

MOGALAKWENA LOCAL MUNICIPALITY



State of Service Delivery in Mogalakwena

Local Municipality

Presentation to NCOP

29 October 2020

Background and Overview

- Mogalakwena Municipality is situated in the western quadrant of the Limpopo Province, within the Waterberg District Municipality, and is bordered by Lepelle Nkumpi Local Municipality to the east, Mookgophong Local Municipality to the south, Lephhalale Local Municipality to the west and Blouberg Local Municipality to the north
- The total geographical area of the Mogalakwena is approximately 6166.0740 square kilometres
- Mogalakwena Local Municipality constitute over 45 % of the Waterberg District Municipality's total population with 307 682 and 79 396 households
- The municipality consists of 3 proclaimed townships and 178 villages and also covers a range of other smaller settlements in the area between Mokopane and Rebone.
- Development in Mogalakwena is based on three economic pillars:
 - tourism, agriculture and mining

- The municipality is constituted by 32 wards with 63 councillors
 - 32 ward councillors and, 31 PR councillors
 - 52 ANC councillors
 - 13 EFF
 - 6 DA
 - 1 COPE
 - 1 MRA
 - 1 VF Plus
 - 1 AZAPO
- It should be noted that 1 ANC ward councillor resigned during 2018/19 Financial Year.
- By-elections were then held in December 2018. The by-elections resulted in the ANC being victorious and winning the contested 13 ward.

- There was a political intervention to address the instability within the municipality by replacing the Chiefwhip within the Political Management Team & reorganising the Executive Committee.
- The replacement of the Chiefwhip culminated in the appointment of the following:
 - Chiefwhip – Cllr. MB Monare
- The restructuring of Executive Committee culminated in the appointment of the following:
 - Cllr. LJ Legodi
 - Cllr. MM Senoamadi
 - Cllr. MS Tefu
 - Cllr. MJ Madiba
- It should however, be noted that the working relationship between councillors at this sec 80 Committee is currently healthy and sound & constantly held.

Party Caucus

- Efficiently & Effectively functional.

Council Committees

- The Annual Schedule of meetings for all council committees was adopted by council during its meeting on the 29th May 2019.
- EXCO and Council meetings are held as per the approved schedule.
- Council is also performing its functions as per Section 160 (2) of the Constitution.
- Portfolio Committees are meeting on a monthly basis as per schedule
- MPAC established. Requested intervention of SALGA for capacity building in a form of training. The committee has already submitted report to council on 2017/18 UIFW.

IMPLEMENTATION OF THE POST AUDIT ACTION PLAN (PAAP)

OVERVIEW OF 2018-19 AG FINDINGS

The municipality received an adverse audit opinion from the Auditor General. The matters raised by the AG on the report can be summarised as follows:

MATERIAL IRREGULARITIES

- **Payment for work not done on an infrastructure project** - Payments of R 13 308 477 funded through municipal infrastructure grant were made for work not delivered for the construction of Moshate stadium awarded on 04 March 2016 to the value of R 38 743 674

INTERNAL CONTROLS

- **Effective leadership culture** - Management established a formal code of conduct that addressed appropriate ethical and moral behaviour but the staff were not trained to properly understand and implement the code.
- **Human resource management** - Financial statements and VAT function were outsourced to consultants at a cost of R59m though the finance section is adequately resourced.
- **Performance Management** - The municipality did not have systems in place to monitor, measure and evaluate the performance of staff other than the directors.
- **Policies and procedures** - Management did not adequately monitor implementation of policies and procedures to guide the operations of the municipality resulting in numerous instances of non-compliance with the MFMA.
- **Action plans to address internal control deficiencies** - The municipality developed a plan to address internal and external audit findings, but the plan was not adequately and timely monitored.

IMPLEMENTATION OF THE POST AUDIT ACTION PLAN (PAAP)

OVERVIEW OF 2018-19 AG FINDINGS

- **Information technology governance framework** – The municipality IT governance framework is outdated and had not been reviewed since 2015.
 - The municipality does not have an Approved IT Strategic Plan.
 - No designated Information Security Officer on the municipal organizational structure.
 - ICT Steering Committee not established
 - Service Levels Agreements with system vendors have expired
- **Record keeping** - The municipality did not have a proper system of record management that enables timely retrieval of information.
- **Daily and monthly processing and reconciling of transactions** - Verification of receipts of goods and services is not always done prior to processing payments.
 - There is lack of certification of work done on the development of boreholes
 - Regular recording of fixed assets register to the general ledger is not performed during the year
 - No controls for monitoring the processing of journals.
 - A significant amount of journals are processed at year end with inadequate supporting records
 - Suspense accounts are not investigated and cleared on a monthly basis
 - Inadequate reconciliations of the commitments schedule to supporting records
 - Ineffective budget management processes resulting in excessive unauthorised expenditure being incurred
- **Regular accurate and complete financial and performance reports** - the financial statements and annual performance report contained numerous misstatements.
- **Compliance monitoring** - Non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored.
- **Information technology systems** - The disaster recovery plan (DRP) and the backup policy was not reviewed and updated with the new system.

IMPLEMENTATION OF THE POST AUDIT ACTION PLAN (PAAP)

OVERVIEW OF 2018-19 AG FINDINGS

PROCUREMENT AND CONTRACT MANAGEMENT

- Irregular expenditure amounting to R613m incurred in the current year
- Non compliance with laws and regulations on procurement and contract management
- Non compliance with laws and regulation on expenditure management
- Inadequate systems and asset management controls

ACTIONS TO ADDRESS INTERNAL CONTROL DEFICIENCIES

AG FINDINGS	RESPONSE ACTIONS
<p>Payment for work not done on an infrastructure project - Payments of R 13 308 477 funded through municipal infrastructure grant were made for work not delivered for the construction of Moshate stadium awarded on 04 March 2016 to the value of R 38 743 674</p>	<p>Investigations underway Deputy Manager Technical and PMU Manager suspended. Disciplinary processes underway.</p>
<p>Effective leadership culture - Management established a formal code of conduct that addressed appropriate ethical and moral behaviour but the staff were not trained to properly understand and implement the code.</p>	<p>New employees inducted on the code of conduct.</p>
<p>Human resource management - Financial statements and VAT function were outsourced to consultants at a cost of R59m though the finance section is adequately resourced.</p>	<p>Still a challenge. Vacancy for the position and Deputy CFO currently on suspension. Municipality advertised for the position of the CFO.</p>
<p>Performance Management - The municipality did not have systems in place to monitor, measure and evaluate the performance of staff other than the directors.</p>	<p>In progress. Policies currently being developed.</p>
<p>Policies and procedures - Management did not adequately monitor implementation of policies and procedures to guide the operations of the municipality resulting in numerous instances of non-compliance with the MFMA.</p>	<p>In progress. Policies currently being developed.</p>



ACTIONS TO ADDRESS INTERNAL CONTROL DEFICIENCIES

AG FINDINGS	RESPONSE ACTIONS
<p>Action plans to address internal control deficiencies - The municipality developed a plan to address internal and external audit findings, but the plan was not adequately and timely monitored.</p>	<p>Audit Steering Committee meetings established. Meetings are being held regularly.</p>
<p>Information technology governance framework</p> <ul style="list-style-type: none"> - The municipality IT governance framework is outdated and had not been reviewed since 2015. - The municipality does not have an Approved IT Strategic Plan. - No designated Information Security Officer on the municipal organizational structure. - ICT Steering Committee not established - Service Levels Agreements with system vendors have expired 	<p>IT Governance Framework updated and submitted to council for approval. IT Strategic Plan will be developed as part of the implementation of the IT Governance Framework. Structure reviewed however not yet approved by council. ICT Steering Committee being established as part of the implementation of the IT Governance Framework. Service Levels Agreements with system reviewed and approved by the MM.</p>
<p>Record keeping - The municipality did not have a proper system of record management that enables timely retrieval of information.</p>	<p>The safe room is now secured. Filing Clerk appointed.</p>
<p>Regular accurate and complete financial and performance reports - the financial statements and annual performance report contained numerous misstatements</p>	<p>Technical Committee established. AFS and APR reviewed thoroughly by the committee.</p>
<p>Compliance monitoring - Non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored.</p>	<p>Follow-up audits are being done by Internal Audit regularly and report to Audit Committee on a quarterly basis.</p>

ACTIONS TO ADDRESS INTERNAL CONTROL DEFICIENCIES

AG FINDINGS	RESPONSE ACTIONS
<p>PROCUREMENT AND CONTRACT MANAGEMENT</p> <ul style="list-style-type: none">• Irregular expenditure amounting to R613m incurred in the current year• Non compliance with laws and regulations on procurement and contract management• Non compliance with laws and regulation on expenditure management• Inadequate systems and asset management controls	<p>Financial Misconduct board established.</p> <p>Follow-up audits are being done by Internal Audit regularly and report to Audit Committee on a quarterly basis.</p> <p>Service Providers appointed to assist with assets management.</p>



INTERNAL AUDIT COMMITTEE

CAPACITY, FUNCTIONALITY AND EFFECTIVENESS

COMPOSITION

SAB Ngobeni (Chairperson)
PR Mnisi
TC Modipane
TG Nevhutalu

FUNCTIONALITY

The Audit Committee is functional. In the 2019/20 financial year 6 Audit Committee meetings were held.

EFFECTIVENESS

The Audit Committee submitted 4 reports to municipal council.



STATE OF FINANCES

BREAKDOWN OF COVID-19 EXPENDITURE

COVID Expenditure 01 April 2020 to 24 October 2020

Water tankering & distribution	58 882 568.98
PPE	3 170 126.98
Public Awareness Campaign	121 163.70
Waste Water treatment	119 100.35
TOTAL	62 292 960.01

NB: Procurement of PPE was guided by the Instruction 5 (as amended) issued by National Treasury as from 28th May 2020.

STATE OF FINANCES

REVENUE COLLECTION FROM MARCH – JUNE 2020

Revenue collected 1 March 2020 to 30 June 2020	TOTAL Revenue Billed	TOTAL Revenue Received	Collection rate
Property rates	26 335 867.99	15 540 494.00	59.01%
Service charges - electricity revenue	79 290 319.48	46 710 126.00	58.91%
Service charges - water revenue	40 517 571.12	12 292 416.00	30.34%
Service charges - sanitation revenue	5 760 332.05	2 890 845.00	50.19%
Service charges - refuse revenue	5 560 855.43	2 083 741.00	37.47%
Interest earned - outstanding debtors	16 700 487.73	1 335 035.00	7.99%
TOTAL	174 165 433.80	80 852 657.00	46.42%

STATE OF FINANCES

EXPENDITURE – JULY TO SEPTEMBER 2020

Description	Budget Year 2020/21			
	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
Expenditure By Type				
Employee related costs	379 134 700	28 539 398	86 684 366	94 184 470
Remuneration of councillors	26 781 674	2 047 406	6 147 871	6 695 448
Debt impairment	55 000 000	-	-	13 750 002
Depreciation & asset impairment	91 343 300	-	-	22 836 114
Finance charges	2 685 720	-	-	671 430
Bulk purchases	269 111 948	29 280 038	56 170 528	67 278 030
Other materials	13 939 493	123 409	737 342	3 216 145
Contracted services	165 902 705	6 008 591	9 926 775	35 755 739
Transfers and subsidies	1 120 933	-	-	278 000
Other expenditure	72 400 648	2 790 719	10 056 377	17 780 685
Losses	-	-	-	-
Total Expenditure	1 077 421 121	68 789 561	169 723 259	262 446 063

STATE OF FINANCES

CAPITAL EXPENDITURE – JUNE 2020

Capital Expenditure per Vote 2019/20 Financial Year		
Description	Budget	YTD Movement
Municipal Manager	621 896	1 365 220
Corporate Services	500 000	49 750
Budget & Treasury	-	14 500
Planning and Development	30 000	35 822
Technical Services	497 202 201	247 286 831
Community Services	19 091 720	597 575
Traffic and Emerfgency	-	84 424
Electrical Services	16 011 900	9 217 462
TOTAL CAPITAL EXPENDITURE PER VOTE	533 457 717	258 651 584

STATE OF FINANCES

BREAKDOWN OF THE UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- Mogalakwena Local Municipality has reported an escalating trend in unauthorised, irregular, fruitless and wasteful expenditure over the **past six (6) years**, evident in audit opinions and in the annual reports;
- The audited annual financial statement for the period ending 2018/19 reported is outlined as follows:

Unauthorised	Irregular	Fruitless and Wasteful
R2.8 billion	R2.3 billion	R11.3 million

- The municipality has, with the support initiative by National Treasury and Provincial Treasury, developed a **Reduction strategy on Unauthorised, Irregular and Fruitless & Wasteful (UIFW) Expenditure.**

STATE OF FINANCES

BREAKDOWN OF THE UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

IN LINE WITH THE GOVERNMENT 4 YEAR MEDIUM TERM STRATEGIC FRAMEWORK, THE REDUCTION PLAN IS AS FOLLOWS:

Reduction plan	Baseline (2019/20 unaudited)*	Year 1	Year 2	Year 3	Year 4
		(2020/21)	(2021/22)	(2022/23)	(2023/24)
Percentage reduction		25%	25%	25%	25%
Unauthorised expenditure	R 2,8 billion	R 700 million	R 700 million	R 700 million	R 700 million
Percentage reduction		25%	25%	25%	25%
Irregular expenditure	R 2,6 billion	R 650 million	R 650 million	R 650 million	R 650 million
Percentage reduction		100%			
Fruitless & Wasteful expenditure	R 36 million	R 36 Million			

STATE OF FINANCES

BREAKDOWN OF THE UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

IDENTIFIED CAUSES OF AN INCREASE IN MOGALAKWENA UIF&W

- Unavailability of a qualified SCM Head
- Non-adherence to SCM policies and procedures
- Ineffective contract management
- Absence of procurement plan
- Overpricing of goods and services by suppliers due to non-performance of market analysis
- No proper verification of declaration of interest forms submitted
- Bid processes not finalised within the stipulated timeframe
- No stock control in place
- Payment of suppliers/service providers for incomplete projects
- Utilisation of service providers/suppliers with expired SLAs
- incomplete projects while resources have been depleted
- Inadequate budget controls
- Non-compliance with the Collective Agreement on Disciplinary Procedure and Code
- Appointments of services provider and Issuing of job cards without orders captured on the financial system
- Absence of UIFW Policy

STATE OF FINANCES

BREAKDOWN OF THE UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE *STRATEGIES ON THE IMPLEMENT REDUCTION PLAN*

- Appoint the Head of SCM Unit with expertise, experience and capacity
- Appointment of the Bid Committee members in line with the Municipal SCM regulations
- Review of the SCM policy to ensure alignment with SCM regulations and guidelines
- Compliance to SCM policy and regulations and procurement plan
- Cease utilisation of Suppliers with lapsed Service Level Agreements through appointment of new suppliers in line with SCM policies and regulations
- Consider utilisation of SCM Regulation 32 on contracts that have expired to reduce the increase in UIF
- Develop and adhere to the approved procurement plan
- Consequence management be applied to officials who causes the transgression and non-compliance with legislations, policies, procedures and guidelines
- Introduction of vigorous Contracts management
- Ensure completeness of payment vouchers before effecting/processing payments on the system
- Payments of completed projects be inspected (despite the payment certificate issued by the Consulting Engineers to avoid Consulting Engineers to collude with Contractors and Municipal employees)
- Initiate legal proceedings on Contractors that did not complete the projects (with the view of recovering the lost money on these projects)

National and Provincial intervention

- COGHSTA sent a team to the municipality to conduct rapid assessment
 - The assessment report indicated to an extent collapse of administration in the municipality during 19/20 FY.
 - Provincial EXCO resolved to put the municipality under section 139 (1)(b) in January 2020 for a period of 12 months.
 - Council approved and adopted Terms of Reference of the administrator
 - The appointed administrator and his team engaged work at the municipality in February 2020.

National and Provincial intervention

- COGHSTA together with CoGTA National developed an intervention package for the municipality
 - in order to address the political and administrative instability that has led to lack service delivery in the municipality.
- Four critical work streams were also established as terms of reference for the head of intervention:
 - Basic Services,
 - Performance Assessment,
 - Financial Management,
 - Human Resource and Legal.

National and Provincial intervention: Progress to date

- Council & its committee adhere to the approved year planner
- Instituted disciplinary hearings against sec 56 manager/s as part of consequence management (1 resigned as a result)
- In a process of implementing recommendations of the 5 forensic audit reports
- Council Approved Financial Recovery Plan and will be institutionalized.
- UIFW Reduction Strategy developed with the support of National & Provincial Treasury
- Developed Post Audit Action Plan
- Established Financial Misconduct Board

INSTITUTIONAL CAPACITY

- 3 of 6 Section 56 Managers Posts filled (Traffic & Emergency - *contract expire end of October 2020, however, position already advertised*); Corporate Support Services; Community Services)
- Section 54A Manager Appointed (Municipal Manager)
- 3 Vacancies as follows:
 - Planning & Development Services (incumbent resigned) – advertised and shortlisting held on 20 October 2020
 - Technical Services (incumbent resigned) – Re-advertised
 - CFO (incumbent resigned) – advertised and shortlisting held on 13th October 2020
- **Waterberg District Municipality initiative support through sec 88 of Municipal Structures Act**
 - Acting Manager Corporate Support Services
 - Acting CFO
 - Acting Manager Technical Services

Electrical services

- Mogalakwena Municipality has a licence to supply electricity to an area of **2 800m²**, with Eskom accounting for the bigger slice.
- Out of **79 396** households within the municipality, **71 163** are electrified which constitutes **91%** with a current backlog of **9%**.
- The Municipality is, in collaboration with Eskom, embarking on a programme to reduce this moving target significantly by 2020.
- To achieve the set target, Eskom has confirmed the construction of **Borutho** substation which will increase the distribution capacity of the infrastructure in town, the adjacent peri-urban settlements, industrial areas and mining operations.
- With all going according to schedule the substation is programmed to be completed in 2020.
- The municipality will electrify residential extensions in all our **178** villages, as tenders have been awarded to electrify new houses in villages.
- Significant progress is also being made to upgrade the municipality's Eskom distribution to **50MVA** which will allow growth in areas around Mokopane for in the next **10 years** giving a breather to plan ahead.

Electrical services

- The development of medium to long term Energy Master Plan is in progress to ensure readiness for future electricity programmes and projects.
- The municipality increased human resource capacity with appointment of four electricians and one handyman to meet the current services demands.
- However the challenge is with regard to spending of 6% of income generated from sale of electricity service which in terms of NERSA licencing condition must be spent on refurbishment and maintenance of ageing infrastructure.
- The Municipality will review the status quo and consider same during our mid-term budget adjustment to ensure that indeed NERSA regulatory directives are met.
- In the efforts to reinforce commitment to contribute to reducing incidents of crime especially in the night, the municipality have successfully installed **103 high mast lights** in the peri-urban and rural communities.
- In the current financial year (2019/20), the municipality will install additional **26** high mast lights to value of R6.5m.

WATER:

- Mogalakwena Local Municipality is both the Water Services Authority (WSA) and Water Services Provider (WSP)
- The municipality is 84 % dependent on bore holes as the water source
- 178 Villages are supplied with water from boreholes
- Rural villages are supplied as per the RDP standard however,
- Most of the bore holes run dry during winter season and poses challenge with regard to meeting the demands
- The total households is 79 396 and 72 293 with access to water which is 92%
- The backlog is currently at 8%

Mokopane Water challenges:

- Current demand 32ml/d
- Peak period: 42ml/d
- Current supply 24ml/d
- Deficit 8ml/d
- Constraint to supply low cost housing in Ext. 14, 17, 19 and 20 as a result of lack of infrastructure

Planned water supply interventions:

- Installed infrastructure in extensions 14,17, 19 and 20
- Water tankering – using own trucks and outsourcing
- Securing of additional 5ml/d from Doorndraai Dam negotiated with Mining Fraternity
- Equipping boreholes at Danisane and Mahwelereng for supply of additional 1,5ml/d and 0,7ml/d respectively
- Permanent solution – the completion of Olifants River Water Resource Development Project
- The Olifants River Water Resource Development Project (water supply pipeline from Boshielo Dam to Mokopane and all the villages within the municipality)
- The Project will provide 79 396 households with water in which 65% falls under indigent category
- The supply system will provide water to Mokopane Town and village reservoirs and networks mostly for standpipes in streets and limited low use yard connections
- The project cost to completion: R 1. 5964 Billion and funded through the Regional Bulk Infrastructure Grant (RBIG)
- Current progress is at 45% and aimed to be completed by December 2019

Additional Water related Challenges

1. Stealing of transformers which take a minimum of six (6) months to replace due to differences of their specifications.
2. Breakages of pump machines and related maintenance equipment would result with delays
3. Poor working relations between pump operators and the community leadership
4. illegal connections on the system in rural and urban
5. Ageing of infrastructure in town and townships
6. reliance on borehole sources for supply
7. insufficient capacity of supply due to source challenges

Mitigation of challenges

- Roll out of bulk water infrastructure in all settlements in the municipality
- Sourcing of bulk water from flag boshielo and dooringdraai dams
- Procurement of term contract for supply of maintenance machinery and equipment

Sanitation:

- Sanitation is dignity, the availability of sanitation facilities does not only improve the dignity of people but also enhances their healthy living.
- The current backlog is at **42%** equivalent to **32 436** households that still need the VIP toilet system.
- This trend requires that more of our future funding be directed to sanitation services.
- Mokopane Town Sewer Plant is running at full capacity.
- The municipality refurbished the facility through installation of mechanical aerators to replace the old system, a standby generator already installed and old pumps are replaced.
- An additional 10ml sewer plant to be built at Masodi in conjunction with one of the mining company.
- The new plant will off-load pressure from the existing plant in town and cater for the entire peri-urban settlements and the envisaged mining operations.
- The new sewer plant will not only restore dignity to the people in Sekgakgapeng, Moshate, Mahwelereng and Masodi, they will also be relieved from the inhuman conditions subjected to them by the erstwhile Potgietersrus Council as they had to endure perpetual stench from the nearby oxidation ponds. Which will be decommissioned on completion of new plant.

Basic Service Delivery

Rural sanitation:

- **500 VIP toilets** for 2019/20 to be provided to beneficiaries in various villages within the municipality which should be completed by end October this year.

Roads and stormwater:

- The municipality has a road network of approximately **1 205km** covering its area of jurisdiction, **350 km** are surfaced through funding of priorities in the IDP.
- **Ten (10) km** will be surfaced in 2019/2020 through MIG allocation.
- A portion of the **855 km** balance will be re-gravelled in 2020/21 utilizing internal plant.
- Phase one of the N11 widening of 25 km, from Mokopane town to north, by SANRAL will commence in the 2020/21 financial year.
- Consultations with stakeholders and private property owners who may be affected have started.

Solid waste management services

- Mogalakwena municipality has only two approved landfill sites, located in Mokopane and Rebone Townships.
- There are challenges at the existing landfill sites which necessitates the development of a sustainability plan.
- The Letjema Waste Management Programme has been absorbed to assist in waste collection and clearing of strategic identified areas resulting with creation of temporary jobs for the youth, however ongoing review and monitoring is necessary.

Housing

- The Department of COGHSTA allocated **102 housing units** for the 2019/20.
- It is expected that the houses will be completed by end of the current calendar year.
- With regard to the 2020/21 housing allocations, the municipality submitted priorities and sites for development and are awaiting confirmation of units by COGHSTA.

Bulk Service provision

Mogalakwena Local Municipality (MLM) is embarking on a clear strategic and sustainable approach to delivery of Bulk Services.

- The municipality has therefore embarked on clustering of small projects into larger projects to be more cost effective and ensure future efficient maintenance and operation.
- The strategic decision to develop infrastructure master plans is now breeding intended results thus improving the readiness to accommodate the envisage massive development opportunities in the Municipality.
- To this end it is gratifying to state that the Master Plan development process is at an advanced stage.

Bulk Service provision

Master plans development	
Service	Progress
Bulk Water Services	Completed
Internal Water Reticulation (mainly rural)	Currently being developed
Wastewater Services	Completed
Roads and Storm water	Draft stage
Electricity	Currently being developed
On site Sanitation for rural areas	Completed at Macro level
Water Conservation and Water Demand	Completed at Macro level
Spatial Development Framework & LUMS	Draft Stage. Awaiting Public Participation Process

Service challenges in Informal and relocated settlements

1. Municipality has three informal settlements, namely Mzombane, Old Ga-pila and old Ga-puka where community members have erected structures that are not formalised. The housing units are estimated to be between 4000 and 5000.
2. There is currently no infrastructure for basic services
3. The municipality has put temporary measures to provide services, which are not adequate as it would be if the settlements were formalised.

Challenges in settlements that were relocated by Anglo Plats Mine.

- The settlements of Armoed (Sekhaolelo) and Rooibok (GA-Puka) which were formally known as Mothlothlo and Sterkwater formally Ga-Pila were relocated by the mine and are now experiencing inadequate supply of water as well as poor sewer services. The mining company did not address the above stated challenges at the time of relocations.

Mitigation of the challenges

- The municipality is engaging the mining company and the affected communities to work out a long lasting solution.

COMMUNITY SERVICES - PROVISION OF BASIC SERVICES

- Waste Management and Refuse removal
 - The municipality has 2 authorised landfill sites, Potgietersrus and Rebone.
 - Potgietersrus landfill is approximately 9 hectares and only 2 hectares is being used for disposal. The site receives approximately 10 500 m³ of waste volumes monthly from various sources i.e. domestic, commercial and industrial and the remaining life span is approximately 3 years.
 - The Rebone landfill site has an estimated remaining airspace of 28 000m³ and the remaining life span of approximately 6 years.
 - There are 15 921 HH out of 79 396 have access to refuse removal services

Service Delivery challenges, are including

- No basic waste disposal services/facilities provided to rural area
- Bottle necks regarding state & repair of refuse removal trucks, machinery & equipments
- Illegal dumping
- Constant repair of obsolete fleet, plant, machinery & equipments which results in poor maintenance of the landfill sites due to obsolete plant, machinery & equipment

Strategies to mitigate the challenges

- Draft master plans in respect of all infrastructure related activities and update where current plans are found to be outdated.
- Review existing maintenance and replacement practices to reduce unit costs and ensure longer term returns on existing infrastructure.
- Develop a service delivery strategy for rural areas and for decaying or underserviced urban & peri-urban areas
- Conduct awareness campaigns on illegal dumping and enforce municipal by-laws

MIG 2020/21 FY Projects

No.	Project Name	Budget	Spent	Physical Progress	Location
1	Moordkoppie Mini Water Scheme 22 (Phase 3)	R 16 479 079.25	R 4 613 889.76	Part 1 at 95% Complete; Part 2 at 0%	Moordkoppie
2	Moordkoppie Mini Water Scheme 22 (Phase 2)	R 1 081 067.78	R0.00	Scope as per Tender 98% Complete.	Moordkoppie
3	JAKKALSKUIL CLUSTER : (Mini WATER Scheme: Lesodi; Mamatlakala; Skilpadkraal, Basterspad, Makekeng, Rantlakane, Wydhoek, Galakwenastroom, Lusaka, Harmansdal, Mabula, Mabuladihlare, Dikgokgopeng, Lyden, Kaditshwene, Kabeane, Jakkalskuil)	R 21 257 690.71	R 240 126.20	Part 1 at 30% Complete; Part 2 at 0% Complete.	Jakkalskuil
4	Mini Water Scheme 23: Fothane/Mamaala/Parakisi	R 1 923 427.24	R0.00	65% Complete	Fothane

MIG 2020/21FY Projects Cont..

No.	Project Name	Budget	Spent	Physical Progress	Location
5	Mini Water Scheme 13: Buffelhoek; Diphichi; Grasvlei; Kgopeng; Mphelelo; Ramosesane; Tiberius; Galelia; Vergenoeg (Diphichi Cluster) Multi Year	R 6 442 033.96	R 3 820 853.82	95% complete. Connection of the outlets at the steel tank and electrical connection outstanding.	Diphichi
6	Mahwelereng Roads & Storm water	R 11 135 667.00	R 4 845 956.70	25% complete	Mahwelereng
7	Completion of Molekane roads and stormwater	R 4 000 000.00	R0.00	0%	Molekane
8	Completion of Mabusela - Masoge roads and storm water	R 4 000 000.00	R0.00	0%	Masoge
9	Mesopotamia High Mast lights	R 1 800 000.00	R0.00	0%	Mesopotamia
10	Rebone Sports Stadium	R 0.00	R0.00	89% complete. Athletics tracks outstanding.	Rebone

MIG 2020/21FY Projects Cont..

No.	Project Name	Budget	Spent	Physical Progress	Location
11	Sekuruwe Cluster Mini Scheme 27	R 11 868 882.00	R4 139 999.99	93% Complete.	Sekuruwe
12	Mmahlogo Roads and Stormwater	R 1 375 048.33	R0.00	74% Complete.	Mmahlogo
13	Mapela Sports Stadium	R 2 136 412.49	R0.00	89% complete. Eskom connection and Change rooms electrification outstanding.	Mapela
14	Mini Scheme 25: Seema/Mapila Cluster	R 11 868 882.53	R 4 973 767.44	90% Complete. Around 200m reticulation outstanding	Seema
15	Malepetleke High Mast Lights	R 3 950 000.00	R0.00	0%	Malepetleke
16	Mabuela Roads and Stormwater	R 1 850 602.41	R 517 007.17	85% Complete.	Mabuela
17	Motse Pebbles	R 1 000 000.00	R 0.00	0%	Rapadi

MIG 2020/21FY Projects Cont..

No.	Project Name	Budget	Spent	Physical Progress	Location
18	Mzombane 7 Miles Water Supply	R 6 870 000.00	R 3 419 698.99	62% Complete.	Mzombane
19	Ga Madiba –Kgaba Water Supply	R 5 450 000.00	R 3 676 924.99	87% Complete	Ga Madiba
20	Weenen / Planknek Water Supply	R 5 572 077.19	R 2 157 036.06	85% Complete	Weenen
21	Sekgagapeng / Parkmore Water Supply	R 7 345 908.35	R 2 594 579.04	70% Complete	Sekgagapeng
22	Moshate / Maroteng /Masehlaneng Water Supply	R 12 980 300.76	R 2 955 796.44	65% Complete	Moshate

MIG 2020/21FY Projects Cont..

No.	Project Name	Budget	Spent	Physical Progress	Location
23	Mokopane WWTW Project	R 2 000 000.00	R 609 685.29	100% Complete.	Mokopane
24	Mokopane Unit D Booster Pump	R 400 000.00	R0.00	100% Complete.	Mokopane
25	Mokopane Pressure Reducing Valves and Bulk Meters	R 2 000 000.00	R 1 907 229.90	100% Complete.	Mokopane
26	Upgrading of Water Resource in Various villages	R 3 000 000.00	R0.00	100% Complete.	Various villages
27	PMU Fees	R 7 538 920.00	R 1 443 026.78		
TOTAL 2020/21FY		R 155 326 000.00	R 41 915 577.67		
			(27.0%)		

WSIG 2020/21FY Projects

No.	Project Name	Budget	Spent	Physical Progress	Location
1	Industrial Wellfield Development LPMOG 15	R 32,591,632.87	R 0.00	93%	Mokopane
2	Refurbishment of Water Services Infrastructure LPMOG 16 Moshuka and Grasvlei	R 25,000,000.00	R 0.00	89%	Moshuka/Grasvlei
3	Minor refurbishment works at Sekgakgapeng, Masodi and Rebone Oxidation Ponds	R 5,000,0000.00	R 0.00	0%	Sekgakgapeng/Masodi/Rebone
4	Development of water services infrastructure at Rebone : Source development and construction of pumping mains to connect to existing network	R 4,850,000.00	R 0.00	0%	Rebone
5	Development of the Danisane Well-filed boreholes	R 7,000,000.00	R 0.00	0%	Danisane
6	Ga-Pila Sterk Water Well-field : Water Treatment Works	R 8,500,000.00	R 0.00	0%	Ga-Pila
7	Development of water collection points for water tankering purposes : Mapela, Nkidikitlana, Salem and Bakenberg Satellites	R 6,500,000.00	R 0.00	0%	Mapela, Nkidikitlana, Salem and Bakenberg Satellites

WSIG 2020/21FY Projects Cont.

No.	Project Name	Budget	Spent	Physical Progress	Location
8	Installation of a package plant at Rantlakane	R 3,000,000.00	R 0.00	0%	Rantlakane
9	Development of water services infrastructure at Segole : Source development and construction of pumping mains to connect to existing network	R 4,500,000.00	R 0.00	0%	Segole
10	Development of water services infrastructure at Rooival : Source development and construction of pumping mains to connect to existing network	R 4,500,000.00	R 0.00	0%	Rooival
TOTAL 2020/21FY		R 56,288,563.19	R 0.00		

NOTE: Service providers were appointed in October 2020.

RBIG 2020/21FY Projects

No.	Project Name	Budget	Spent	Physical Progress	Location
1	Industrial Wellfield Development Contract 29-2018/19	R 22,000,000.00	R 7,140,738.37	54%	Mokopane
2	Mogalakwena Municipality Bulk Water Masterplan: Phase 2A Jakkalskuil Cluster Contract 05-2017/18	R 7,943,000.00	R 813,437.78	84%	Jakkalskuil
3	Mogalakwena Municipality Bulk Water Masterplan: Phase 2A Jakkalskuil Cluster Contract 06-2017/19	R 8,000,000.00	R 7,833,795.32	35%	Jakkalskuil
4	Contract 01-2014/15 (GIBB Professional Services)	R 1,600,000.00	R 568,789.23	34%	
5	Contract 01-2014/15 (Aurecon Professional Services)	R 1,600,000.00	R 1,488,146.76	83%	
6	Contract 02-2014/15 (Element Professional Services)	R 1,600,000.00	R 1,435,559.23	80%	
7	Contract 02-2014/15 (SSA Professional Services)	R 1,600,000.00	R 1,962,715.30	68%	
TOTAL 2020/21FY		R 44,343,000.00	R 21,243,182.65		

INCOMPLETE/STALLED PROJECTS

Project Name	Budget	Expenditure incurred	Action taken to institute consequences management
Moshate Stadium	R38 743 674,00	R13 308 477	The project identified as part if the irregularity by AG`s 2018/19FY. The Accounting office instituted a preliminary investigation into the matter and currently the investigation has identified individuals that have played a role in the irregularity and currently under disciplinary process.
Fothane Miniwater Scheme	R14629329,00	R12 997 362	The service provider was terminated due to non performance. The Municipality is currently under the process of recouping the incurred expenditure from the service provider.

INCOMPLETE/STALLED PROJECTS...cont...

Project Name	Budget	Expenditure incurred	Action taken to institute consequences management
Segole water Project	R16675762,00	R10 675 766	Package Plant was paid for, but not delivered. The letter of demand was issued to the service provider. Furthermore the matter is currently on the investigations.
Masodi Treatment Plant	R295352785,96	R181 800 435	The project stalled due to endless community strikes and labour unrest. This resulted in contractor claim for extension of time with cost implications. However the project is currently being resuscitated inconjunction with Ivanplats Platinum Mine. The project is currently under Sec33 of MFMA.

USE OF CONSULTANTS

- The municipality is currently utilising 41 consultants in the following departments:

Department	#	Service Rendered	Contract amount	Reduction Plans/Future plans
BTO	4	Financial Management and Operation Clean Audit	SAICA rates	Review of the current SLA to ensure Mandatory Skills Transfer
		VAT Submission	Percentage of financial benefit identified (18%)	Review of the current SLA to ensure Mandatory Skills Transfer
		Actuarial valuation of employee benefits	R15 000 for two months (August – October 2020)	
		Landfill rehabilitation and closure provision	R38 000 for two months (August – October 2020)	
Technical Services	32	Planning, Scoping, Design and Contract Supervision	R276 269 347.26	Use Consultant to render services on expertise that the Municipality does not have.
Electrical Services	5	Planning, Scoping, Design and Contract Supervision	As Per ECSA Guideline (12,5%)	Use Consultant to render services on expertise that the Municipality does not have.

CONCLUSION

POST AUDIT ACTION PLAN, DRAFT FRP & REDUCTION OF UIFW STRATEGY

- The municipality is embarking on a process of healing and rebuilding itself
- Interventions were made to stabilise the institution, the Municipal Manager and Head of Intervention Team, are in the process of stabilising the systems
- Working towards regaining community confidence and striving for excellence in service provision
- The future of Mogalakwena Local Municipality is tied to our unwavering commitment, hard work, and forging of human solidarity with the people of Mogalakwena and the private sector partnerships.

In conclusion, the NCOP should note the progress on the circulated detailed Post Audit Action Plan, FRP & Reduction of UIFW Strategy for the municipality which details the progress and the level at which the corrective actions have been implemented.

THANK YOU