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OFFICE OF MAYOR

Date: 10 March 2021

## CHAIRPERSON

### PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

#### SUBJECT : RESPONSE TO THE PORTFOLIO COMMITTEE

1. Following the meeting held on the 02 March 2021, the Portfolio Committee requested a written response to some matters which were raised in a meeting. The responses are follows:

- 1.1 **Question:** What are the names of the Service Providers in the service of other State institutions who in 2018/19 received awards from the municipality in contravention of the MFMA and SCM regulations? Given that there was a similar finding in 2017/18, why has the municipality not taken steps to prevent and combat the abuse of SCM processes?

**Answer:** The names are attached as *Annexure A*. The Municipality does not have an electronic system to verify that persons in service of the state are doing business with the municipality. The municipality rely on Central Supplier Database and our own internal declaration form signed by suppliers/ service providers to indicate whether they are in service of the state. The signed declaration is attached to each order as prove to verify whether service provider is not in service of the state. These service providers declared that they are not in service of the state. *Refer to Annexure Aa.*

There is an intention to procure the electronic system which will assist on tracing persons who are in the employ of state but continue to do business with the municipality. Unfortunately, due to financial constraints, that has not been done.

**1.2 Question:** Has the municipality held anyone liable for the incurring of Unauthorized, Irregular, and Fruitless and Wasteful expenditure in respect of the 2018/19 financial year? If not, why not?

**Answer:** The municipality has not yet implemented consequence management on UIFWE.

Prior to the municipality implementing consequence management the Municipal Manager had to verify, confirm and identify responsible official or Councillor, as the result thereof an investigation was commissioned to prepare a report detailing the above.

The report has been finalised and it will be submitted to MPAC before the end of this financial year ending 30 June 2021.

The report details the outcomes of an investigation, into Unauthorised, Irregular and Fruitless and Wasteful Expenditure (UIFWE) incurred by the Kagisano Molopo Local Municipality during 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, and 2019/20 financial year, primarily as reported, identified by the Auditor-General and as contained in the respective Irregular Expenditure Registers.

The report is concluded with specific and preliminary findings followed by recommendations to the Municipal Public Accounts Committee on proposed remedial actions and to put measures in place that will assist the Municipality to ensure non recurrence of similar incidents in future.

Based on the findings made in the report, appropriate consequence management will be implemented. *Refer to Annexure B*

**1.3 Question:** What is the progress with regard to the investigation of the two municipal officials implicated in fraud, or improper conduct in supply chain management?

**Answer:** The municipality went through the process of investigation and the recommendation was to undertake disciplinary actions. The outcomes of disciplinary hearing was dismissal. Those employees are challenging the matter at labour court in Johannesburg. *Refer to Annexure C*

- 1.4 **Question:** The municipality has been illegally paying councillor Gender Baya since 2019. Mr Gender was not on the Independent Electoral Commission's (IEC's) list as a councillor for the municipality.

**Answer:** The municipality deny any illegal payment to one of the members of the current council. Cllr Bayer Genda's matter was fully adjudicated by Mahikeng High Court and was settled. *Refer to Annexure D*

- 1.5 **Question:** The AG reported that the municipality continues to appoint unqualified people. For example, the MMs first experience in local government is his appointment as MM at the municipality.

**Answer:** There has never been any paragraph from Auditor General in relation to the qualification of the Municipal Manager. According to the advertisement which was on national media, one of the requirements was the LLB degree. The current Municipal Manager met all the requirements and criteria that was required and was appointed by municipal council. The appointment was further concurred by the then MEC of Corporative Governance and Traditional Affairs.

There was an attempt to nullify the appointment of the current Municipal Manager and that attempt failed dismally before the court of law.

All the appointment of municipal employees met the qualification and criteria for their positions.

- 1.6 **Question:** Classification error on plant and equipment. Is the municipality complying with asset management as per GRAP requirements?

**Answer:** The municipality reviewed its fixed asset register and ensured that prior year issues are addressed in terms of classification. The financial statements are currently being audited by the Auditor General.

- 1.7 **Question:** Do all the officials in senior management positions comply with minimum competency requirements and qualifications?

**Answer:** Yes, all appointed senior managers complied with minimum competency levels except Director of Infrastructure. The Director is busy with CPMD. She was appointed with the condition of obtaining it within 18 months.

**1.8 Question:** Is the leadership providing sufficient governance?

**Answer:** For the past two years, the municipal administration has been stable. It complies with all legislative frameworks and adhere to all executive obligations. The Portfolios and Mayoral Committees together with Council are sitting in line with the corporate calender.

**1.9 Question:** The Speaker and the MM remain in contempt of court for continuing to pay the councillor removed from the municipality by two court orders. How far is the municipality in addressing the issue, as the Provincial Portfolio Committee will seek a court order to hold them personally liable for the illegal payments?

**Answer:** *Refer to Annexure D*

**1.10 Question:** The municipality is renting offices at exorbitant rates, yet the municipality could have utilized the multi-purpose centre. The Provincial Portfolio Committee is still awaiting the report indicating that the municipal offices are uninhabitable. The mobile offices were procured without a competitive bidding process.

**Answer:** Motivation to deviate from procurement processes was approved to procure the containers based on the labour report stating that the municipal offices are dilapidated and not safe. *Refer to Annexure E*

**1.11 Question:** The MPAC has conducted oversight on projects of the municipality. Its report noted that there are ghost projects driven by the mayo. The MPAC has opened criminal cases but municipality is still not complying with law enforcement;

**Answer:** There are no ghost projects which we are aware of. Issues which were raised by MPAC were dealt with by SCOPA. A report was prepared to SCOPA and we are waiting for response if any.

**1.12 Question:** R2.8 million spent on halls that were not used during Covid-19. What was concerning to the committee was that there was one company continuously used for decontamination to the value of R1.8 million rand. Why was the municipality decontaminating halls during level 5 when those halls were not used?

**Answer:** Service provider was appointed, but not only for decontamination of halls but for temporary offices, municipal chamber, municipal boardroom, ablution facilities and Ganyesa auditoriums.

During the LCCC meeting, a decision was taken that SASSA must utilize the municipal halls to administer pay outs during COVID 19 lockdown period. *Refer to Annexure F*

1.13 **Question:** The Hawks are finding it difficult to get cooperation from the MM. Why is Council failing to exercise its oversight over the MM, allowing him to be law unto himself?

1.14 **Answer:** The municipality never received any formal complaint from any organ of state of law enforcement agency stating no-cooperation from the Municipal Manager. There has been a good cooperation between Municipal Manager and the Hawks. Any legal disputes that might have incurred has been referred to the court of law for adjudication.

Regards



Ms S.V Mere

Mayor: Kagisano Molopo Local Municipality