

NCOP VISIT

Metsimaholo Local Municipality

29 October 2020

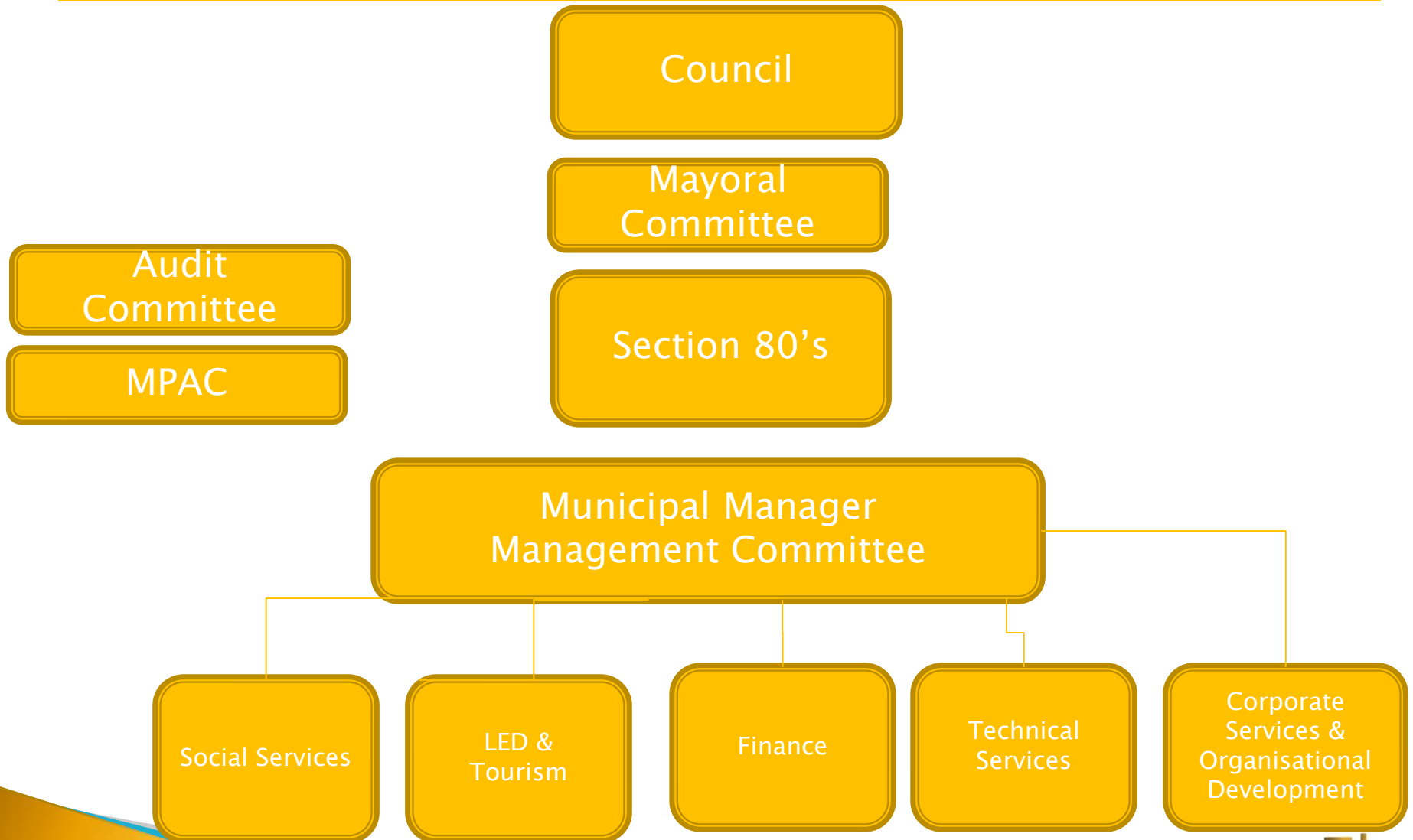
Theme: Ensuring Capable and Financially Sound Municipalities



CONTENTS

1. INSTITUTIONAL STRUCTURE
2. SERVICE DELIVERY PLANS
3. IDP
4. PROVISION OF BASIC SERVICES:
 - a) WATER & SANITATION
 - b) ELECTRICITY
 - c) REFUSE COLLECTION
5. STATE OF MUNICIPAL INFRASTRUCTURE
 - ▶ a) ROADS
 - ▶ b) PURIFICATION PLANTS
 - ▶ c) SEWAGE SYSTEMS
 - ▶ d) PUBLIC PARKS
 - ▶ e) PUBLIC SAFETY
6. FINANCIAL RECOVERY PLAN
7. IMPACT OF SECTION 139 INTERVENTION
8. GOVERNANCE STRUCTURES

Institutional Structure



SERVICE DELIVERY PLANS

- The 2020/21 Service Delivery & Budget Implementation Plan (SDBIP) was tabled and approved by the Municipal Council (26 June 2020).
- The SDBIP (attached) is aligned to the Integrated Development Plan (IDP), presented herein under.

INTERGRATED DEVELOPMENT PLAN

- Summary of Community Needs

- Emanating of community needs per ward during IDP Consultation meetings, the following issues have been identified as common and cutting across all wards within Metsimaholo.
- The table below will also serve as the basis for prioritisation of community needs against the available resources. The needs are not presented in any order importance.

INTERGRATED DEVELOPMENT PLAN

Community Needs Raised	Wards Affected
Resurfacing and Maintenance of Roads	ALL
Paved Roads	1,2,3,4,5,6,7,8,9,10,11,12,13,19,20,21
Street naming and maintenance of road signs	1,2,3,4,5,6,7,8,9,10,11,12,13,19,20,21
Sewer connections to households/Sewer borne system	1,5 and 20
Electricity connection to households	1 and 20
Maintenance of Street & High Mast lights	ALL
Solar geysers	1,2,3,4,5,6,7,8,9,10,11,12,13,19,20,21
Upgrading of electricity supply	1,2,3,4,5,6,7,8,9,10,11,12,13,14,18,19,20,21
Multi-Purpose Centres & Shopping Complexes	1,2,3,4,5,6,7,8,9,10,11,12,13,19,20,
Establish and Maintain existing Family Parks	ALL
Establish new Landfill Site	ALL

INTERGRATED DEVELOPMENT PLAN

Community Needs Raised (Priority Issues)	Sector Responsible for Intervention
Clinic & level 2 Hospital (Refengkgotso)	Provincial Department of Health
Mobile Clinics	Provincial Department of Health
Housing Development / Provision of Housing	Provincial Department of Human Settlement
Incomplete RDP houses	Provincial Department of Human Settlement
Schools	Provincial Department of Education
Post Office (Refengkgotso)	National Department of Communication
Taxi Rank	Private and Business Sector
Cash ATMs	Banking Sector
Public Libraries with Wi-Fi	Provincial Department of Arts, Sports and Recreation
Multi-Purpose Centres & Shopping Complexes	Private and Business Sector

INTERGRATED DEVELOPMENT PLAN

In **2020/2021**, the municipality managed to secure conditional grants to implement the following Capital Projects, implemented in multi-year approach:

CAPITAL PROGRAMME/PROJECT	2020/21	2021/22	2022/23
Refengkgotso New Sport Facility	R2.3m	R2.3m	R1m
Oranjeville New Sport Facility			R1.7m
Zamdela New Cemetery	R9m	R773k	0
Zamdela Upgrade of Cemetery	R5.4m	R300k	0
Themba Khubheka Bulk Electricity Supply	R24m	R20.6m	R16.3m
High Mast Lights Amelia	R236k		
Metsimaholo Paved Roads Ward 5, 2.012km	R12.4m	R5.1m	0
Refengkgotso Paved Roads Ward 3, 2.012km	R10.8m	R400k	0
Zamdela pave roads and storm water phase 2 ward 10 , 2.3km	0	R17m	R73k
Zamdela pave roads and storm water phase 2 ward 12, 1.1km	0	R7.8m	R200k

INTERGRATED DEVELOPMENT PLAN

CAPITAL PROJECT	2020/21	2021/22	2022/23
Refengkgotso new sport facility	R2.3m	R2.3m	R1m
Oranjeville new sport facility			R1.7m
Zamdela new cemetery	R9m	R773k	0
Zamdela upgrade of cemetery	R5.4m	R300k	0
Themba Khubheka bulk electricity supply	R24m	R20.6m	R16.3m
High mast lights Amelia	R236k		
Metsimaholo Paved Roads Ward 5, 2.012km	R12.4m	R5.1m	0
Refengkgotso Paved Roads Ward 3, 2.012km	R10.8m	R400k	0
Zamdela pave roads and storm water phase 2 ward 10 , 2.3km	0	R17m	R73k
Zamdela pave roads and storm water phase 2 ward 12, 1.1km	0	R7.8m	R200k

INTERGRATED DEVELOPMENT PLAN

CAPITAL PROJECT	2020/21	2021/22	2022/23
Zamdela storm water channels ward 8 , 9 and10	0	R9.4m	R18.7m
Installation 2537 water meters at Themba Khubheka	0	R1.5m	R9.4m
Rehabilitation of Oranjeville water treatment works	R25m	R17m	R17.8m
Gortin Sewer 4 000 yard connections Phase 4	R286k	0	0
Refengkgotso rehabilitation of waste water treatment works	R25m	R9.5m	0
Gortin 3 000 Sewer yard connections	R208k	0	0
Landfill sites	R1.427m	R894k	R 2m
Total	730,115,327	2,367090,20	273,066.90

INTERGRATED DEVELOPMENT PLAN

Proposed Capital Projects need to be Prioritized:

For 2020/21 financial year Municipality has identified the following key projects under *own funding*:

- Re-sealing of Roads with projection value of R10m
- Graveling of Roads (R10m)
- Electricity network in Gortin (2m)
- Upgrading of Electricity substation (7m)

Other Projects to be considered, as per community needs:

- Solar Geysers
- Maintenance of street lights
- Paved Roads

INTERGRATED DEVELOPMENT PLAN

Note should be taken that these projects might not be implemented due to current Municipal financial constraint. Therefore, funding of some sought is required to assist Municipality to implement its IDP.

Finally, there are very important community issues that are raised sharply during IDP Consultation meetings and need immediate intervention and be prioritized:

- Establishment of new landfill site
- Establishment of new grave site
- Housing Development

Generally, the Municipality is facing a huge challenge with regard to ageing infrastructure, unemployment, especially amongst youth, limited support to small businesses and local economic development (LED). It should also be noted provision of services in newly established areas such as Themba Khubeka and Gortin remain task to be completed soon.

PROVISION OF BASIC SERVICES

▶ PROVISION OF WATER SERVICES

- The municipality, assisted by DWS, provided water in all areas of need across its jurisdiction. This included provision and installation of water tanks, water trucks services, etc.

▶ PROVISION OF SANITATION SERVICES

- 1350 toilet buckets in Themba Kubheka informal settlement (Refenkgotso) maintained on weekly basis. Honey sucker tanker machine (truck) is provided in Deneysville and Oranjeville on as and when needed basis.

BASIC SERVICE DELIVERY

- ▶ **WASTE MANAGEMENT, CLEANING AND SANITIZATION OF SITES**
 - Waste removal is rendered to Sasolburg, Vaalpark, Zamdela, Deneysville and Orangeville on specified days. Illegal dumping managed
- ▶ **FUMIGATION – MUNICIPAL PUBLIC SPACE, FACILITIES AND OFFICES**
 - Municipal Buildings, Multipurpose Centre, Homeless Shelter, DP De Villiers, Theatre, all Halls, and Clinics all fumigated and maintained accordingly.

BASIC SERVICE DELIVERY..

▶ ILLEGAL DUMPING

- 87% of illegal dumping sites has been removed

▶ LANDFIL SITES

- 99% full
- In a process of rehabilitation and closure of the site
- In the process of identifying a new site, a service provider has been appointed (SMEC)

BASIC SERVICE DELIVERY..

▶ ELECTRICITY

- The infrastructure in Metsimaholo is generally under a lot of strain.
- Intervention is needed to replace an ageing infrastructure.
- The operation of 88kV substation will remedy the overloading of Zamdela main-sub since the sub is under lots of stress.

BASIC SERVICE DELIVERY..

▶ • ELECTRICITY

Metsimaholo Local Municipality holds the electricity supply license for the following towns:

- Sasolburg
- Vaalpark
- Zamdela
- Leitrim
- Gortin
- Amelia
- Deneysville
- Phomolong
- Themba Kubeka
- Oranjeville

BASIC SERVICE DELIVERY..

▶ ELECTRICITY

▶ Eskom Bulk Supplies:

● Sasolburg Substation

- ▶ Installed Capacity : 30,0 MVA
- ▶ Notified Maximum Demand : 22,2 MVA
- ▶ Maximum Demand : 17,7 MVA

● Vaalpark Substation

- ▶ Installed Capacity : 20,0 MVA
- ▶ Notified Maximum Demand : 10,2 MVA
- ▶ Maximum Demand : 11,6 MVA

● Zamdela Substation

- ▶ Installed Capacity : 20 MVA
- ▶ Notified Maximum Demand : 17,7 MVA
- ▶ Maximum Demand : 19,50 MVA

BASIC SERVICE DELIVERY..

▶ ELECTRICITY

▶ Eskom Bulk Supplies:

● Deneysville

- ▶ Installed Capacity : 10 MVA
- ▶ Notified Maximum Demand : 2,29 MVA
- ▶ Maximum Demand : 2,30 MVA

● Oranjeville Substation

- ▶ Installed Capacity : 1,0 MVA
- ▶ Notified Maximum Demand : 1,0 MVA
- ▶ Maximum Demand : 680 kVA

STATE OF MUNICIPAL INFRASTRUCTURE

▶ ROADS

The municipality is responsible for the management and maintenance of roads to an extent of 691 km: 335 km – flexible pavement roads, 25 km – blocked paved roads and 330 km – unpaved roads (including dirt roads).

The general condition of the flexible pavement roads in Metsimaholo is fair to moderate (Extent 3 – extensive occurrence over a limited portion of the length in accordance to TMH9: PMS visual assessment for flexible pavement) i.e. most of the roads are already showing signs of deterioration in the form of deflection, rutting, potholes, aggregate loss as a result of ageing binder, cracks, etc. and require urgent intervention–rehabilitation AND reconstruction.

STATE OF MUNICIPAL INFRASTRUCTURE

- **PURIFICATION PLANTS**

The municipality owns and manages WWTP in Oranjeville and Deneysville respectively, while in Sasolburg, the municipality has a contract with Sasol to dispose of the influent into the Bio-works owned and managed by Sasol.

There is desperate need for a new WWTP in the area of Sasolburg/Zamdela as Sasolburg bio-work cannot accommodate any more influent.

The municipality is currently with the grants from the DWS upgrading the two WWTW in Oranjeville and Deneysville respectively, which should be adequate when completed. The Deneysville WWTP project is currently halted due to contractual disputes, while the Oranjeville WWTP is at the tender stage for construction.

STATE OF MUNICIPAL INFRASTRUCTURE

▶ WATER

- ▶ The current status in Metsimaholo indicates that supply capacity from Rand Water is not adequate for the planned new developments i.e. Sasolburg properties and Moidraai.
- ▶ Rand Water is planning to construct a dedicated bulk supply line to Harry Gwala Reservoirs. The project is at design stage.
- ▶ The other challenge is ageing infrastructure that contribute to high water losses, though the municipality is working hard to manage the losses.
- ▶ The water pressure in Oranjeville is being addressed by upgrading the WTP and the bulk line to the reservoir and installation of a new water tower. The project is currently halted due to contractual issues with the contractor

2020/21 GRANT ALLOCATIONS

Sector	Allocation (000)	Exp. to Date (000)	20/21 Bal (000)	Challenges	Recommendation
MIG	R 44 366	R 414	R 43 951	Low Expenditure. Level 5 lockdown 30 day period	Planned projects are under procurement
DMRE	R 5 000	R 1 935	R 3 064	None	DMRE allocation reduced from R 23.9 million to R 5 million. Amount reduction will affect current phase 1 and phase 2 project.
EPWP	R 1 000	R 260	R 740	None	79 out of a target of 310 employed
DWS (WSIG)	R 25 000	R -	R 25 000	Low expenditure	Planned projects are under procurement
DWS (RBIG)	R 29 739	R -	R 29 739	Low expenditure	Contractor to return to site. Currently finalising the contractors claims
TOTAL	R 105 105	R 2 350	R 102 754		

PROJECTS CURRENTLY IN PROGRESS TO BE COMPLETED BY DEC 2020

Project description	Total Budget	Total Expenditure to date	Balance	Physical Progress %	WAR D	Challenges	Recommendations
MIG FUNDING							
Gortin: Sanitation Phase 4	108 563 291,13	107 811 957	751 334,12	96%	1-13-7	Pump stations vandalised twice. Major leaks in Gortin	To outsource funding to repair pump stations,
Construction Of Refengkgotso Sports Complex	9 386 533,74	2 158 849,00	7 227 684,74	30%	3	None	Construction Progress

PROJECTS CURRENTLY IN PROGRESS TO BE COMPLETED BY DEC 2020

Project description	Total Budget	Total Expenditure to date	Balance	Physical Progress %	WAR D	Challenges	Recommendations
DMRE FUNDING							
Themba Khubeka Bulk Electrical Phase 1	18 217 912,80	9 339 381,36	8 878 531,44	70%	3	Allocation too low	Additional funding to be secured

PROJECTS CURRENTLY IN PROGRESS

Project description	Total Budget	Total Expenditure to date	Balance	Physical Progress %	WARD	Challenges	Recommendations
DWS (WSIG) FUNDING	25 000 000,00	0,00	25 000 000,00	0%		Low expenditure	Speedy Procurement to boost expenditure
Upgrading Of Oranjeville TO 1.0 ML/DAY Water Treatment Plant	14 207 312,31	9 266 387,56	4 940 924,75	50%	5	Slow Progress	Project in Construction
Upgrading Of Oranjeville to 3ML/Day Waste Water Treatment Plant	50 450 102,43	3 297 364,40	47 152 738,03	0%	5	No Contractor on site	Under procurement

DWS (RBIG) FUNDING	29 739 000	0-	29 739 000	0%		Low expenditure	Contractor to return to site
Upgrading Of Refengkgotso to 6ML/ Day Waste Water Treatment Plant	167 389 827,41	78 484 868,92	88 904 958,49	60%	3	No contractor on site due to legal battle	Finalisation of legal claims by October

PROJECTS COMPLETED

PROJECT	SCOPE	STATUS	COMMENTS	FUND SOURCE
Gortin Sanitation Phase 4 yard Connections Part A, B	Install sewer yard connections for 4000 stands	100%	75% of houses are flushing however the remaining 25% will require new toilet cisterns to be constructed for them.	MIG
Zamdela Roads ward 9 and 8	Construct a 2.0 km road	100%	Roads are completed and currently being used. Stormwater challenges have been addressed	MIG
Zamdela Roads ward 11 Phase 2	Construct a 2.0 km road	100%	Roads are completed and currently being used. Stormwater challenges have been addressed	MIG
Leitrim Pump station	Upgrade the Leitrim pump station and sewer outfall line	100%	Pump station is now working efficiently. Leakages have stopped and maintenance has reduced.	DWS
Zamdela- Leitrim 88 Kv OHL	Construct a 7km OHL 88 Kv from Zamdela to Leitrim to improve electrical capacity	100%	OHL is completed however the line is not energised due to theft that at sub station. Sub station currently being repaired	DOE
Gortin Sanitation Phase 3 yard Connections Part C, F, D	Install sewer yard connections for 1333 stands sewer mainline	100%	All outstanding sewer lines were constructed and the 2000 houses are connected. Leakages due to vandalised pump stations	MIG

STATE OF MUNICIPAL INFRASTRUCTURE

▶ FIRE SERVICES

Fire services staff compliments:

1. Five Officers
2. Twenty-Four Fire Fighters

The section has four fire fighting vehicles and two utility vehicles. We are rendering fire fighting services, rescue services, fire prevention and humanitarian services.

STATE OF MUNICIPAL INFRASTRUCTURE

- **TRAFFIC LAW-ENFORCEMENT**
- Traffic -law enforcement staff compliments:
 - 1.Four officers
 - 2.Thirteen Traffic Officers.
- Technical section staff compliments:
 - 1.Six staff members.
 - By law-enforcement
 - 3. Three staff members

STATE OF MUNICIPAL INFRASTRUCTURE

Traffic law–enforcement have the following sections within it:

1. Technical section
2. Bylaw–enforcement unit
 - ▶ Traffic officers are rendering traffic patrol, public education to motorists, and issuing of traffic fines to motorists that are driving unroadworthy vehicles. One traffic office is expected to write four traffic fines per day.
 - ▶ Technical section is erecting stop signs, painting of road markings.
 - ▶ By law enforcement unit deals with the municipal bylaws that is they are checking for compliance around Metsimaholo Municipality.

STATE OF MUNICIPAL INFRASTRUCTURE

▶ • PARKS

- Operational and maintained
- No ablution blocks and water supply
- Mini gymnasium facilities have removed at some location parks

FINANCE RECOVERY PLAN

Reducing the non-core expenditure

- The municipality has implemented a control measure to reduce the legal costs by appointing a law firm (Rampai attorneys) that will assist us with the legal issues. The actual expenditure incurred on legal issues since March 2020 to 30 September 2020 is R16 168 121. Existing panel will continue with the cases that they are already handling, all new cases will be handed to the law firm. The fixed payment to the law firm is R44 000 per month.
- Management has taken a decision to request the department of Corporate and Traditional Affairs to assist the municipality with forensic investigation instead of appointing a service provider. The actual expenditure incurred on the services provided by the forensic investigation company is R4 000 000 and the amount still outstanding is R4 450 000 (From March 2020 to 15 October 2020)
- Meetings have been held with different managers to emphasise the importance of submitting invoices on time in order avoid interest charged due to late payments. Management has taken a decision that interest incurred due to late payments will be recovered from the respective managers.

FINANCE RECOVERY PLAN

Reducing the non-core expenditure

- Management has taken a decision that unauthorised expenditure incurred by the municipality will be recovered from the respective manager or supervisor if the unauthorised expenditure has been incurred due to employees failing to stick to the operational plan.
- Each and every manager/supervisor will have to be interrogated by the municipal manager and the respective directors regarding the overtime claimed before a payment can be made in order to avoid the municipality paying unnecessary overtime.
- The resorts are maintained by Sasol firm as per request from the municipality and the purpose of this request is reduce the cost of maintenance.
- Standby allowance has been taken back from employees who had to stay at home during lockdown because of an underlying condition.
- The non-core functions must obtain outside grants.
- Staff must be trained to be productive and to reduce overtime.

Debtors' collection rates with incremental improvements

The debtors' collections rate prior to the announcement of national state of disaster was **71%** and decreased to **52%** in June 2020. The debtors' collection rate has improved since June 2020 (actual collection rate in September is **64%**) and we expect a further improvement in the next two due to the following reasons:

- Due to the relaxation of Covid 19 National lockdown the municipality has resumed full credit control measures. Warning letters were issued last week and if payments have not been received after fourteen days then the disconnections will be made.
1. The municipality is in the process of purchasing prepaid meters through the supply chain process and these prepaid meters will be installed in households and businesses where electricity meters are tempered. A report has been generated already that shows areas where there is a possible electrical bypass. Penalties and disconnection fee will be charged.
 2. It has been indicated in the internal audit report that billing is not complete, the income section is investigating this matter and more properties have been identified. The municipality is in the process of ensuring that all properties identified are billed correctly.

Debtors' collection rates with incremental improvements

- ▶ 3. Improve the billing process in the following manner
 - • Billing be done by the 25th of every month
 - • Monthly exceptional report be followed and corrected timeously
 - • Report on broken meter should be attended and if needed the broken should be replaced
 - • Adhere to the meter reading schedule
 - • The meter readers should have proper tools of trade at all times

- ▶ 4. Implement Targeted approach on debt collection of businesses, organs of State, government employees, farms and other residents

Debtors' collection rates with incremental improvements..

- ▶ 5. The request for proposal will be issued to the public at large with the purpose of appointing service providers to assist the municipality with the following issues:
 - • Monitoring and avoiding losses on water on water and electricity (distribution loss) as the municipality is losing almost a million per month on distribution losses
 - • Land audit in order to identify all the properties that belong to the municipality and revaluation of all the properties to ensure that billing on property rates and taxes is not understated.
- ▶ 6. Selling are currently advertised for selling purposes and the development of the respective land will increase property rates and services income.
- ▶ 7. The municipality is in the process of acquiring speed cameras through the supply chain process and a proposal has been sent to Sasol firm to donate two fast cars (Golf 7) to the municipality. Currently there are no speed cameras.

Debtors' collection rates with incremental improvements...

- ▶ 8. Update the indigent register for purpose of an increasing equitable share
- ▶ 9. Council resolved that 50% percent discount should be given to households and small businesses when settling accounts from the 1st of October to 31 December 2020 as a Covid 19 relieve. Provision of R8.4 million as bad debts written off will be made to accommodate this resolution.
- ▶ 10. Operational Patala will be implemented again from the 1st of January 2021 to encourage debtors to pay.
- ▶ 11. Immediate involvement of councillors and all stake holders in encouraging the communities to pay.
- ▶ 12. Involvement of councillors and all stake holders in encouraging the communities to pay.

Debtors' collection rates with incremental improvements...

- ▶ 13. The income section is currently following on reasons/queries raised by councillors and on officials on their accounts to ensure that they are resolved and outstanding is paid.
- ▶ 14. Resolve issues regarding valuation, zoning and ownership of property
 - • Implement valuation roll reconciliation
 - • Confirm the zoning of Erf according to the use

Creditors Payment Rates

- ▶ A payment schedule is prepared for all payments that the municipality has to make to ensure that payments are in line with cash flow.
- ▶ Payment arrangements are entered into in writing with the key creditors if there is not enough money to pay current accounts and the same arrangements are made for all outstanding invoices.
- ▶ The following obligations are prioritised on a monthly basis
 - ▶ Bulk purchases for both water and electricity
 - ▶ Salaries and third party payments
 - ▶ Expenses relating to service delivery (e.g. repairs of vehicles, PPE etc.)

Ring fencing of conditional grants

- ▶ Conditional grants are ring fenced and they are not used for operating expenditure

SECTION 139 1 (b)

- ▶ On the 11th of February 2020, the Free State Provincial Executive Council resolved to intervene in the affairs of the Metsimaholo Local Municipality (MLM), thus placed the municipality under administration.
- ▶ The decision was informed by challenges and failures of the municipality and its governance structures to convene regulatory and meet constitutional obligations of the municipality (Sec 152 and 153 of the Constitution of the RSA).
- ▶ On the 20th of February 2020, Member of Executive Committee (MEC) of Cooperative Governance and Traditional Affairs (COGTA), Mr S.T. Nxangisa announced in Council that Metsimaholo Local Municipality (MLM) is forthwith placed under provincial administration under Section 139 (1) (b) of the Constitution of the Republic of South Africa.

SECTION 139 1 (b)..

- ▶ The MEC Honourable Nxangisa seconded an Administration Team comprising of the following members:
 - ▶ 1. Tebogo Manene Administrator
 - ▶ 2. Motsumi Mathe Acting Municipal Manager
 - ▶ 3. Bennett Molotsi Acting Director Corporate Services (deceased)
 - ▶ 4. Palesa Qulunga Financial Advisor

- ▶ In March/April two more members of the team were seconded:
 - ▶ 5. Luvuyo Ntoyi Acting Director Technical Services
 - ▶ 6. Keneiwe Lepesa Acting CFO

SECTION 139 1 (b)..

▶ CURRENT STATUS:

- In Council sittings, some Councillors still raise objections against Administration Team. The Team is still not recognized.
- Mr Tebogo Manele (Administrator) appointed acting Directors to fill all vacant Sec 56 positions, July 2020.
- Mr Molala (MM) remains suspended.
- Municipality is more stable, governance and operations recovered.
- Cash flow challenges, due to covid-19 expenses, higher legal fees due to higher litigations against the municipality.

KEY DELIVERABLES OF THE ADMINISTRATION TEAM (TERMS OF REFERENCE)

- ▶ **Administration Team was mandated to intervene and address the following matters:**
 - 2018/19 Audit Outcomes
 - Suspended Municipal Manager (Mr Molala)
 - Council's failure to appoint Senior Managers (Section 56)
 - Instability in the municipality and revived Service Delivery
 - Finance Management and Supply Chain Management

KEY DELIVERABLES OF THE ADMINISTRATION TEAM (TERMS OF REFERENCE)

- ▶ **Administration Team was mandated to intervene and address the following matters:**
 - 2018/19 Audit Outcomes
 - Suspended Municipal Manager (Mr Molala)
 - Council's failure to appoint Senior Managers (Section 56)
 - Instability in the municipality and revived Service Delivery
 - Finance Management and Supply Chain Management
 - Filling of critical vacancies

PROGRESS REPORT AGAINST KEY DELIVERABLES

- ▶ **2018/19 Audit Outcomes:**
- ▶ Auditor General qualified the Metsimaholo Municipality and the following key findings were noted:
- **Suspended Municipal Manager (Mr Molala)**
 - ▶ Below matters are put in place in order to resolve this issue.

PROGRESS REPORT AGAINST KEY DELIVERABLES

▶ Suspended Municipal Manager (Mr Molala):

- MLM legal representatives are engaging with Mr Molala's lawyers with intention to resolve the matter. The municipality believes it has a strong case against Mr Molala in line with outcomes of Forensic Investigations by Edge Forensic & Risk Consultants.
- Council has to take a stand on the matter, and resolve on supporting the current appeal against Mr Molala, and or subject him to disciplinary process.
- A Disciplinary Tribunal has been established to deal with senior managers cases.
- Administrator is liaising with both legal teams to speed up resolution.

PROGRESS REPORT AGAINST KEY DELIVERABLES

▶ 2018/19 Audit Outcomes:

- **Oranjeville Sports Complex Project (Irregular Expenditure)**
 - ▶ The forensic investigation was concluded and report submitted to acting Municipal Manager (25 May 2020).
 - ▶ Summary report with recommendations submitted to the Executive Mayor, Administrator and Mayoral Committee (MAYCO).
 - ▶ MAYCO resolved that Acting Municipal Manager must wait for Forensic Investigator to complete all its investigations, then table all 5 awaited Reports before Council. Edge Forensic is finalizing the last report.

PROGRESS REPORT AGAINST KEY DELIVERABLES

▶ 2018/19 Audit Outcomes:

- **Oranjeville Sports Complex Project**
- ▶ **Recommendations cover:–**
- Irregular, fruitless and wasteful expenditure incurred in the Oranjeville Sports Complex be recovered from identified officials, contractor and architects.
- Disciplinary case be initiated against the accounting officer and officials for their acts of misconduct.
- Criminal case be opened against relevant officials, contractor and architects.
- Service providers verified to have irregularly benefitted from this project be blacklisted.

PROGRESS REPORT AGAINST KEY DELIVERABLES

▶ 2018/19 Audit Outcomes:

• Indigent Database

- ▶ Some people were identified to be onto MLM database but in the employ of the state. The municipality is in a process to appoint a service provider to conduct indepth verification of all indigent residents, and update database accordingly. Revenue Section busy with verification of applicants.

• Assets

- ▶ MLM could not account for all its assets as per its asset register. The municipality appointed a service provider to assist the municipality to update its asset register.

PROGRESS REPORT AGAINST KEY DELIVERABLES

▶ 2018/19 Audit Outcomes:

• Misstatements in the Annual Financial Statement (AFS)

- ▶ The municipality appointed a service provider to compile its AFS 2019/2020. Thus overcome some mistakes highlighted in the previous financial statement.



• Vacant Section 56 positions

- ▶ Progress Report with schedule of dates tabled before MAYCO, (referred back). Administrator to proceed with a process to fill Sec 56 vacancies.

• Management of Traffic Fines

- ▶ Traffic Management System specifications submitted to Bid Specification Committee. A process to be finalized before end November 2020.

PROGRESS REPORT AGAINST KEY DELIVERABLES

▶ 2018/19 Audit Outcomes:

• AOPO Reporting and Monitoring

- ▶ The municipality failed to report and present evidence for all objectives and key performance indicators in its quarterly report. In the last 2 months of 2019/20 all Managers submitted their Quarter 3 and 4 Reports with relevant evidence.
- ▶ A method sustained in the 2020/21 financial year. Quarter 1 Report (2020/21 was duly submitted with evidence).

PROGRESS REPORT AGAINST KEY DELIVERABLES

- ▶ **Council's failure to appoint Senior Managers (Section 56):**

- ▶ In July 2020, the Administrator recommended appointment of acting Senior Managers:
 - Dr Gino Alberts (Social Services)
 - Ms Keneuwe Lepesa (CFO)
 - Mr Theko Mojela (LED & Tourism)
 - Mr Luvuyo Ntoyi (Technical Services)
 - Mr Ephriam Sediane (Corporate Services)

- ▶ Above names were tabled before MAYCO, Report reversed back.

PROGRESS REPORT AGAINST KEY DELIVERABLES

- ▶ **Council's failure to appoint Senior Managers (Section 56):**
- ▶ A report referred back by Mayoral Committee recommended that in August 2020 a process to fill these vacancies of Senior Managers to commence and be finalized in the next 3 months.
 - Advertisements be released in August 2020;
 - Panel to be constituted within August 2020;
 - Shortlisting and Interviews be conducted during October 2020;
 - Appointments be made before end of October 2020;
 - Notices, if any, be services in November 2020;
 - Assumption of duty be by 01 December 2020 (before the beginning of half yearly period (2021))

PROGRESS REPORT AGAINST KEY DELIVERABLES

- ▶ **Instability in the municipality and revived Service Delivery:**
 - Administration team, led by the Administrator and acting Municipal Manager has stabilized the municipality.
 - All functions of the municipality are operational, as most employees perform assigned responsibilities and duties.
 - Local Labour Forum is revived and fully attended by Employer Component (Councillors and Administration) and Labour (SAMWU and IMATU).
 - All Basic Service Delivery objectives are implemented: Refuse removal, Water and Sanitation, and Cleansing, are excellent. But closing of potholes and fixing and maintaining street lights need more effort and resources.

PROGRESS REPORT AGAINST KEY DELIVERABLES

▶ Finance Management and Supply Chain Management:

- Finances are managed very well, as controls and procedures are being followed.
- Collection rate dropped from average of 83% to about 68 in the last 7 months (March to September). May be due to Covid-19.
- Salary bill is currently at about 27.3%, and set to increase to about 33.8% after filling of current vacancies, plus Senior Managers.
- MLM meets all its key commitments Randwater, Sasol, Salaries, Third parties, and Insurances. But entered first arrangement with Eskom.

PROGRESS REPORT AGAINST KEY DELIVERABLES

- ▶ **Finance Management and Supply Chain Management:**
 - Current Cash flow Challenges faced by the Municipality are effect of:
 - ❑ Expenses incurred related to Covid-19 (PPE, Fumigation & Sanitization, and Overtime)
 - ❑ Higher Legal Fees, due to number litigations brought against the municipality.
 - ❑ Significant drop in collection rate from businesses (September 2020). MLM collected R19 612 880.63 instead of expected R61 240 367.54.
 - ❑ Covid-19 Relief Grant of R31.8 million is a conditional grant, thus the municipality cannot repay itself against all expenses incurred on Covid-19. Unfunded mandate.

PROGRESS REPORT AGAINST KEY DELIVERABLES

- ▶ **Finance Management and Supply Chain Management:**
 - Supply Chain processes centralised.
 - Ms Palesa Qulunga (Finance Advisor) implemented controls and a new systems to improve SCM operations.
 - All Purchase Requests strictly signed by SCM Manager, Budget Officer, acting Director and finally acting Municipal Manager.
 - All invoices are now accompanied signed by end user department and submitted with signed reports.
 - Bid Committees are established and operational.
 - 80% of critical vacancies has been filled.

PROGRESS REPORT AGAINST KEY DELIVERABLES

- ▶ **Finance Management and Supply Chain Management:**
 - Supply Chain processes centralised.
 - Ms Palesa Qulunga (Finance Advisor) implemented controls and anew systems to improve SCM operations.
 - All Purchase Requests strictly signed by SCM Manager, Budget Officer, acting Director and finally acting Municipal Manager.
 - All invoices are now accompanied signed by end-user department and submitted with signed reports.
 - Bid Committees are established and operational.

Implementation - Timeline

2019/2020
Financial Year

2020/2021
Financial Year

Feb
2020

March
2020

April
2020

May
2020

June
2020

July
2020

August
2020

September
2020

MLM placed under Section 139 (1) (b)
Secondment of Administration Team

Disaster Management Act
pronounced
Covid-19 Strategy, at Lockdown
Level 5, MLM State of Readiness
and Provision of all round PPEs
to all employees

Basic Service Delivery Rollout
Plan

- Refuse Collection
- Water and Sanitation
 - Potholes
- Graveside cleansing
 - Street Lights

Fumigation & Sanitisation of all
Municipal Buildings

Tabling & Approval of 2020/21 Budget
and IDP, Council.

Advertisement of MIG/DWS tenders

Appointment of Internal employees
(Managers and below)

Appointment of Acting Directors
(Section 56)

Appointment of Service Providers

Finalising Annual Report/Quarter 1
Report

GOVERNANCE STRUCTURES

- **TROIKA**

- ▶ Metsimaholo Political Leadership in Executive Mayor, Speaker and Council Chief Whip are in constant engagements with acting Municipal Manager and Executive Council Representative (Administrator).
- ▶ Key Municipal matters are discussed and resolved in the smooth running of the municipality.

GOVERNANCE STRUCTURES

- **COUNCIL & MAYORAL COMMITTEE**
 - ▶ Council meetings are held after time of collapsing several times, preceded by Mayoral Committee meetings.
 - ▶ 2020/21 Budget and IDP approved accordingly.

GOVERNANCE STRUCTURES

- **SECTION 79 & 80 COMMITTEES**

Since their appointment they could not sit because they did not have terms of references except MPAC which at least held meetings as mandated by Council.

The Office of the Speaker and SALGA FS are currently conducting training which already trained Ethics and we are still waiting for SALGA to give us training dates for other Committees and the re-training of Councillors on Standing Rules and Orders.

RECOMMENDATIONS

▶ CRITICAL ISSUES NEEDING INTERVENTION:

- Intervention to settle current court case between MEC Cogta and MLM Councillors. Thus Council support for Administration Team and administration operations.
- Unfunded Mandates (e.g. 2014/15 commitment)
- Property Rates & Taxes Debt Provincial Departments

THANK YOU