

*Interactive Virtual*  
**LOCAL GOVERNMENT WEEK**

*Theme: Ensuring Capable and Financially  
Sound Municipalities*

*MEC Free State COGTA: Mr. T. S. Nxangisa  
09 September 2020*



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# PRESENTATION LAYOUT

- Background
- Plans to Improve Service Delivery
- Plans to Improve Financial Management
- Plan to Develop Capacity
- Section 139 Interventions
- District Development Model



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# BACKGROUND

- The Auditor General South Africa reported a total collapse of prudent control measures in Free State Municipalities.
- Both political and administrative leadership failed to implement measures to improve oversight, accountability and remedial actions to improve financial and performance management.
- As a result, Municipal Audit outcomes were marked by significant regressions. Service delivery to communities did not come off unaffected either.
- Municipalities experience severe liquidity challenges, as they failed to address billing challenges and to collect outstanding amounts in arrears in respect of service charges, rates and taxes and levies.
- As a result, the financial crisis that Municipalities in the Province face has developed in to a calamity.
- Municipalities fell further in arrears with their financial obligations to suppliers of bulk services (ESKOM and Water Boards)
- Large distribution losses, caused by theft, illegal connections, the inability to regulate the consumption of indigent residents and collapsing service delivery utilities and infrastructure further add to these financial woes.



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# BACKGROUND (Cont.)

- In the majority of instances the annual salary bill of Municipalities had escalated to such extent that the cost of employment exceed the annual Equitable Share allocations.
- That Municipalities cannot sustain these annual salary bills is made all to clear by the fact that most Municipalities pay over the salary deductions to third parties, such as SARS, Pension Funds, Medical Aid Schemes, Insurance companies and the likes.
- This failure constitute criminal conduct on the part of Municipalities and has sparked a number of labour actions from workers and their Unions, as well as litigations.
- Municipalities failed to deliver accurate, reliable and complete performance reporting, thus depriving communities their right to hold political leadership accountable.
- In addition the absence of sufficient supporting documentation left Municipalities unable to account for public funding.
- Conditional Grant funding is not spend in a manner that better and improve the lives of our people.
- The spending of Conditional Grants is further compounded by factors such as ignoring the principles of project planning and management, material underspending on Conditional Grants because funds are diverted elsewhere



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# BACKGROUND (Cont.)

- The Supply Chain Management practices applied by Municipalities not only result in major year on year escalation in irregular expenditure, which is left not investigated, but also create a fertile environment for maladministration, fraud and corruption. The absence of consequences management allows the situation to progress to every higher cause of concern.
- The 2018/19 Audit Outcomes of the following 5 Municipalities is still outstanding;

| Municipality                        | Reason                     |
|-------------------------------------|----------------------------|
| Kopanong Local Municipality         | 2018/19 AFS submitted late |
| Tokologo Local Municipality         | 2018/19 AFS submitted late |
| Mafube Local Municipality           | 2018/19 AFS not submitted  |
| Maluti a Phofung Local Municipality | 2018/19 AFS not submitted  |
| Masilonyana Local Municipality      | 2018/19 AFS not submitted  |



# PLANS TO IMPROVE SERVICE DELIVERY



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# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES

## COGTA Support

- Appointed a service provider to conduct electricity Audit for all power users and later Develop Energy Master Plan (R6,7m)
- Assisted MAP with R8m fixing of Water Network and associated services & R6m to address water supply challenges (i.e. equipping of boreholes)
- Construction of Water Testing Laboratory in Kestel = R12 m (Thabo Mofutsanyana District) Beneficiaries are all LM's in the District and the project is underway



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support

- For 2020/2021, Metsimaholo LM was added to the existing list
- For 2019/20 Financial Year

The Municipalities supported were:

- **Fezile Dabi District** – Mafube Local Municipality
- **Thabo Mofutsanyana District** - Maluti-A-Phofung Local Municipality
- **Lejweleputswa District** – Tokologo and Masilonyana Local Municipalities





# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.)

- MISA provided support to 9 out of the total 18 Municipalities in the FS for financial year 2019/2020
- Though technical support was provided to nine Municipalities, Free State only had seven Municipalities which were on MISA APP.
- MISA has a multi-discipline technical team supporting the FS
- MISA support also aims to build technical capacity in Municipalities and has embarked on deploying various young technical graduates as well as various artisans in training in various Local Municipalities within the province.



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.)

### Projects implemented

In the 2018/19 & 2019/20 financial year, the following projects were implemented:

| Project  | Status                  |
|--|-------------------------|
| The development of Water Conservation (WC)/Water Demand Management (WDM) plan for Mafube Local Municipality.           | Completed               |
| The development of Water Conservation (WC)/Water Demand Management (WDM) plan for Maluti-A-Phofung Local Municipality. | Completed               |
| Upgrading of Landfill Site in Mafube Local Municipality- Phase 1: EIA Study  | Completed- Awaiting ROD |
| The development of Frankfort Cemetery in Mafube Local Municipality- Phase 1: EIA study                                 | Completed- Received ROD |



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.)

### Achievement of all Teams

- Misa assisted to unlock funding and assisted on procurement processes for service providers
- Young graduate of MISA effectively assisting PMU and increasing technical capacity
- Technical Skills transfer to Municipal PMU Officials
- All Municipal projects are registered for implementation for 2020/2021 financial year
- Assisted in the finalization of Draft Water Master Plan and sanitation master plan in Maluti-A-Phofung Local Municipality.



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.)

### Achievement of all Teams

- Misa assisted to unlock funding and assisted on procurement processes for service providers
- Young graduate of MISA effectively assisting PMU and increasing technical capacity
- Technical Skills transfer to Municipal Project Management Unit (PMU) Officials
- All Municipal projects are registered for implementation for 2020/2021 financial year
- MIG Expenditure has improved in the supported Municipalities.
- Assisted in the finalization of Draft water master plan and sanitation master plan in Maluti-A-Phofung Local Municipality.
- Six MISA funded projects as described above were managed and completed on time, within budget and spec.
- Assisted Mafube Local Municipality to secure funding from DBSA for the development of water and sanitation master plans.
- The Monitoring of projects and verification of invoices Bill of Quantities (BOQ) in Mafube Local Municipality has been successfully implemented.
- Assisted in the finalization of Draft water master plan and sanitation master plan in Maluti-A-Phofung Local Municipality



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.)

### Achievement of all Teams (cont.)

- Tokologo Local Municipality (LM) is categorized as a distressed Municipality. Therefore they receive from MISA, DCoG who deployed a qualified Engineer to support the three Xhariep Local Municipalities.
- MISA has assisted Tokologo LM with review of tender and contract documentation.
- Tokologo Local Municipality (LM) has appointed a Technical Director.



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.) Capacity Building

| Apprentices     |                     | Type  | Total |
|-----------------|---------------------|---|-------|
| 1               | Masilonyana LM      | 2x Bricklayers<br>1x Diesel Mechanic<br>1x Motor mechanic | 5     |
| 2               | Maluti a Phofung LM | 1x Bricklayers  |       |
| Young Graduates |                     | Type  | Total |
| 4               | Maluti A Phofung LM | Electrical Engineering x3<br>Civil Engineer x2            | 5     |



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.)

### Capacity Building (cont.)

| Young Graduates |                  | Type   | Total |
|-----------------|------------------|--|-------|
| 1               | Setsoto LM       | Electrical Engineering x1  | 10    |
| 2               | Letsemeng LM     | Electrical Engineering x1<br>Civil Engineering x1<br>Town and Regional planning x1 |       |
| 3               | Moghaka LM       | Electrical Engineering x1  |       |
| 4               | Masilonyana LM   | Electrical Engineering x1  |       |
| 5               | Mafube LM        | Geographic Information System x1<br>Electrical Engineering x1                      |       |
| 6               | Maluti A Phofung | Electrical Engineering x1<br>Town and Regional planning x1                         |       |



# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE TECHNICAL SERVICES (CONT.)

## MISA Support (Cont.)

### Future Plans

- The Water Conservation (WC)/Water Demand Management (WDM) Plan have revealed high water leakages in Municipalities.
- MISA through DBSA has thus funded Maluti a Phofung and Phumelela with R1.5 million to drill boreholes in line with the COVID 19 viz two (2) boreholes at Maluti a Phofung and one (1) borehole at Phumelela and also R8 million for the refurbishment of 8 pumps stations at Maluti a Phofung .
- Plan to technically support more Municipalities over and above the Municipalities which are on APP
- Metsimaholo LM will form part of the project verification with effect from August 2020.

## DBSA Support

- Support to Mafube LM with development of Water Services Master Plan and Water Services Development Plan
- Support to Masilonyana LM with development of Water Services Master Plan, Electricity Master Plan and Management Plan to reduce non-revenue Electricity





# COMPLIANCE AREA: MUNICIPAL INFRASTRUCTURE GRANT

The following contributed in the effective monitoring of the Municipal Infrastructure Grant in the 2019/2020 financial year (April 2019-March 2020):

- MIG Intervention meetings held with Masilonyana (7), Tokologo (3), Maluti a Phofung, and Mafube with regard to cost reimbursement, under expenditure, project progress, challenges and remedial measures.
- MIG implementation sessions held with all 18 Municipalities in order to finalize the project list and to determine the readiness for projects to be implemented for the 2020/2021 MIG financial year.
- Monitoring meeting held in Masilonyana to monitor targets and progress in relation to MIG projects
- MIG one to one meetings held with Nala (3), Mafube (3), Metsimaholo (3), Maluti a Phofung (4), Tokologo (1) and Masilonyana (3) on MIG implementation plans, MIG reporting, project reconciliation and project registration.
- Meeting held between DCOG, the Department and 4 Municipalities (Masilonyana, Tokologo, Maluti a Phofung, Mafube) on the implementation of cost reimbursement in relation to MIG.
- 16 MIG quarterly forum meetings conducted with 18 Municipalities and Sector Department in order to discuss project implementation, challenges, remedial measures, PMU expenditure, MIG non-financial and MIS Status.
- Site visits conducted in Tokologo (1), Maluti a Phofung (4), Metsimaholo (1), Nala (2), Masilonyana (1) and Mafube (1) and recommendations made to the respective Municipal Managers.
- All PMU evaluations (17) conducted except for Mafube which could not be visited due to the COVID 19 outbreak and restrictions on travelling. PMU's were found functional.
- The annual appraisal meeting was held during November 2019 for the approval of 24 projects. 4 Ad hoc Project appraisal meetings held in June, August, October 2019 and February 2020 for the registration of 27 projects and 18 PMU Budgets for the 2019/2020 MIG financial year.



# PLANS TO IMPROVE FINANCIAL MANAGEMENT



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# COMPLIANCE AREA: MUNICIPAL FINANCE

## FREE STATE 2018/19 MUNICIPAL AUDIT OUTCOMES

| District               | No | Auditee       | Audit Outcomes |                 |                 | Movement    |
|------------------------|----|---------------|----------------|-----------------|-----------------|-------------|
|                        |    |               | 2016/17        | 2017/18         | 2018/19         |             |
| Mangaung Metro         | 1  | Mangaung      | Qualified      | Disclaimer      | Qualified       | Improvement |
| Xhariep District       | 1  | Xhariep       | Unqualified    | Unqualified     | Unqualified     | Unchanged   |
|                        | 2  | Kopanong      | Qualified      | Qualified       | Audit pending   |             |
|                        | 3  | Letsemeng     | Disclaimer     | Qualified       | Qualified       | Unchanged   |
|                        | 4  | Mohokare      | Disclaimer     | Qualified       | Qualified       | Unchanged   |
|                        | 5  | Naledi        |                |                 |                 |             |
| Lejweleputswa District | 1  | Lejweleputswa | Unqualified    | Unqualified     | Unqualified     | Unchanged   |
|                        | 2  | Masilonyana   | Disclaimer     | AFS outstanding | AFS outstanding |             |
|                        | 3  | Matjhabeng    | Unqualified    | Qualified       | Qualified       | Unchanged   |
|                        | 4  | Nala          | Unqualified    | Qualified       | Disclaimer      | Regression  |
|                        | 5  | Tokologo      | Disclaimer     | Disclaimer      | Audit pending   |             |
|                        | 6  | Tswelopele    | Unqualified    | Qualified       | Qualified       | Unchanged   |



# COMPLIANCE AREA: MUNICIPAL FINANCE

## Audit outcomes (cont.)

| District                    | No | Auditee                          | Audit Outcomes |               |                 | Movement    |
|-----------------------------|----|----------------------------------|----------------|---------------|-----------------|-------------|
|                             |    |                                  | 2016/17        | 2017/18       | 2018/19         |             |
| Thabo Mofutsanyana District | 1  | Thabo Mofutsanyana               | Unqualified    | Qualified     | Unqualified     | Improvement |
|                             | 2  | Dihlabeng                        | Unqualified    | Qualified     | Qualified       | Unchanged   |
|                             | 3  | Maluti-A-Phofung                 | Disclaimer     | Audit pending | AFS outstanding |             |
|                             | 4  | Nketoana                         | Disclaimer     | Qualified     | Disclaimer      | Regression  |
|                             | 5  | Phumelela                        | Unqualified    | Qualified     | Qualified       | Unchanged   |
|                             | 6  | Setsoto                          | Unqualified    | Qualified     | Qualified       | Unchanged   |
|                             | 7  | Mantsopa                         | Qualified      | Qualified     | Qualified       | Unchanged   |
| Fezile Dabi District        | 1  | Fezile Dabi                      | Adverse        | Qualified     | Disclaimer      | Regression  |
|                             | 2  | Mafube                           | Disclaimer     | Disclaimer    | AFS outstanding |             |
|                             | 3  | Metsimaholo                      | Unqualified    | Qualified     | Qualified       | Unchanged   |
|                             | 4  | Moghaka                          | Unqualified    | Unqualified   | Qualified       | Unchanged   |
|                             | 5  | Ngwathe                          | Qualified      | Disclaimer    | Qualified       | Improvement |
| Municipal Entities          | 1  | Centlec (Pty) Ltd                | Unqualified    | Qualified     | Unqualified     | Improvement |
|                             | 2  | Lejweleputswa Dev. Agency        | Unqualified    | Qualified     | Unqualified     | Improvement |
|                             | 3  | Maluti-A-Phofung Water (Pty) Ltd | Adverse        | Audit pending | AFS outstanding |             |

| Summary                | 2016/17   | 2017/18   | 2018/19   |
|------------------------|-----------|-----------|-----------|
| <b>Adverse</b>         | 2         | 0         | 0         |
| <b>Disclaimer</b>      | 7         | 4         | 3         |
| <b>Qualified</b>       | 4         | 16        | 12        |
| <b>Unqualified</b>     | 13        | 3         | 5         |
| <b>Clean</b>           | 0         | 0         | 0         |
| <b>Audit pending</b>   | 0         | 2         | 3         |
| <b>AFS outstanding</b> | 0         | 1         | 3         |
| <b>Total</b>           | <b>26</b> | <b>26</b> | <b>26</b> |



# COMPLIANCE AREA: MUNICIPAL FINANCE (CONT.)

## INTERNAL AUDIT UNITS: 2018/2019 AGSA ASSESSMENT

| MUNICIPALITY     | PROVIDED LIMITED / NO ASSURANCE            | PROVIDED SOME ASSURANCE | PROVIDED ASSURANCE |
|------------------|--|-------------------------|--------------------|
| Mangaung Metro   |  |                         |                    |
| Xhariep DM       |  |                         |                    |
| Letsemeng LM     |  |                         |                    |
| Kopanong LM      | 2018/19 Audit in progress                  |                         |                    |
| Mohokare LM      |  |                         |                    |
| Lejweleputswa DM |  |                         |                    |
| Masilonyana LM   | 2017/18 & 2018/19 AFS not finalised as yet |                         |                    |
| Tokologo LM      | 2018/19 AFS submitted in June 2020         |                         |                    |
| Tswelopele LM    |  |                         |                    |
| Matjhabeng LM    |  |                         |                    |
| Nala LM          |  |                         |                    |



# COMPLIANCE AREA: MUNICIPAL FINANCE (CONT.)

## Internal Audit Units (Cont.)

| MUNICIPALITY          | PROVIDED LIMITED / NO ASSURANCE   | PROVIDED SOME ASSURANCE | PROVIDED ASSURANCE |
|-----------------------|---|-------------------------|--------------------|
| Thabo Mofutsanyana DM |   |                         |                    |
| Mantsopa LM           |   |                         |                    |
| Setsoto LM            |   |                         |                    |
| Dihlabeng LM          |   |                         |                    |
| Nketoana LM           | Dispute with AG resolved. Audit outcome is a Disclaimer. Audit Report still to be tabled in Council |                         |                    |
| Phumelela LM          |   |                         |                    |
| Maluti A Phofung LM   | 2017/18 & 2018/19 AFS not finalised as yet  |                         |                    |
| Fezile Dabi DM        |   |                         |                    |
| Moqaka LM             |   |                         |                    |
| Ngwathe LM            |   |                         |                    |
| Metsimaholo LM        |   |                         |                    |
| Mafube LM             | 2018/19 AFS not finalised as yet  |                         |                    |

# AGSA Management reports 2018/19



# COMPLIANCE AREA: MUNICIPAL FINANCE (CONT.)

## AUDIT COMMITTEES: 2018/2019 AGSA ASSESSMENT

| MUNICIPALITY     | PROVIDED LIMITED / NO ASSURANCE            | PROVIDED SOME ASSURANCE | PROVIDED ASSURANCE |
|------------------|--|-------------------------|--------------------|
| Mangaung Metro   |  |                         |                    |
| Xhariep DM       |  |                         |                    |
| Letsemeng LM     |  |                         |                    |
| Kopanong LM      | 2018/19 Audit in progress                  |                         |                    |
| Mohokare LM      |  |                         |                    |
| Lejweleputswa DM |  |                         |                    |
| Masilonyana LM   | 2017/18 & 2018/19 AFS not finalised as yet |                         |                    |
| Tokologo LM      | 2018/19 AFS submitted in June 2020         |                         |                    |
| Tswelopele LM    |  |                         |                    |
| Matjhabeng LM    |  |                         |                    |
| Nala LM          |  |                         |                    |



# COMPLIANCE AREA: MUNICIPAL FINANCE (CONT.)

## Audit Committees (Cont.)

| MUNICIPALITY          | PROVIDED LIMITED / NO ASSURANCE   | PROVIDED SOME ASSURANCE | PROVIDED ASSURANCE |
|-----------------------|---|-------------------------|--------------------|
| Thabo Mofutsanyana DM |   |                         |                    |
| Mantsopa LM           |   |                         |                    |
| Setsoto LM            |   |                         |                    |
| Dihlabeng LM          |   |                         |                    |
| Nketoana LM           | Dispute with AG resolved. Audit outcome is a Disclaimer. Audit Report still to be tabled in Council |                         |                    |
| Phumelela LM          |   |                         |                    |
| Maluti A Phofung LM   | 2017/18 & 2018/19 AFS not finalised as yet  |                         |                    |
| Fezile Dabi DM        |   |                         |                    |
| Moqaka LM             |   |                         |                    |
| Ngwathe LM            |   |                         |                    |
| Metsimaholo LM        |   |                         |                    |
| Mafube LM             | 2018/19 AFS not finalised as yet  |                         |                    |

# AGSA Management reports 2018/19





# COMPLIANCE AREA: MUNICIPAL FINANCE (CONT.)

## MUNICIPAL PUBLIC ACCOUNTS COMMITTEES (MPAC's): 2018/2019 AGSA ASSESSMENT

| MUNICIPALITY     | PROVIDED LIMITED / NO ASSURANCE            | PROVIDED SOME ASSURANCE | PROVIDED ASSURANCE |
|------------------|--|-------------------------|--------------------|
| Mangaung Metro   |  |                         |                    |
| Xhariep DM       |  |                         |                    |
| Letsemeng LM     |  |                         |                    |
| Kopanong LM      | 2018/19 Audit in progress                  |                         |                    |
| Mohokare LM      |  |                         |                    |
| Lejweleputswa DM |  |                         |                    |
| Masilonyana LM   | 2017/18 & 2018/19 AFS not finalised as yet |                         |                    |
| Tokologo LM      | 2018/19 AFS submitted in June 2020         |                         |                    |
| Tswelopele LM    |  |                         |                    |
| Matjhabeng LM    |  |                         |                    |
| Nala LM          |  |                         |                    |



# COMPLIANCE AREA: MUNICIPAL FINANCE (CONT.)

## Municipal Public Accounts Committees (MPACs) (Cont.)

| MUNICIPALITY          | PROVIDED LIMITED / NO ASSURANCE   | PROVIDED SOME ASSURANCE | PROVIDED ASSURANCE |
|-----------------------|---|-------------------------|--------------------|
| Thabo Mofutsanyana DM |   |                         |                    |
| Mantsopa LM           |   |                         |                    |
| Setsoto LM            |   |                         |                    |
| Dihlabeng LM          |   |                         |                    |
| Nketoana LM           | Dispute with AG resolved. Audit outcome is a Disclaimer. Audit Report still to be tabled in Council |                         |                    |
| Phumelela LM          |   |                         |                    |
| Maluti A Phofung LM   | 2017/18 Audit not finalised & 2018/19 AFS not   |                         |                    |
| Fezile Dabi DM        |   |                         |                    |
| Moqaka LM             |   |                         |                    |
| Ngwathe LM            |   |                         |                    |
| Metsimaholo LM        |   |                         |                    |
| Mafube LM             | 2018/19 AFS not finalised as yet  |                         |                    |

# AGSA Management reports 2018/19



# COMPLIANCE AREA: MUNICIPAL FINANCE (CONT.)

## Municipal Public Accounts Committees (MPACs) (Cont.)

### Challenges

The following challenges were highlighted by MPAC members that can negatively impact on the effectiveness of MPACs in their Municipality:

- No budget allocation, limited support staff e.g. researcher, office admin assistant etc. as well as limited resources;
- Lack of training provided to the broader Council;
- The guidelines for MPAC's are not legislated;
- Political interference;
- Lack of commitment amongst MPAC members;
- Poor cooperation by officials in terms of logistics such as travel arrangements e.g. accommodation, claims etc.



# COMPLIANCE AREA: MUNICIPAL FINANCE

## Municipal Property Rates Act Compliance

| Municipalities that are implementing their General Valuation Roll prior | Council Resolutions for the date of valuation and the noting the appointment of the Valuer | The Property Rates Policy | Provincial Gazette of Levying of Rates | Property Rates By-Law ito sec 6 | Provincial Gazette and of 2 official notices of opening the valuation roll for objections <u>within 21 days</u> after handing over the roll | Notification to each owner and placing such notification on the Councils Websit | Extention for the Valuation Roll | Condonation of non-compliance              |
|---|--|---------------------------|--|---------------------------------|---|---|----------------------------------|--|
| (FS172) Mangaung BLOEMFONTEIN   |  |                           |  |                                 |   |   |                                  |  |
| <i>(DC16) Xhariep</i>   |  |                           |  |                                 |   |   |                                  |  |
| (FS 161) Letsemeng KOFFIEFONTEIN  |  |                           |  |                                 |   |   |                                  |  |
| (FS 162) Kopanong TROMPSBURG  |  |                           |  |                                 |   |   |                                  | Yes 15 April 2019 for the late Publication |
| (FS 163) Mohokare ZASTRON   |  |                           |  |                                 |   |   |                                  | Yes 15 April 2019 for the late Publication |
| <i>(DC 18)Lejweleputswa</i>   |  |                           |  |                                 |   |   |                                  |  |
| (FS 181) Masilonyana THEUNISSEN   | 23 January 2015  | Budget processes          | Gzt 18 of 24 July 2020                 | 26 June 2009                    | 25 February &   | 6 February 2015 I   |                                  |  |
| (FS 182) Tokologo BOSHOF  |  |                           |  |                                 |   |   |                                  |  |
| (FS 183)Tswelopele BULFTONTEIN  |  |                           |  |                                 | 17 February 2017 G  | No individual notices   |                                  |  |
| (FS 184) Matjhabeng WELKOM  |  |                           |  |                                 |   |   |                                  |  |
| ( FS 185) Nala BOTHAVILLE   |  |                           |  |                                 |   | No individual notices   |                                  |  |



# COMPLIANCE AREA: MUNICIPAL FINANCE

## Municipal Property Rates Act Compliance (cont.)

| Municipalities that are implementing their General Valuation Roll prior | Council Resolutions for the date of valuation and the noting the appointment of the Valuer | The Property Rates Policy | Provincial Gazette of Levying of Rates | Property Rates By-Law ito sec 6 | Provincial Gazette and of 2 official notices of opening the valuation roll for objections <u>within 21 days</u> after handing over the roll | Notification to each owner and placing such notification on the Councils Website | Extention for the Valuation Roll | Condonation of non-compliance              |
|---|--|---------------------------|--|---------------------------------|---|--|----------------------------------|--|
| <i>(DC 19) Thabo Mofutsanyana</i>                                       |  |                           |  |                                 |   |  |                                  |  |
| (FS 191) Setsoto<br><b>FICKSBURG</b>                                    |  |                           |  |                                 |   |  |                                  |  |
| (FS 192) Dihlabeng<br><b>BETHLEHEM</b>                                  |  |                           |  |                                 |   |  |                                  |  |
| (FS 193) Nketoana<br><b>REITZ</b>                                       |  |                           |  |                                 |   |  |                                  |  |
| (FS 194) Maluti a Phofung<br><b>WITSIESHOEK</b>                         | Preparing to implement New Roll in 2021  |                           |  |                                 |   |  |                                  |  |
| (FS 195) Phumelela<br><b>VREDE</b>                                      | Preparing to implement New Roll in 2021  |                           |  |                                 |   |  |                                  |  |
| (FS 196) Mantsopa<br><b>LADYBRAND</b>                                   |  |                           |  |                                 |   |  |                                  |  |
| <i>(DC 20) Fezile Dabi</i>  |  |                           |  |                                 |   |  |                                  |  |
| (FS 201) Moqhaka<br><b>KROONSTAD</b>                                    |  |                           |  |                                 |   |  |                                  |  |
| (FS 203) Ngwathe<br><b>PARYS</b>  |  |                           |  |                                 |   |  |                                  |  |
| (FS204) Metsimaholo<br><b>SASOLBURG</b>                                 |  |                           |  |                                 |   |  |                                  | Yes 15 April 2019 for the late Publication |
| (FS 205) Mafube<br><b>FRANKFORT</b>                                     |  |                           |  |                                 |   |  |                                  |  |



# PROVINCIAL PLANS TO IMPROVE FINANCIAL VIABILITY AND MANAGEMENT (PT AND COGTA PARTNERSHIP)

- An adopted financial reform agenda to ensure:
  - Financial sustainability through improved fiscal discipline and funded budgets.
  - Support provided in Budgets, SCM, Accounting Service & MSP support (approximately R29 million allocated by PT).
  - Game Changers Strategy – NT support with MFIP advisors (Free state - seven in 2019/20 FY).
  - Financial and business reform through the *mSCOA*.
- MFMA financial policies and regulations to guide Municipalities.
- Province specific strategies (FSPT - MFMA unit).
- Municipal Reporting, strengthen MFMA, Section 71 and budget reporting.
- Role clarification strategic & diagnostic prescriptive - MOU between CoGTA & PT



# PROVINCIAL STRATEGY TO ADDRESS AUDIT OUTCOMES

- Address the holistic control environment instead of “Bandage & Asprin” approach.
- Thus use the assessments from **Financial Management Capability Maturity Model (FMCMM)** to drive improvements in Audit Outcomes by focusing on:
  - Reviewing FMCMM assessments
  - FMCMM Action Plans
  - Uniform Financial Ratios
  - Audit Action Plans.
- In the 2020/21 Financial year COGTA has R 25,252 million available to support Provincial Plans toward addressing Municipal Audit outcomes



# PLANS AND SUPPORT TO DEVELOP CAPACITY





# COMPLIANCE AREA: MUNICIPAL INTERGOVERNMENTAL RELATIONS AND PUBLIC PARTICIPATION

## Functional Ward Committees

In order to mitigate negative audit outcomes, Municipalities were supported with:

- A template to report quarterly on the functionality of Ward Committees and public participation issues was developed and made available to all Municipalities.
- Municipalities were requested to submit proof of payment of stipend (out of pocket expense) to Ward Committees on a quarterly basis.
- Supported to submit a schedule of Ward Committee meetings and Councillor report back meetings and requested to provide evidence if the meetings were held, in the form of attendance registers, agenda and minutes of the meetings.
- All Municipalities were supported with the development of ward operational plans in line with the SDBIP of the Municipality, except Mangaung as Ward Committees were not inducted. The Mangaung Metro insisted to appoint its own Service Provider to induct Ward Committees. However, since 2016 up to the time of the intervention the Metro failed to conclude on such an appointment.
- Municipalities were further supported to develop a database of all Ward Committees indicating sector representation.



# COMPLIANCE AREA: MUNICIPAL INTERGOVERNMENTAL RELATIONS AND PUBLIC PARTICIPATION

## Functional Ward Committees (Cont.)

### Challenges:

- Municipalities indicated financial constraints for capacity building of Ward Committees.
- High vacancy rate of Ward Committees in some Municipalities with no indication of when positions will be filled.
- It is a generic constraint that the Offices of Speaker fail to submit regular, reliable and complete quarterly reports as expected which makes it difficult for province to report.
- No permanent appointment of Public Participation Officers is a generic challenge in all Municipalities.
- Non co-operation from Municipalities.
- Lack of resources and staff in the Offices of Speaker.



# COMPLIANCE AREA: MUNICIPAL PERFORMANCE MONITORING

- ❑ Based on municipal organograms there are **129 senior managers' posts**;
- ❑ There are currently **99 (77%) filled** posts and **30 (23%) vacant** posts;
- ❑ Current positions filled by **women 29 (29%)**;
- ❑ 07 MM, 03 CFO, 04 Director Technical Services, 05 Director Corporate Services, 08 Director Community Services, 01 LED &/ Planning, and 01 other posts are held by women.



# COMPLIANCE AREA: MUNICIPAL PERFORMANCE MONITORING (CONT.)

| Municipality   | Position/s                                  | Vacancy date              | Progress to date   |
|----------------|---|---------------------------|--|
| Mangaung Metro | Head: Strategic Projects & Service Delivery | 02 January 2017           | Not yet advertised. (Filling of post has been put on hold due to financial constraints)  |
| Masilonyana LM | Chief Financial Officer                     | 01 November 2018          | Not yet advertised. Interviews were scheduled for 29 <sup>th</sup> November 2019, rescheduled. No progress to date.  |
|                | Director: Planning Services                 | Post created 30 June 2015 | Posts advertised on 11 <sup>th</sup> June 2017 in the Sunday World and Sowetan 12 <sup>th</sup> June 2017. No Progress to date.  |
|                | Director: Corporate Services                | 01 August 2020            | Not yet advertised.  |
| Nala LM        | Director: Public Safety and Social Services | July 2013                 | Post not yet advertised. To be removed from the staff establishment. No progress to date.  |
|                | Director: Technical Services                | July 2016                 | Advertised on the 06 <sup>th</sup> May 2018 in the City Press closing date 04 <sup>th</sup> June 2018. No progress to date.  |
|                | Director: Corporate Services                | 01 June 2018              | Advertised on the 25 <sup>th</sup> March 2018 in the Sunday Times. Interviews held on the 12 <sup>th</sup> July 2019 and appointment was invalidated by MEC. No progress to date |



# COMPLIANCE AREA: MUNICIPAL PERFORMANCE MONITORING (CONT.)

| Municipality        | Position/s                   | Vacancy date     | Progress to date  |
|---------------------|------------------------------|------------------|---|
| Nketoana LM         | Municipal Manager            |                  | Interviews held, awaiting Council to pronounce on the recommended candidate   |
| Maluti a Phofung LM | Director: Technical Services | 01 August 2015   | Post advertised in the City Press on 03 <sup>rd</sup> June 2018. Municipality has placed erratum regarding term of appointment in the City Press of 10 <sup>th</sup> June 2018. Council appointed selection committees on 14 <sup>th</sup> August 2018. Re-advertised in the Sowetan on the 24 <sup>th</sup> October 2019. No progress to date. |
|                     | Director: Public Safety      | 01 April 2017    | Advertised on 22 <sup>nd</sup> June 2017 in The New Age. Awaiting finalisation of appointment of MM. Requested advice from DCOG (Director: Public Safety).  |
|                     | Director: Community Services | 01 April 2017    |   |
|                     | Director: LED                | January 2018     | No progress to date.  |
| Mafube LM           | Municipal Manager            | 01 February 2020 | Advertised in the Sunday Times on 21 June 2020 and closed on 10 July 2020.  |



# COMPLIANCE AREA: MUNICIPAL PERFORMANCE MONITORING (CONT.)

| Municipality   | Position/s  | Vacancy date     | Progress to date   |
|----------------|---|------------------|--|
| Metsimaholo LM | Chief Financial Officer                                   | 31 August 2018   | Advertised in the City Press of 04 <sup>th</sup> November 2018 closing closed 22 <sup>nd</sup> November 2018. Interviews held Friday, 08 <sup>th</sup> March 2019 and rescheduled for the 18 <sup>th</sup> March 2019 as only two candidates availed themselves. Council expected to sit on Friday, 06 <sup>th</sup> December to approve the adverts. No progress to date. |
|                | Director: Organisational Development & Corporate Services | 31 December 2017 | Municipality placed under s139(b).   |
|                | Director: Social Services                                 | 31 December 2017 |  |
|                | Director: Economic Development & Planning                 | 31 December 2017 |  |
|                | Director: Technical & Infrastructure Services             | 01 June 2018     |  |



# COMPLIANCE AREA: MUNICIPAL PERFORMANCE MONITORING

## ❑ **Secondments**

- **Mangaung Metro:** The Provincial Administration Team is comprised of the following members: Adv. Mzwakhe Mofokeng – Office of the Premier; Me Masechaba Sesing – Provincial Accountant General & CA; Me Lineo Mokheseng – Provincial COGTA; Mr Ernest Mohlahlo – Acting Head Public Works & Infrastructure & Mr Thomas Lindelo Mkaza – Vast experience in local government
  - **Maluti-a-Phofung LM:** DCOG has seconded Mr L Zonke as Director: Technical Services and Mr. T Mawonga as Strategic Support to MAP Water;
  - **Metsimaholo LM:** Mr T Manele from COGTA as the Administrator, Mr. M Mathe as the Acting Municipal Manager and Me P Qulungu as the Financial Adviser, Mr. L Ntoyi as the Director Technical Services and Ms K Lepesa as the Acting CFO.
  - **Dihlabeng LM:** Mr J Lekgetho from COGTA as the Municipal Manager;
  - **Mohokare LM:** Adv. MF Lepheana from COGTA as the Director: Corporate Services;
  - **Kopanong LM:** Me SS Dhlamini from COGTA as the CFO;
  - **Nala LM:** Me NE Radebe from COGTA as the Municipal Manager
  - **Mafube LM** – Mr TM Moremi as Administrator & Mr K Masekoane as Acting Municipal Manager
  - **Nketoana LM** – Mr Alexander was seconded as Acting Municipal Manager
- ❑ 24th October 2019: meeting with Tokologo LM Council on the regulated timelines regarding appointment processes;
- ❑ 25<sup>th</sup> June 2019: All 23 Municipalities were supported on the Implications of the Constitutional Court Judgement Declaring the Local Government: Municipal Systems Amendment Act, 2011 (Act No. 07 of 2011) invalid.



# COMPLIANCE AREA: MUNICIPAL PERFORMANCE MONITORING

- ❑ All Municipalities were provided with the Upper limits of Total Remuneration Packages (TRPs) payable to Municipal Managers and Managers directly accountable to Municipal Managers Notice No 43122 of 20th March 2020, on the 23rd March 2020;
- ❑ Made a presentation to the Mayoral Committee of Matjhabeng LM on the 24th March 2020 on the TRPs;
- ❑ Nala LM: invalid appointment of the Director: Corporate Services provided on the 18th March 2020;
- ❑ Assisted Tokologo LM with the compilation of their appointment report with a view to submit to the Minister on the 08<sup>th</sup> June 2020
- ❑ Provided technical advice on advertisements to the following Municipalities:
  - Maluti-a-Phofung LM: technical advice provided on the 17th October 2019 and posts advertised on 24th October 2019 in the Sowetan.
  - Tokologo LM: technical advice provided on the 24th October 2019 and posts advertised on 27th October 2019 in the City Press.
  - Metsimaholo LM: technical advice provided on the 02nd December 2019 and posts not yet advertised.
  - Matjhabeng LM: technical advice provided on the 04th February 2020;
  - Metsimaholo LM: municipal category provided on the 26th February 2020;
  - Maluti-a-Phofung LM: technical advice provided on the 04th March 2020
  - Nala LM: technical advice provided on the 11th March 2020;
  - Letsemeng LM: technical advice provided on the 16th March 2020;
  - Metsimaholo LM: technical advice provided on the 21st May 2020;
  - Matjhabeng LM: technical advice provided on the 09th June 2020;
  - Mafube LM: technical advice provided on the 09th June 2020;





# COMPLIANCE AREA: LEGAL SERVICES AND MUNICIPAL POLICY ADVICE

## ❑ Legal Services

- In an effort to mitigate and manage the current high status of litigation bills of Municipalities the Department is in the process of establishing the Provincial Free State Municipal Legal Advisor's Forum with the following functions:
  - Provide a platform to capacitate Legal Officers at municipal level;
  - To share some good practice;
  - Provide a co-ordinated, supportive and integrated approach on improving the functioning of the Free State Municipalities within a sound legal framework;
  - To develop a uniform and integrated approach in dealing with litigation(integrated case management system);

## ❑ Fraud and Anti-corruption

- The Department is also engaged in activities aimed at providing support and capacitation to Municipalities on Fraud and Anti-Corruption matters through the development of policies and strategies and conduct annual workshops in partnership with DCoG National to provide capacity and training.. The Department is also responsible to monitor the extent to which anti-corruption measure are implemented in Municipalities and to identify challenges and make recommendations.
- The Department is also involved with providing support and coordination services to the Municipal Demarcation regarding Municipal capacity assessments, delimitation of Municipal Wards, determination and re-determination of Municipal boundaries as well as determination of the number of Municipal Councillors.



# COMPLIANCE AREA: LEGAL SERVICES AND MUNICIPAL POLICY ADVICE (CONT.)

## CHALLENGES:

### ▪ External Challenges

- Section 154 of the Constitution indicates that the National Government and Provincial Government by Legislative and other measures must support and strengthen the capacities of Municipalities to manage their own affairs, to exercise their powers and to perform their functions.
- The Department has identified some challenges that are the bottlenecks in executing the above mentioned mandate inter alia;
  - Non response by Municipalities to S154 assistance;
  - Non attendance to the workshops conducted;
  - Non implementation of the advices and recommendations made by the Department to Municipalities;
  - Unavailability of Senior Managers to give direction during consultation processes;
  - Non implementation of advices and recommendations that is intended to advance good governance in Municipalities



# COMPLIANCE AREA: SPATIAL PLANNING

Municipalities are supported in the following aspects

- Drafting of the Spatial Development Frameworks (SDF)
- Drafting of the Land Use Schemes (LUS)
- Support with the maintenance of the Geographic Information Systems (GIS)
- Support with the implementation of SPLUMA



# COMPLIANCE AREA SPATIAL PLANNING (CONT.)

- Drafting of the Spatial Development Frameworks (SDF)

| Local Municipality | Support provided in the 2019/2020 financial year  | Support provided in the 2020/2021 financial year                      |
|--------------------|---|---|
| Tokologo           | COGTA is assisting the Municipality with the drafting of the SDF. Final draft was adopted by Council in 20 June 2019. |   |
| Nala               | COGTA is assisting the Municipality with the drafting of the SDF. Final draft is completed.                           |   |
| Mafube             |   | COGTA will be assisting the Municipality with the drafting of the SDF |



# COMPLIANCE AREA: SPATIAL PLANNING (CONT.)

- Drafting of the Land Use Schemes (LUS)

| Local Municipality | Support provided in the 2019/2020 financial year  | Support provided in the 2020/2021 financial year  |
|--------------------|---|---|
| Tokologo           |   | COGTA is assisting the Municipality with the drafting of the LUS. Maps and Regulations are being finalised and public participation will take place in 2021 |
| Nala               |   | COGTA is assisting the Municipality with the drafting of the LUS. Maps and Regulations are being finalised and public participation will take place in 2021 |
| Mafube             | COGTA is assisting the Municipality with the drafting of the LUS. The drafting of the LUS is still in the initiation phase. |   |
| Maluti a Phofung   |   | COGTA will be assisting the Municipality with the drafting of the LUS.  |



# COMPLIANCE AREA SPATIAL PLANNING (CONT.)

## Support with the maintenance of the Geographic Information Systems (GIS)

- Crucial services is provided to the Municipalities in terms of processing and capturing GIS data to produce maps according to their respective needs, ensuring availability of accurate and credible spatial information and the development and maintenance of a database for GIS. Support is as follows:
  - ❖ Fifteen Local Municipalities and three District Municipalities do not have a functional GIS or GIS unit, therefore COGTA is providing ongoing support by keeping their Geographical Information System databases by up to date.
  - ❖ Three Local Municipalities (Dihlabeng, Matjhabeng and Moqhaka) and one District Municipality (Fezile Dabi) has a functional GIS and personnel, therefore COGTA provides support on an adhoc basis in terms of providing them with the latest shape files.



# COMPLIANCE AREA: SPATIAL PLANNING (CONT.)

## Challenges

The following challenges are experienced in the Municipalities

- General lack of capacity
- Lack of relevant planning tools and policies



# COMPLIANCE AREA: IDP

- The Department of Cooperative Governance and Traditional Affairs conducted and facilitated the Provincial Draft IDP Assessment Sessions that was held from the 23<sup>rd</sup> to the 26<sup>th</sup> of April 2019.
- The session brought together National and Provincial sector Departments officials; State owned entities and Agencies and other organisations to engage with Municipal IDPs with a view of providing comments that are aimed at improving the credibility and quality of IDPs.
- The IDP Assessment session was necessitated by the Municipal System Act 32 of 2000, section 31 which require MEC for local government to provide comments on the respective Municipal Integrated Development Plans in the province.





# COMPLIANCE AREA: IDP (CONT.)

## Overall objectives of the IDP assessment

- To support and improve the content of the MEC commenting process so as to ensure we move towards a Sustainable Development Goals.
- To give platform to all sector Departments and other relevant stakeholders to monitor and evaluate Municipal IDPs in assisting and supporting Municipalities to develop legally compliant IDPs that will be implementable in their respective communities.
- To assist Municipalities in developing legally compliant IDPs that are implementable in changing lives of communities.
- To Influence a dialectical relationship between Municipal and sector planning with a view to making IDPs ‘A Plan for All state organs.



# COMPLIANCE AREA: IDP (CONT.)

## Municipal IDP Support provided 2019/2020 financial year

The department coordinated and facilitated two Provincial IDP Support Meeting, and the main purpose of the two sessions was to:

- Encouraged maximum participation and accountability of IDP stakeholders.
- Strengthened the capacity of Municipalities to develop legally compliant and credible IDPs.
- Enhanced intergovernmental relations amongst all spheres of government.

The department coordinated and facilitated four Provincial IDP Manager's Forum Meeting, and the main purpose of the four sessions was to:

- To create a platform that will allow IDP managers to discuss on IDP-related developmental issues.
- To focus on planning, coordination and alignment of IDPs with National & Provincial plans by facilitating the participation of stakeholders in the IDP processes.
- To manage, co-ordinate and support the implementation of various IDP initiatives, IDP related activities in order to strengthen support and to avoid duplication.



## COMPLIANCE AREA: IDP (CONT.)

Municipal IDP Support provided 2019/2020 financial year (Cont.)

Furthermore the department coordinated and facilitated two Provincial IDP Capacity Building Session, and the main purpose of the two sessions was to:

- To share information on available municipal funding model avenues.
- To support, assist and facilitate funding solutions to Municipalities.
- To share information on IDP processes and to strengthen the capacity of Municipalities.
- To assists Municipalities to develop legally compliant and credible IDPs that are implementable in changing the life of communities

Lastly the department coordinated and facilitated a three days Provincial Municipal IDP Engagement Session, and the main purpose of the two sessions was to:

- To collectively respond to our own Constitutional obligation and mandate as espoused in section 154 of the Constitution of the Republic of South Africa.
- To collectively lobby, solicit and consolidate support for Municipalities during the review of 2019/2020 IDPs.
- To ensure effective, efficient and meaningful participation by all Sector Departments and State Owned Enterprises in the Municipal IDP processes.



# COMPLIANCE AREA: LOCAL ECONOMIC DEVELOPMENT

Municipal LED Support provided 2019/2020 financial year

The department coordinated and facilitated three Provincial LED Meetings through the financial year. The main purpose of the three sessions was to:

- To create a platform that will allow LED officials to discuss on LED related developmental issues.
- To share information with LED officials on LED related matters such as: Rural Development Plans, FS Tourism Plan, DESTEA incentive schemes, SALGA role on LED etc.
- To manage, co-ordinate and support the implementation of various LED initiatives in order to strengthen support and to avoid duplication.
- During the one Provincial LED meeting the LED officials did receive training from STATSSA on the Super Cross Programme to capacitate them to obtain relevant information from their respective Municipalities and to plan accordingly
- The Department have monthly interaction with all Municipalities in the Free State regarding the status of the LED strategies, LED Units and the Business forums.
- The participation of private business is a challenge during the establishment of Business Forums. It is proposed that there should only be District Business Forums.



# COMPLIANCE AREA: LOCAL ECONOMIC DEVELOPMENT

Municipal LED Support provided 2019/2020 financial year (cont.)

- The following LED strategies are still in draft formats: Tokologo LM, Metsimaholo LM, Mafube LM, Nketoana LM,
- The situation with COVID-19 is a bid challenge to finalization the strategies
- The Department did engage with other Departments on issues that are LED related. These information were shared with the Municipalities:



# BACKGROUND

- The financial crisis that developed in the Mangaung Metropolitan Municipality led the Free State Provincial Executive Council (Exco) to invoke Section 139(5)(a) and (c) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), as amended, and placed the Municipality under intervention.
- An Intervention Team comprising of individuals from national and provincial government departments, as well as from the private sector, was assembled to implement the mandatory Financial Recovery Plan.
- The Intervention Team initially comprised of the following persons:

|                  |   |
|------------------|---|
| Adv. MM Mofokeng | Lead Provincial EXCO Representative     |
| Mr TL Mkaza      | Assistant Prov. EXCO Representative     |
| Mr E Mohlahlo    | Acting HOD: Public Works (FS Prov Govt) |
| Ms L Mokheseng   | Manager: COGTA (FS Prov Govt)           |
| Ms MSesing       | Accountant General, FS Prov Treasury    |



# BACKGROUND (CONT.)

- The Team took a decision to allocate the members specific areas of focus right at the beginning, as follows:

|                  |                             |
|------------------|-----------------------------|
| Adv. MM Mofokeng | Service Delivery            |
| Mr TL Mkaza      | Governance & Administration |
| Ms L Mokheseng   | Governance & Administration |
| Mr E Mohlahlo    | Finance                     |
| Ms M Sesing      | Finance                     |
- Initially the team comprised of five (5) members as stated in 2.3 above, however over the last five (5) months only three (3) of the members remained with Adv. Mofokeng and Mr Mkaza physically managing the programme. Ms L Mokheseng assisted the two representatives intermittently during that period.
- It is worth noting that the Provincial EXCO representative and his assistant also focused on the financial matters of the Municipality given that the two colleagues allocated finance were not available.



# OPERATIONAL, FINANCIAL AND INSTITUTIONAL CHALLENGES

- ❑ Municipality failed to meet its operational revenue target by R381,9 million.
- ❑ MSA, 2000 provides for efficiencies in the revenue value chain.
- ❑ On the expenditure side it did not meet its target by R105,8 million.
- ❑ Revenue was lower than expenditure by R53 million in July 2020.
- ❑ Professional company needs to support the intervention team to improve the recovery plan outcomes.
- ❑ From discussion with Intervention team, municipal staff and reports the following institutionally areas require immediate attention:
  - Strategic planning for both Council and Administration;
  - Orientation for Councillors on key responsibilities;
  - Organisational restructuring;
  - ICT upgrading;
  - Assessment and training of SCM staff and senior officials;
  - Improvement of contract management;
  - Enforcement of cost containment measures;
  - Implementation of consequence management; and
  - Training on disciplinary and grievance procedures





# OPERATIONAL, FINANCIAL AND INSTITUTIONAL CHALLENGES (CONT.)

- ❑ In order to address non-compliance areas, improve internal control, and expedite effective and efficient procurement of goods and services, it is advised that; the Municipality centralise Supply Chain Management, the head of the SCM unit Mr. F. Molaba be re-instated without further delay.
- ❑ Moreover, the following officials removed from SCM be re-instated in their earlier positions; A. Sefako (Manager: Demand & Acquisition) and S.Lehare (Senior SCM Practitioner).
- ❑ The Auditor General South Africa raised the following findings that impacts adversely on a performance and value driven institutional culture; namely:
  - Performance evaluations were not done for staff or managers;
  - Other employees did not sign performance agreements for the year;
  - Senior managers received an increase without the proper supporting evidence of competency evaluations being performed as required;
  - Staff and a senior manager were appointed without a proper vetting process (verification) being followed; and
  - Job descriptions did not exist for each post on the staff establishment.



# OPERATIONAL, FINANCIAL AND INSTITUTIONAL CHALLENGES (CONT.)

- The Mangaung Metropolitan Municipality intervention team indicate the following areas should be considered for priority for forensic audits:
  - irregularities relating to Supply Chain Management processes;
  - traffic fines;
  - appointment of employees with special reference to temporary employees;
  - overtime claims; appointments of officials to act in higher positions; and
  - SCM and airport development node project.



# OPERATIONAL, FINANCIAL AND INSTITUTIONAL CHALLENGES (CONT.)

The following recommendations were made to EXCO

- ❑ EXCO requests the MEC's of CoGTA & Finance together with the support of the Deputy Minister of Finance to engage with the Mangaung Metropolitan Council to improve the cooperation and relationship of the Executive Management Team and the Mangaung Metropolitan Municipality intervention team.
- ❑ EXCO takes note of the failures on the financial and institutional work streams. The Mangaung Metropolitan Municipality intervention team submits monthly progress to Mangaung Metropolitan Municipality war room committee, FoHOD and EXCO on a monthly basis.
- ❑ EXCO approves the appointment of a professional company as per suggested conditions to strengthen the intervention team to achieve the financial recovery plan targets. Moreover, both the Accounting Officer and Administrator must sign on all documents appertaining on Mangaung Metropolitan Municipality.
- ❑ EXCO supports the establishment of a project management at the municipality.
- ❑ EXCO retain the support of Mr Mohlahlo and Ms Sesing with the understanding they that they are not full time on the Mangaung Metropolitan Municipality project. Their skills and knowledge base is vital for the turnaround plan.

EXCO instructs Mangaung Metropolitan Municipal Council to re-instate the SCM head and SCM practitioners to their appointed positions.

EXCO approves the appointment a professional company as per suggested conditions to assist the intervention team on forensic investigation following due processes.



# INTERVENTIONS IMPLEMENTED

- Enlisted SITA for commercial printing of municipal accounts to deal with backlog of 10 months of printing and issuing accounts;
- Municipality is implementing and replacing 1458 conventional water meters with pre-paid water meters targeting industrial, business and domestic customers in the four towns. Anticipate the project to be concluded by the 30<sup>th</sup> of November 2020;
- Working with COGTA with resources provided through the Municipal Systems Improvement Grant (MSIG) to conduct data cleansing exercise and review the Revenue Enhancement Strategy of the Municipality



# PROGRESS ON INVESTIGATION OF UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

- The section 32 committee/MPAC has been established in March 2015 to assist the Municipality with the investigation of any unauthorized, irregular, fruitless and wasteful expenditure incurred by the Municipality;
- The investigation that was conducted by the Municipal MPAC was rejected by AGSA due to methodology that was used for these investigations. Therefore, municipal MPAC has to re-perform the investigations and the process is on going;
- Provincial COGTA has conducted a forensic investigation of UIF on the behalf of the Municipality and the said report will be instructive in taking appropriate consequence management



# SERVICE DELIVERY – WATER SERVICES

- The Municipality succeeded in expending 100% of received capital grants for 2019/2020 FY;
- The Municipality provides water services to 20 744 households and *has a backlog* of 176 households at Frankfort.
- The Municipality has installed 15 jojo tanks that are periodically filled by *5 water trucks* (DWS intervention) as follows:
  - Ntswanatsatsi – 5\*10KL tanks
  - Qalabotjha – 1\* 10KL tank
  - Namahadi – 8\*10KL and 1\* 5KL tank
- The construction of Qalabotjha/Villiers 6.5 megalitres water reservoir is 98% complete with an investment of R27.7 million from MIG is 98% complete and will be commissioned from the 4<sup>th</sup> of September 2020;



# SERVICE DELIVERY – SANITATION SERVICES

- The Municipality provides basic sanitation services to 18 193 households with backlogs of 2 627 households as follows:
  - In Namahadi – 2121
  - In Qalabotjha – 202
  - In Mafahlaneng – 304



# SERVICE DELIVERY – ELECTRICITY SERVICES

- The Municipality provides basic sanitation services to 18 193 households with backlogs of 2 627 households as follows:
  - In Namahadi – 2121
  - In Qalabotjha – 202
  - In Mafahlaneng – 304





# METSIMAHOLO LOCAL MUNICIPALITY



cooperative governance  
and traditional affairs

Department of Cooperative Governance  
and Traditional Affairs  
FREE STATE PROVINCE

# BACKGROUND

- 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 it under administration.
- The decision was informed by challenges and failures of the Municipality and its governance structures to meet regulatory and constitutional obligations of the Municipality.
- 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.



# BACKGROUND (CONT.)

- An Administration Team comprising of the following members were seconded:

1. Tebogo Manele Administrator
2. Motsumi Mathe Acting Municipal Manager
3. Bennet Molotsi Acting Director Corporate Services (**deceased**)
4. Palesa Qulunga Financial Advisor

In March /April two more members of the Team were seconded:

5. Luvkuyo Ntoyi Acting Director Technical Services
6. Keneiwe Lepesa Acting CFO



# KEY DELIVERABLES OF THE ADMINISTRATION TEAM (TERMS OF REFERENCE)

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



# PROGRESS REPORT

## 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)
  
- The names of will be tabled before the MAYCO, to be tabled in the next Council sitting.



# PROGRESS REPORT (CONT.)

## Council's failure to appoint Senior Managers (Section 56) (cont.)

- A report before the Mayoral Committee recommended that in August 2020 a process to fill these vacancies of Senior Managers to commence and be finalised 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;
  - Notices, if any, be service in November 2020;
  - Assumption of duty be on 01 December 2020 (before the beginning of half yearly period (2021)).



# DISTRICT DEVELOPMENT MODEL

- Mr. Oupa Khoabane is the Provincial Champion

| Municipality   | Political Deployments   | Administrative Deployments  |
|----------------|---|---|
| Mangaung Metro | Mr David Mahlobo – Deputy Minister: Water & Sanitation<br>Ms Dikeledi Magadzi – Deputy Minister: Transport<br>MEC Makalo Mohale - DESTEA<br>Dr M Nokwequ – HOD: DESTEA<br>MEC Motshidisi Koloji - Public Works & Infrastructure<br>Mangaung Executive Mayor | Adv Thankiso Mea - City Manager<br>DCoG Team:<br>Ms Malerata Macheli (Lead)<br>Mr Tutu Maluleka<br>Ms Phindi Thlou<br><b>National and Provincial Sector Departments</b> |



# DISTRICT DEVELOPMENT MODEL

## Xhariep District – Mr. Jafta appointed as District Champion

| District | Political Deployments   | Administrative Deployments  |
|----------|---|---|
| Xhariep  | Mr Phumulo Masualle – Deputy Minister: Public Enterprises<br>MEC Tate Makgoe - Education<br>Mr TH Malakoane – HOD: Education<br>MEC Gadija Brown - Finance<br>HOD<br>Mr Godfrey Mahlatsi – HOD: Finance<br>Cllr Mongi Ntwanambi – Executive Mayor | Mr Godfrey Mahlatsi – HOD: Finance<br>Ms L. Moletsane - Municipal Manager<br>National CoGTA Team<br>Mr Seabelo Molefi (Lead)<br>Ms Nonhlanhla Lethwane<br>National and Provincial Sector Departments<br>Provincial COGTA<br>Provincial Treasury<br>Stats SA |





# DISTRICT DEVELOPMENT MODEL

## Lejweleputswa District – District Champion to be appointed

| District      | Political Deployments   | Administrative Deployments   |
|---------------|---|--|
| Lejweleputswa | <p>Lindiwe Daphne Zulu – Minister: Social Development</p> <p>MEC Sam Mashinini - Police, Roads and Transport</p> <p>Mr Sandile Msibi – HOD: Police Roads and Transport</p> <p>MEC Mamiki Qabathe - Social Development</p> <p>Cllr Sebenzile Ngangelizwe – Executive Mayor</p> | <p>Ms Mokone Nthongoa – HOD: Social Development</p> <p>Ms Palesa Kaota – Municipal Manager</p> <p>National CoGTA Team</p> <p>Ms Moddy Radikonyana (Lead)</p> <p>Manahano Mokone</p> <p>National and Provincial Sector Departments</p> <p>Provincial COGTA</p> <p>Provincial Treasury</p> <p>Stats SA</p> <p>Water &amp; Sanitation</p> |



# DISTRICT DEVELOPMENT MODEL

## Thabo Mofutsanyana District – District Champion to be appointed

| District           | Political Deployments  | Administrative Deployments   |
|--------------------|--|--|
| Thabo Mofutsanyana | Mr Sdumo Dlamini – Deputy Minister:<br>Rural Development<br>MEC Montseng Tsiu – Health<br>Mr David Motau – HOD: Health<br>MEC Thembeni Nxangisa-COGTA<br>Mrs Malefu Vilakazi - Executive Mayor | Mr Mokete Duma – HOD FS CoGTA<br>Ms TPM Lebenya - Municipal Manager<br>National CoGTA Team<br>Mr S Rapulane (Lead)<br>Mr George Joma (MISA)<br>Ms Kirsten Sloth-Nielson<br>National and Provincial Sector Departments<br>Provincial COGTA<br>Provincial Treasury<br>Stats SA<br>Water & Sanitation |



# DISTRICT DEVELOPMENT MODEL

## Fezile Dabi District – District Champion to be appointed

| District    | Political Deployments  | Administrative Deployments  |
|-------------|--|---|
| Fezile Dabi | <p>Pinky Sharon Kekana – Deputy Minister: Communications</p> <p>MEC William Bulwane. - Agriculture and Rural Development</p> <p>Dr Peter Thabethe – HOD Agriculture and Rural Development</p> <p>MEC Limakatso Mahasa – Sport, Arts, Culture and Recreation</p> <p>MEC Limakatso Mahasa – Sport, Arts, Culture and Recreation</p> <p>Cllr Moeketsi Moshodi – Executive Mayor</p> | <p>Adv Tsoarelo M: Sport, Arts, Culture &amp; Recreation</p> <p>Ms Lindi Molibeli – Municipal Manager</p> <p>National CoGTA Team</p> <p>Ms Boitumelo Diale (Lead)</p> <p>Ms Zodwa Losabe</p> <p>Ms Nompumelelo Nkosi</p> <p>National and Provincial Sector Departments</p> <p>Provincial COGTA</p> <p>Provincial Treasury</p> <p>Stats SA</p> |



# Thank you



cooperative governance  
and traditional affairs

Department of Cooperative Governance  
and Traditional Affairs  
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