

# Phumelela



# Local Municipality

**Oversight Report in terms  
of the Annual Report for the  
2009-2010 Financial Year**

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## 1. OVERVIEW & MANDATE

This Report contains particulars of the findings, conclusions and recommendations of the Oversight Committee of Phumelela Local Municipality after considering the Annual Report of the Municipality for the 2009/10 financial year.

The Oversight Committee has performed its functions in terms of section 129 (1) of the Municipal Finance Management Act, 2003; and the guidelines of MFMA Circular No. 32 (dated 15 March 2006), issued by the National Treasury in terms of section 129 (4) of the Municipal Finance Management Act, 2003.

The Oversight Committee was established according to the guidelines of the indicated MFMA Circular No. 32 regarding the establishment, composition and functions of the Oversight Committee.

The format of this Oversight Report has been concluded from the requirements of Annexure A of MFMA Circular No. 32.

*The Oversight Committee met on 2, 11 and 23 March 2010 to consider the Annual Report. The Committee consisted of non-executive Council members and members of the local community, and its sessions and deliberation were opened to the public, as required in terms of MFMA Circular No. 32.*

Members of the Oversight Committee are:

Name	Position
• S Tshabalala (Clr)	Chairperson
• J V Niekerk (Clr)	Member
• S Maseko	Member
• P Niemandt	Member (Secretary)

## 2. RESOLUTIONS AND STATEMENT REQUIRED IN TERMS OF SECTION 129 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Oversight Committee of the Municipality, having considered the Annual Report of the Municipality for the 2009/10 Financial Year) recommends that the Annual Report of the Local Municipality must be **approved by the Council with reservations.**

### 3. GENERAL COMMENTS OF THE OVERSIGHT COMMITTEE

- The committee wishes to express its appreciation to the Council for affording them the opportunity to serve as members of the oversight committee.
- The Oversight Committee could not comment effectively on performances because a meeting could not be secured with Section 57 Managers

### 4. SUMMARY OF COMMENTS AND CONCLUSIONS REGARDING THE ANNUAL REPORT OF THE 2009/10 FINANCIAL YEAR

#### 4.1 Financial Matters

- 4.1.1 The “Turnaround Strategy” was not implemented properly. An amount of R1 136 098 was paid to auditors on an annual basis and the committee feel that in spite of this there was no improvement in the state of record keeping or financial management over a number of years.
- 4.1.2 A new Financial Manager was appointed for which the committee wish to commend the Municipality.
- 4.1.3 An audit committee should be established without delay to monitor expenses
- 4.1.4 Debt collection did not improve and the committee do not support the initiative of the Municipality which rewards non-payers with 50% discount.
- This according to the committee would only encourage the paying citizens not to pay as they will then get discount as a result thereof.
- This method should only be used once and not continuously.
- 4.1.5 Service providers and contractors are paid without proper inspection of the work done or progress reports compiled, resulting in fruitless expenditure.

4.1.6 The fact that major contracts are awarded and services involving large sums of money without contracts or proper monitoring, are a great concern to the citizens of the area, creating the impression of irregularities within certain departments of Phumelela.

It is therefore essential that Phumelela Local Municipality is transparent in awarding contracts and guidelines as prescribed by law, are followed.

The prior performance records of Services Providers or Contractors are not adequately considered when new contracts are considered and awarded.

4.1.7 A register for irregular expenditure must be established as well as a committee consisting of independent people, unattached to the Municipality, as a matter of urgency.

As suggested in the Action Plan, this committee must then report to Council who will communicate to the relevant organs of State

## **4.2 Municipal Performance**

4.2.1 Service delivery is still a major problem and rather than getting better, only got worse.

Top Management seems reluctant and absent to assist and participate in the day to day maintenance of dilapidated and out-dated systems and vehicles.

Water supply to Warden and Enzenzeleni became worse as informal settlements in and around Warden use water without meters and drain a water system that had always been inadequate.

The RDP houses wire also build before the Municipality ensured that the water-and sewerage systems could support the increase in the population

4.2.2 Although a law enforcement officer was appointed, traffic offences are in the order of the day with big trucks parked day and night in the streets of Warden. This is the major cause of the rapid decay of the roads and infrastructure

4.2.3 Building regulations and by-laws are non-existing, especially in Warden. This results in properties losing value instead of gaining value.

- 4.2.4 Property in Warden was zoned only recently. It happened without participation of residents.
- 4.2.5 The following IDP goals were not met:
- \*Page 213 Objective 3.4 To maintain road signs
  - \*Page 213 Objective 3.5 To maintain and upgrade streets and storm water infrastructure: Roads, signs and storm water drains deteriorated to a point where major restructuring will be needed
  - \*Page 214 Objective 6.1 An improved cemetery maintenance system: In Warden cemeteries improved although the cemetery in Enzenzeleni will soon reach its capacity.  
  
In Vrede the cemetery is overgrown and neglected.
  - \*Page 216 Goal 11.1 To develop and implement Municipal Sports Development Programme
  - \*Page 216 Goal 11.2 Utilization of local Sports Council: None of these goals were reached and the project did not start
  - \*Page 217 Objective 7.4 To finalize a plan for the enhancement of light Industries
  - \*Page 217 Objective 7.5 To create a tourist conducive environment in the Phumelela area:  
  
Nothing materialised, and instead of supporting strategies to create job opportunities for numerous people, only initiatives was supported where individual gained, like a guesthouse and funeral parlour.
- 4.2.6 The refuse site in Warden are kept in better order as before, although the fences are fallen down, creating a problem for cattle of the local communities.
- The fencing of the refuse site is another example of poor judgement on the side of the Municipality when appointing a service provider or contractor.
- The committee support the initiative used in Vrede where the refuse dump is outsourced for maintenance and recycling. This can also support job creation. The same system is recommended for implementation in Warden.

### 4.3 General Impression

4.2.1 The general impression of the Oversight Committee is that Management of Phumelela Local Municipality lacks the commitment and accountability to bring about change. The participation of the public are also absent.

Services expected by citizens are not as expected.

## 5. RECOMMENDATION

The Oversight Committee of the Municipality, having considered the Annual Report of the Municipality for the 2009/10 Financial Year, recommends that the Annual Report of the Phumelela Local Municipality must be **approved by the Council with reservations.**

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### Oversight Report for the year 2010 Phumelela Municipality

The committee met on 2<sup>nd</sup> March 2011, 11<sup>th</sup> March 2011 and 23<sup>rd</sup> March 2011. After examining the annual report and studied the report of the Auditor General with great concern about his findings, the committee came to the following conclusions:

#### **1. Financial Performance:**

- 4.1.1 The "Turnaround Strategy" did not happen and in spite of paying R1,136,098 to the auditors yearly, nothing improved in the record system or finances of Phumelela Municipality in all the years they were present
- 4.1.2 A new Financial Manager was appointed for which this committee wish to commend the Municipality about
- 4.1.3 An audit committee should be established without delay to monitor expenses
- 4.1.4 Debt collection did not improve and this committee do not support the initiative of the Municipality which rewards non-payers with 50% discount. This in our view will only encourage the paying citizens not to pay as they will then get 50% discount. This method should have been used only once and not every month.
- 4.1.5 Service providers and contractors are paid without proper inspection of the work done or progress reports compiled, resulting in spending more money to get the required results.
- 4.1.6 The fact that major contracts are awarded and services involving huge sums of money provided without contracts or proper monitoring, are a great concern to the citizens of the area, creating the impression of corruption within certain departments of Phumelela. It is therefore essential that the Municipality Phumelela is transparent in awarding contracts and guidelines as prescribed by law, are followed. Contractors like Twin Peak who performed poorly before, are rewarded for their bad performance by the Municipality by giving them another contract.  
The company working at present on the bio filter system on pump station no. 4, have started work in November 2010 and made very little progress since. The water is filtered and pumped back into the river for human consumption, making this a specialized contract. The engineers leave this operation totally in the hands of incapable people.  
The contractors that are busy laying paving in Thembalihle and Enzenzeleni cause major discomfort to citizens by dumping soil and bricks in their driveways, whilst their machinery break water pipes and sewerage pipes. Supervision from Municipality and action taken lacks.
- 4.1.7 A register for irregular expenditure must be established as well as a committee consisting of independent people, unattached to the Municipality, as a matter of urgency. As suggested in the Action Plan, this committee must then report to council who will communicate to the relevant organs of state.



2.

**Municipal Performance:**

- 4.2.1 Service delivery is still a major problem and rather than getting better, only got worse. Top Management seems reluctant and absent to assist and participate in the day to day maintenance of dilapidated and outdated systems and vehicles  
Water supply to Warden and Finzenzeleni became worse as informal settlements in and around Warden use water without meters and drain a water system that had always been inadequate. The RDP houses were also build before the Municipality ensured that the water- and sewerage systems could support the increase in the population
- 4.2.2 Although a law enforcement officer was appointed, traffic offences are in the order of the day with big trucks parked day and night in the streets of Warden. This is the major cause of the rapid decay of the roads and Infrastructure.
- 4.2.3 Building regulations and by-laws are non-existing, especially in Warden. This results in properties loosing value instead of gaining value.
- 4.2.4 Property in Warden was zoned only recently. It happened without participation of the residents.
- 4.2.5 The following IDP goals were not met:
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Objective 7.5: to create a tourist conducive environment in the Phumelela area: Nothing materialized, and instead of supporting strategies to create job opportunities for numerous people, only initiatives was supported where individuals gained, like a guesthouse and a funeral parlour.
- 4.2.6 The refuge site in Warden are kept in better order as before although the fences are fallen down, creating a problem with the cattle of the local communities.  
The fencing of the refuge site is another example of poor judgement on side of the Municipality when appointing a service provider or contractor.  
This committee support the initiative used in Vrede where the refuge dump are outsourced for maintenance and recycling. This can also support job creation, and recommend the same system to be implemented for Warden.

3.

**General Impression:**

The general impression of the Oversight Committee is that Management of Phumelela Municipality lacks the commitment and accountability to bring about change. The participation of the public are also absent. The service citizens expect does not happen.

The Oversight Committee of the Municipality, having considered the annual report of the Municipality for the 2009/2010 Financial Year, recommends that the Annual Report of the Local Municipality must be approved by the Council after noting the reservations.