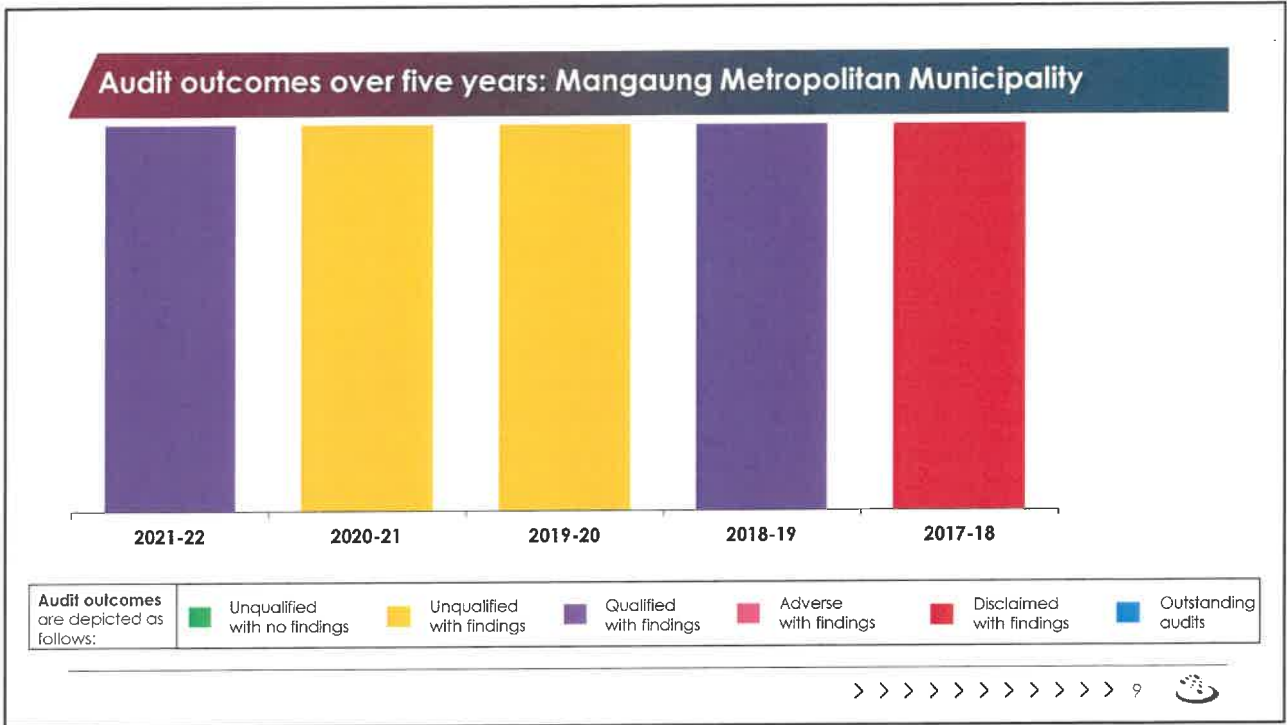
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Audit of financial statements

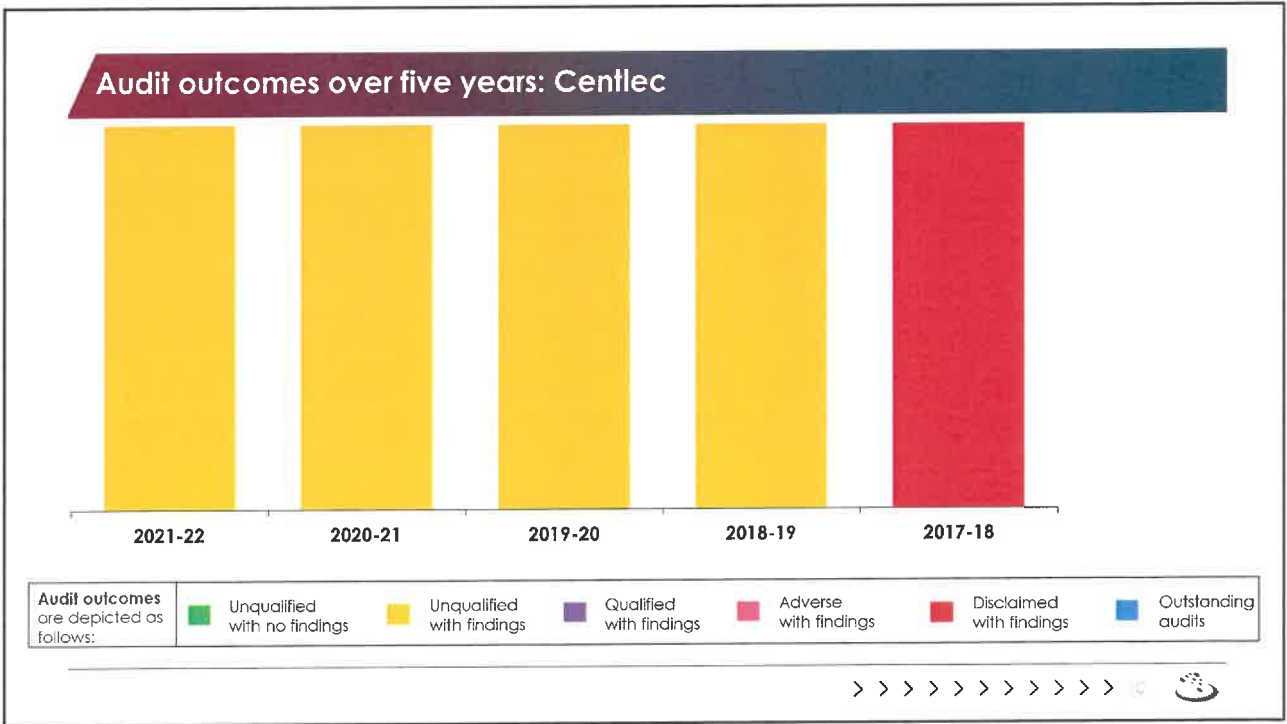
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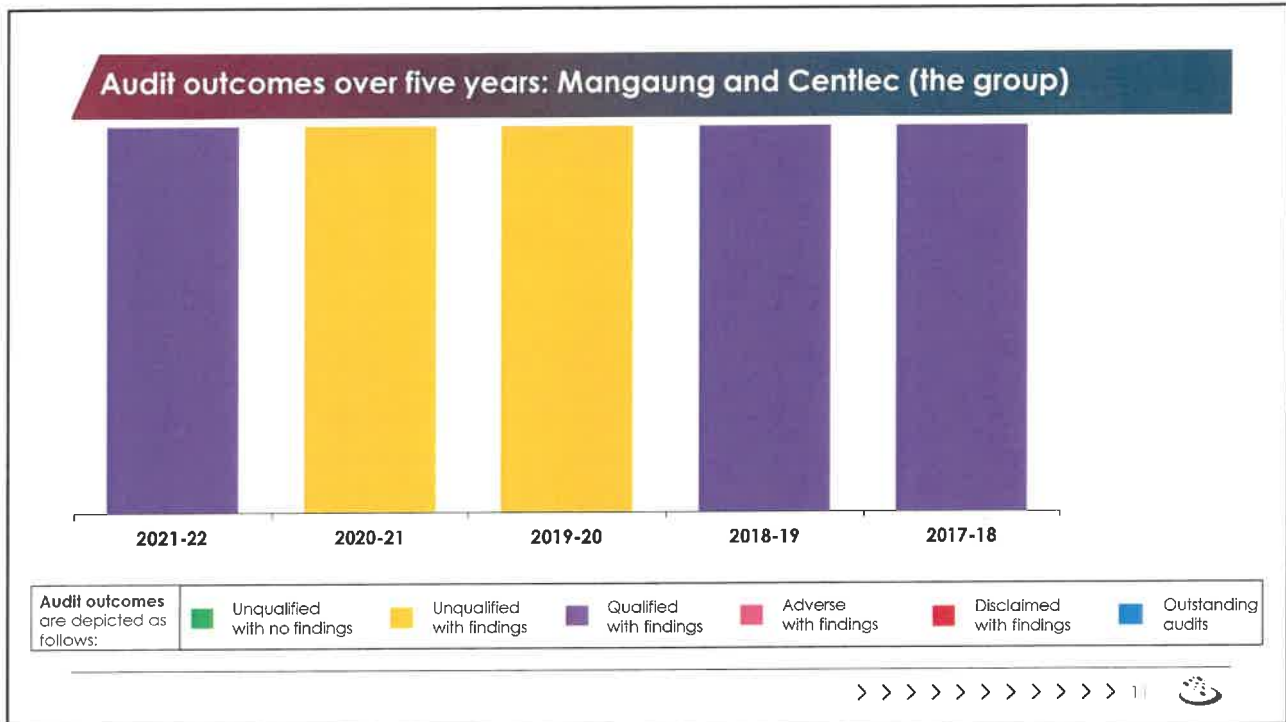
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Qualification areas

Financial statements qualification areas

Financial statement item	Basis of qualified audit opinion 2021-22	Basis of qualified audit opinion 2020-21	Basis of qualified audit opinion 2019-20	Basis of qualified audit opinion 2018-19	Basis of qualified audit opinion 2017-18
Current liabilities	Yes	No	No	No	No
Employee costs and benefits	Yes	No	No	Yes	Yes
Fines, penalties and forfeits	No	No	No	Yes	Yes
Payables from exchange transactions	No	No	No	Yes	No
Irregular expenditure	No	No	No	Yes	No

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12

Detail qualifications

Employee-related costs

- I was unable to obtain sufficient appropriate audit evidence for expenditure relating to overtime, shift and standby allowances included in employee-related costs due to inadequate processes to ensure that a need was established for overtime to be worked or that overtime was actually worked by the municipal officials. I was unable to confirm overtime, shift and standby allowances by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to overtime, shift and standby allowances, stated at **R233 731 926** in **note 43** to the consolidated financial statements.

Current liabilities

- The group did not recognise all current liabilities that met the definition of a liability in accordance with GRAP 1, *Presentation of financial statements*. The group received goods and services before year-end; however, these were not recognised as current liabilities. Consequently, current liabilities were understated and general expenditure and contracted services were understated by **R105 692 508**.

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Root causes that lead to the qualification

Root causes for regression in audit outcomes

There has been a **slow response** from management to address **governance concerns** within the municipality, caused by the **frequent changes** in the role of the accounting officer and high vacancy rate within key municipal positions.

Leadership did not adequately **monitor and enforce** the implementation of the corrective measures included in the **audit action plan** to address inadequate internal control measures and apply consequence management for weaknesses identified during previous years' audits.

Management's failure to prioritize, develop and apply **standard operating procedures** to manage performance reporting, including the **safeguarding of information** and **effective** monitoring and evaluation of reported performance information against the set indicators resulted in material findings in the annual performance report.

Management's **lack of detailed review** of the financial statements and the underlying records resulted in material misstatements, which were not detected and corrected or prevented by the municipality's internal processes.

Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support **financial and performance reporting**.

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Audit of pre-determined objectives



15

Audit of Predetermined Objectives (AoPO)

Objective – KPA 2: Basic service delivery

Findings	Root causes	Impact	Recommendation
During the evaluation of the usefulness of the reported performance information to determine if it was properly presented and whether it was consistent with the planned development priorities, it was found that the measurability and disclosure of several of these related indicators and targets were not useful in all aspects. Consistency differences between planned and reported achievements occurred, together with planned indicators and targets not clearly defined or verifiable. Furthermore the reported measures to improve on non-achieved targets could not be supported by evidence.	- Co-operation between the different departments, with the review and confirmation of supporting evidence for reported achievements were not sufficient. - The oversight reviews and recommendation made to improve on the quality of portfolio of evidence for each reported achievement were not adhered to by the different departments.	- Due to planned and reported achievements of several indicators an targets not being useful the priorities raised by the MMM's communities, during the public participation meetings held prior to this reported financial year, were not effectively addressed. - Due to poor record keeping management might fail to make sound oversight decisions, which resulted in delays and inadequate responses to the community in terms of meeting demands of service delivery.	- Management should ensure that the indicator targets are specific and user-friendly for the citizens so that there are no repeat request on each annual public participation. - All supporting evidence must be confirmed and reported in line with the planned indicators and targets. - Management should implement the corrective measures for non-achievements reported, to ensure the public's concerns are addressed.

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16

Audit of Predetermined Objectives (AoPO)

Objective – KPA 2: Basic service delivery

Findings	Root causes	Impact	Recommendation
We were unable to confirm that the reported performance information was reliable since the validity, accuracy and completeness of several reported achievements could not be substantiated by audit evidence. This resulted in material differences and overall limitation on the reliability of reported information.	- The lack of accurate and complete records due to slow response by management to improve on similar limitations reported in prior years. - Funds are re-allocated during adjustments budget process to other priorities during the year or budget constrains experienced causing delays and non-achievement of targets.	- Limitation on supporting evidence resulted in the achievement not confirmed. - Citizens of MMM loose confidence that the reported achievements are true and accurate when there are limitation of scope for audit evidence. - Citizens are not getting proper and actual feedback about their requests and therefore no progress is reported on the needs raised by the communities.	- All supporting evidence must be maintained, confirmed and reported in line with the planned indicators and targets. - Management should ensure that all supporting documents are collected and available. - Management should limit reallocation of funds that were initially allocated to projects. Proper monitoring processes should be in place to report progress.

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17

Audit of Predetermined Objectives (AoPO)

Objective – KPA 2: Basic service delivery

Findings	Root causes	Impact	Recommendation
- Several targets planned to provide households in informal settlements with water and sewer connections were not achieved. - Various non-achievement of planned sanitation indicators and targets were reported regarding bulk water sewer pipelines and sewer connection to households.	Throughout the financial year the funds are either not utilised or reallocated to other projects, without revising the approved planned indicators and targets, resulting in the non-achievement being reported.	- Almost 5 000 households in the informal settlements at Botshabelo and Mangaung were not provided with water and sewer connections. These households will be reliant on communal water points which would impact on their basic needs for clean water and sanitation in their direct household environment, which can cause health risks if not attended to. - The delays in completing the bulk sewer pipelines at Vista park and Bloemspuit will have a direct impact to those citizens as these pipelines are crucial to enable individual households to connect to the bulk sewer network and when not connected the households will experience raw sewage overflows and spills in their communities, which left as is, will lead to environmental, public health and safety hazards.	Planned priorities should be initiated and not re-prioritized to ensure the needs raised by the communities are addressed.

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18

Audit of Predetermined Objectives (AoPO)

Objective – KPA 2: Basic service delivery



Findings	Root causes	Impact	Recommendation
Certain indicators were not achieved with regards to Waste Water Treatment Works (WWTW) which was evident from the zero achievements reported.	Throughout the financial year the funds are reallocated to other priorities and projects are therefore not progressing or moving which affects the citizens of Mangaung as their expectations are not being met.	Non-functional WWTW are placing the surrounding communities at risk due to inadequate and poorly maintained infrastructure resulting in non-compliance of wastewater treatment, with specific standards and legislative requirements, e.g. National Water Act. The upgrades not completed renders the WWTW not able to increase its capacity, improve effluent quality and reduce foul odours. This creates a hazard to the environment and the surrounding communities.	Management should not reallocate funds that were initially allocated to projects without documenting a recovery plan to ensure that targets are still met.

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Other matter reported relating to pre determined objectives

Achievement of planned targets

1. Refer to the annual performance report for information on the achievement of planned targets for the year. This information should be considered in the context of material findings on the usefulness and reliability of the reported performance information in paragraph(s) 32 to 50 of this report. The MMM achieved **13%** of the planned targets for the year in the selected KPA basic service delivery. Some of the planned targets that were not achieved related to key service delivery indicators on water, sanitation and electricity (par 50 in the consolidated audit report)

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20

Audit of compliance with laws and regulations



21

Compliance with laws and regulations



Focus Area	Material non-compliance 2021-22	Material non-compliance 2020-21	Material non-compliance 2019-20	Material non-compliance 2018-19	Material non-compliance 2017-18
Annual financial statements	Yes	Yes	Yes	Yes	Yes
Expenditure management	Yes	Yes	Yes	Yes	Yes
Revenue management	Yes	Not scoped in	Not scoped in	Yes	No
Asset management	Yes	Not scoped in	Not scoped in	No	No
Strategic planning and performance management	Yes	Yes	Yes	Yes	No
Procurement and contract management	Yes	Yes	Yes	Yes	Yes
Consequence management	Yes	Yes	Yes	Yes	Yes
Utilisation of conditional grants	Yes	No	Yes	Yes	Yes
HR management	Yes	Not scoped in	Not scoped in	Yes	Yes
Environmental management	Yes	Not scoped in	Not scoped in	Not scoped in	Not scoped in

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Detail non-compliance identified

Financial statements and annual reports

- The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.
- The council failed to adopt an oversight report containing the council's comments on the 2020-21 annual report, as required by section 129(1) of the MFMA.

Revenue management

- An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Strategic planning and performance management

- The performance management system and related controls were inadequate due to the significant internal control deficiencies identified resulting in usefulness and reliability findings on indicators and targets, as required by municipal planning and performance management regulation 7(1).

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Detail non-compliance identified

Expenditure management

- Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
- Reasonable steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control, including procedures for the approval, authorisation and payment of funds, as required by section 65(2)(a) of the MFMA.
- An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, and accounted for creditors as required by section 65(2)(b) of the MFMA.
- Reasonable steps were not taken to prevent irregular, fruitless and wasteful and unauthorised expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

- An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

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Detail non-compliance identified

Procurement and contract management

- Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.
- Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.
- Two contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by the 2017 preferential procurement regulation 9(1).

Consequence management

- Unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

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Detail non-compliance identified

Utilisation of conditional grants

- I was unable to obtain sufficient appropriate audit evidence that the public transport network grant (PTNG), the urban settlement development grant (USDG) and the informal settlement upgrading partnership grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Dora.
- Performance in respect of programmes funded by the PTNG was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.
- Performance in respect of programmes funded by the USDG was not evaluated within two months after the end of the financial year, as required by section 11(6)(b) of the Dora.

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Detail non-compliance identified

Human resource management

- Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000.

Environmental management

- The Botshabelo, Thaba Nchu, Bloem industrial, Bainsvlei, Northern Works, Welvaart, Bloemspruit, Dewetsdorp, Wepener, Soutpan and Van Stadensrus wastewater treatment works did not have a valid operating licence, as required by section 22(1)(b) of the National Water Act 36 of 1998.
- The Wepener solid waste management facility did not have a valid operating licence, as required by section 20(b) of the National Environmental Management Waste Act 56 of 2018.

Specific focus areas



Emphasis of matter

Material impairments

- As disclosed in note 49 to the consolidated financial statements, material losses of R1 857 510 907 (2021: R823 611 587) were incurred as a result of bad debts written off and impairment of consumer and traffic fine receivables.

Material losses

- As disclosed in note 51 to the consolidated financial statements, material water losses of R406 666 962 (2021: R337 156 450) were incurred, which represent 45% (2021: 45%) of total water purchased. These losses were due to burst water pipes, leakages and unmetered sites.
- As disclosed in note 51 to the consolidated financial statements, material electricity distribution losses of R241 915 025 (2021: R182 694 562) were incurred, which represent 10,96% (2021: 10,05%) of total electricity purchased. The losses were as a result of line losses, tampering, theft, and variances due to monthly consumption estimates.

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Emphasis of matter

Underspending of the conditional grant

- As disclosed in note 20 to the consolidated financial statements, the group materially underspent the conditional grants by R571 039 043 because most of the funds were received close to year-end, leaving the group with limited time to meet the grant requirements.

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Material uncertainty relating to going concern

Note 62 to the consolidated financial statements indicates that the group:

- 1) Incurred a net loss of R872 688 325 (2021: R20 230 382)
- 2) Current liabilities exceeded its total assets by R485 444 061 (2021: R167 767 918).
- 3) Average payment term of suppliers was 165 days (2021: 162 days).
- 4) Owed the water board R568 836 830 (2021: R670 029 022), which amount was long overdue.
- 5) The municipality was experiencing labour difficulties and vacancies in key positions (91%)

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Unauthorised expenditure over five years



	2021-22	2020-21	2019-20	2018-19	2017-18
Incurred in financial year	R1 448 495 011	R757 143 500	R1 475 175 240	R1 363 962 321	R874 191 987
Closing balance	R5 639 510 990	R4 636 425 711	R3 879 282 210	R2 404 106 970	R4 460 261 233

As disclosed in note 64 to the consolidated financial statements, the group incurred unauthorised expenditure of R1 448 495 011 (2021: R757 143 500) due to overspending of the budget.

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Unauthorised expenditure (2021/22 breakdown)



Unauthorised expenditure per department - OPEX	Amount (R)
Corporate Services	127 891 731
Engineering Services	388 436 939
Finance	13 443 234
Human Settlement and Housing	15 188 444
Social Services	16 112 888
Strategic Services & Service Delivery	852 651
Waste and Fleet Management	77 627 263
Public Safety	20 666 553
Water Services	560 315 820
Centlec (SOC) Limited	194 513 696
Unauthorised expenditure per department - CAPEX	Amount
Finance	68 920
Waste and Fleet Management	33 376 872

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33

Irregular expenditure over five years



	2021-22	2020-21	2019-20	2018-19	2017-18
Incurred in financial year	R186 535 056	R222 865 051	R1 601 748 845	R854 942 432	R136 343 730
Closing balance	R3 082 458 701	R2 895 923 645	R2 673 058 594	R1 071 309 749	R552 967 800

As disclosed in note 66 to the consolidated financial statements, the group incurred irregular expenditure of R186 535 056 (2021: R222 865 051) due to non-compliance with supply chain management processes.

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Procurement and contract management

	Total		Quotations		Competitive bids	
	Number	Value R	Number	Value R	Number	Value R
Limitations – awards selected but could not be tested	0	0	0	0	0	0
Awards where non-compliance was identified	35	R564 085 277	1	R90 638	2	R10 973 943
Irregular expenditure identified	4	R31 429 347	0	0	2	R10 973 943
Instances of irregular expenditure where goods/services were not received	0	0	0	0	1	R6 594 560

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Procurement and contract management

Quotations

One (1) contract was awarded to bidder based on preference points that were not allocated and/or calculated according to the requirements of the Preferential Procurement Policy Framework Act and its regulations.

Competitive bids

One (1) contract to the value of R9 676 624 was awarded to bidder who had not submitted a declaration on whether they are employed by the state or connected to any person employed by the state.

Two (2) contracts to the value of R15 290 603 were procured without inviting competitive bids, and the deviations were approved even though it was practical to invite competitive bids.

Tender requirements for two (2) contract above the value of R30 million did not include a condition for mandatory subcontracting.

Contract management

The performance of thirty (30) contractors or providers was not monitored monthly and no contract performance and monitoring measures and methods were applied. The total value of related contracts was R544 414 367.

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Irregular expenditure (2021/22 breakdown)



Incidents/cases identified	Amount (R)
Non-compliance with SCM processes: (a) Goods and services with a transaction value of more than R200 000 were not procured through a competitive bidding process. (b) Deviations from competitive bidding were not properly approved and justifiable. (c) The winning provider did not submit a declaration of interest (d) Awards were made to providers whose tax matters had not been declared by SARS to be in order. (e) The allocation and calculation of preference points was incorrectly done in accordance with the requirements of the PPPF Act and PPR. (f) Tender requirements included a condition for mandatory sub-contracting to advance designated groups	174 571 041
Procurement in contravention with SCM policy	290 968
Overpayment of councillors	24 228
Contracts declared as irregular expenditure: (a) Extension/ modification to contracts (including variation orders) was not approved by a delegated official.	11 648 819

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Fruitless and wasteful expenditure over five years



	2021-22	2020-21	2019-20	2018-19	2017-18
Incurred in financial year	R93 607 043	R31 613 197	R26 251 871	R17 746 087	R26 700 031
Closing balance	R240 258 728	R146 651 685	R115 038 488	R88 786 617	R70 461 536

As disclosed in note 65 to the consolidated financial statements, the group incurred fruitless and wasteful expenditure of R93 607 043 mainly due to payments made on key service delivery projects that were not delivered.

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Fruitless and wasteful expenditure (2021/22 breakdown)

Incidents	Amount (R)
Interest paid to the Auditor General due to late payments	135 167
Interest paid to Eskom SOC Ltd due to late payments	114 783
Interest paid to the Provincial Department of Police, Roads and Transport due to late payment	66 001
Interest paid to Modderivier Kalkveld WGV due to late payments	36 868
Interest paid to Telkom SA Ltd due to late payments	225 747
Interest paid to the SABC due to late payments	636
Expenditure incurred relating to the Mangaung Metro Police Department	4 543 030
Interest due to various court orders	1 609 439
Overpayment of councillors allowances	24 228
Overpayment of suppliers	2 029 155
Interest paid to Bloemwater due to late payments	23 731 624
Payments made on key service delivery projects that were not delivered or duplicated	51 415 178
Interest incurred on late payment of Eskom SOC Ltd, Telkom SA Ltd and Department of Labor accounts	9 675 187

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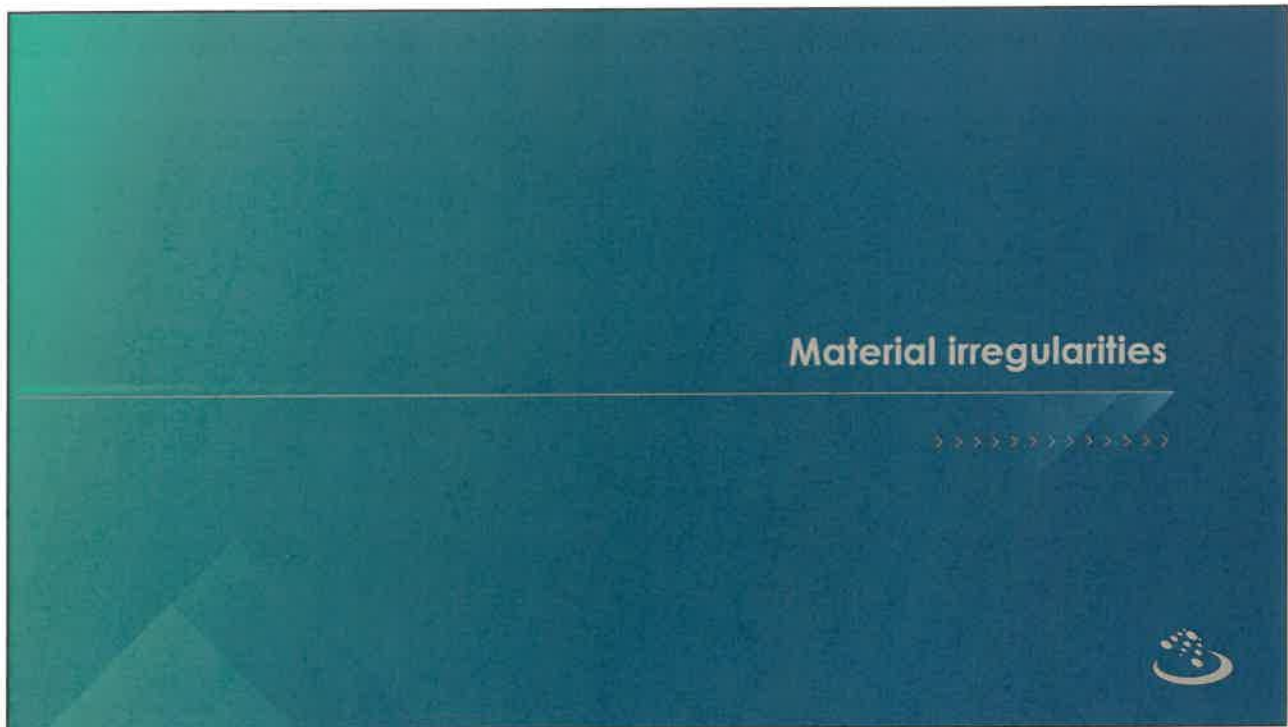
Fruitless and wasteful expenditure (2021/22 breakdown)

Detail of payments made on key service delivery projects that were not delivered

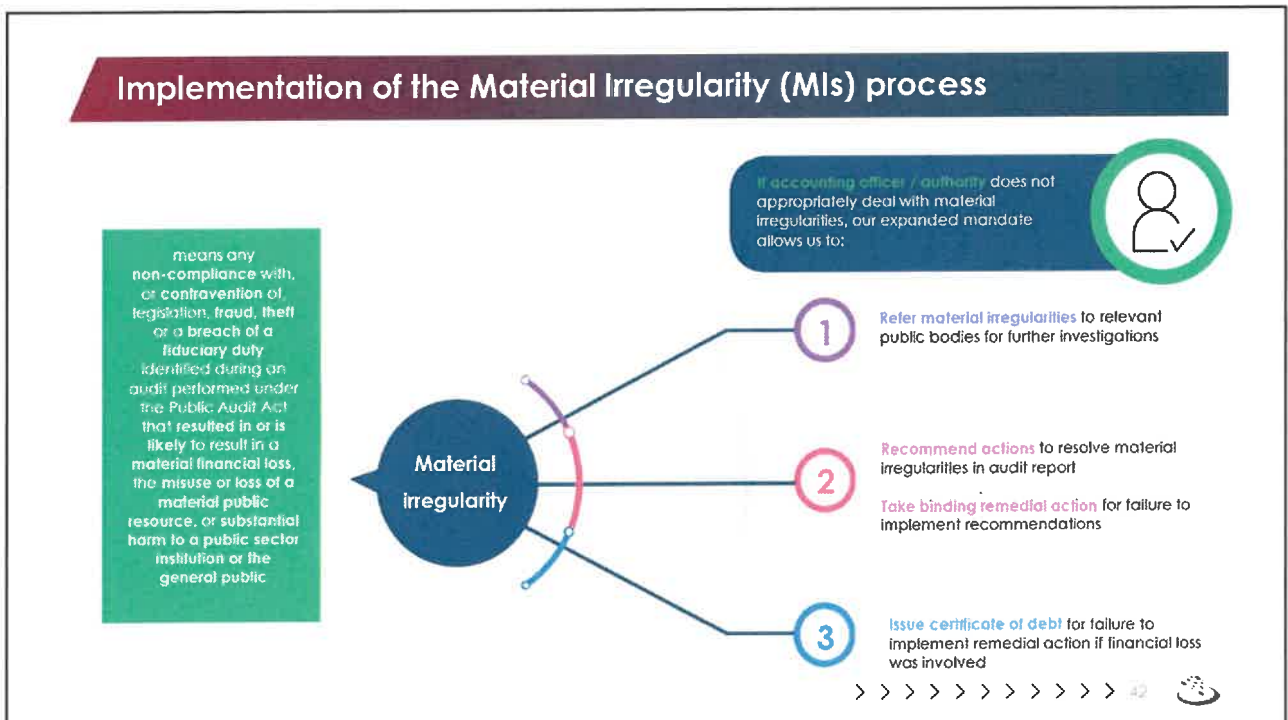
Detail	Project
Items and/or deliverables previously paid in full to the previous contractor tendered again by the replacement contractor	Project 1A and 1B: Construction of trunk routes for IPTN roads infrastructure network: Moshoeshoe Road Part A and B Upgrading of Street and Stormwater in Bochabela road
Extension of times claimed by the contractor emanating from reason beyond contractor's control	IPTN Trunk Routes: Fort Hare Trunk Route and Chief Moroka Crescent Extension of Vereeniging avenue and construction of bridge over railway line with interchange Widening of Vereeniging avenue to dual carriage way and construction of new intersection The construction of Water Networks in Grassland for Mangaung Metro Municipality
Deliverables paid for by the municipality could not be verified on onsite	Waaiohoek precinct re-development Upgrading of streets and Stormwater Bergman square and rose avenue
Inadequate project planning which resulted to project cost escalations	Water connection in Botshabelo West for 2500 houses

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Material Irregularities (MIs) Identified in prior years

Notified	Type	MI description	Status of MIs	Status description
08 March 2021	Financial loss	Under declaration of employee taxes	Resolved	- A permanent project leader has been appointed to process SARS submissions to prevent such non-compliance from recurring, with effect from 1 September 2020. - The municipality requested remission from SARS on 16 November 2021, to waive the interest and penalties. In a letter dated 9 December 2021, SARS confirmed that the penalties have been waived. - The responsible official has been subjected to an internal disciplinary process.

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Material Irregularities (MIs) Identified

Notified	Type	MI description	Status of MIs
9 April 2022	Financial loss	Construction of trunk routes for IPTN roads infrastructure network phase 1C, Chief Moroka link road: Payment for extension of time not in agreement of the contract	The matter is being escalated to the MIU
20 October 2022	Financial loss	Pollution of water resources not prevented – Botshabelo Wastewater Treatment Works	Management response received and is currently being assessed by the AGSA
20 October 2022	Financial loss	Pollution of water resources not prevented – Sterkwater Wastewater Treatment Works	Management response received and is currently being assessed by the AGSA

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Material Irregularities (MIs) Identified

Notified	Type	MI description	Status of MIs
3 November 2022	Financial loss	Reasonable steps not taken to safeguard zoo animals	Management response received and assessed. Management response is not sufficient. Updated response has been requested.
10 November 2022	Financial loss	Poor management of the Southern Waste Landfill Site in Mangaung	Management response received and assessed. Management response is sufficient. Further, information/clarity is required.

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Outstanding Audit Fees

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Total	Current	1-30 days	31 to 60	61 to 90	91 to 120	120+	Comment
R741 140	R191 147	R549 993	R0	R0	R0	R0	Continuous payment has been received

Mangaung

Total	Current	1-30 days	31 to 60	61 to 90	120+	Comment
R12 779 034	R1 333 717	R3 769 580	R7 675 737	R0	R0	Last payment was received in January 2023

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Recommendations

1. In developing their action plan, management should give urgent attention to the lack of proper record keeping to ensure complete, accurate and reliable information is available upon request. Management should furthermore address the shortcomings noted in the consequence management environment. It is important that the root causes which resulted in material audit findings be addressed by means of a credible and monitored action plan and officials should be held accountable for transgressions.
2. A disciplinary board or committee should be established in order to investigate instances of UIFW and apply consequence management against implicated officials.
3. Management should establish a grant framework which includes deliverables in terms of grant spending which must be monitored.
4. A project management unit should be established to monitor key service delivery projects performance against deliverables and to intervene when projects are behind. The project management unit should also confirm that project are delivered at the required quality, quantity and price.

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