

**MOPANI DISTRICT MUNICIPALITY MPAC
OVERSIGHT REPORT ON THE 3RD QUARTER
PERFORMANCE**



30 NOVEMBER 2023

CHAIRPERSON'S FOREWORD

The contents of this report focus mainly on the performance of the Municipality during the Third Quarter of the 2022/23 financial year.

Service Delivery & Budget Implementation Plan (SDBIP) is a strategic tool that enables the municipality to evaluate its performance. SDBIP gives effect to the IDP and Budget of the Municipality and this will only be possible if IDP and Budget are fully aligned with each other. The planning document makes it feasible for Council to monitor the performance of the Municipality against quarterly targets on service delivery and also to serve as early warning pointer for underperformance.

It is on this basis that MPAC, guided by legislative imperatives, deems it necessary to apprise Council on the performance status of the Municipality with view to identify areas for possible improvements. Improved performance is a step towards eradication of service delivery protests; will improve audit outcome of the municipality and will also improve the municipality's output in terms of service delivery. Performance Management is a solution and the heartbeat of any flourishing organization. Prioritization of performance Management by Mopani District Municipality and its personnel will be the beginning of an end to community dissatisfaction and protests.

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1. INTRODUCTION

The report relates to the outcome of the several meetings and session with the PMS Deputy Manager on the third quarter performance report for the 2022/23 financial year. Specific focus would be given to the Key Performance Indicators that were not achieved in terms of the Municipality's Service Delivery & Budget Implementation Plan. The Report would briefly look at the relevant legislative prescripts guiding performance management systems in the local government environment. The Report will also provide the processes followed as well as the methodology used that led to the delivery of the final product as well as the findings and recommendations for Council to make its further determination.

2. PURPOSE OF THE REPORT

The purpose of the Report is to apprise Council on the results of the oversight conducted on the Municipality's Third Quarter Performance report for Council to make the necessary intervention where appropriate so that Council resolutions are passed for implementation.

3. SCOPE OF THE REPORT

The scope of the report covers the third quarter of the Institutional Performance Report on the SDBIP for the 2022/23 financial year. Specific focus would be referred to the key performance indicators versus the set targets in order to assess whether or not, the municipality is performing in terms of the expectation.

4. METHODOLOGY

As per the compliance MPAC is required to scrutinize the performance report quarterly. MPAC has therefore held a session with the PMS division on 15th June 2023 where they presented the Third Quarter Performance Report before the Committee and succeeded by the working session on the 24th – 26th July 2023.

MPAC also conducted projects visit across local municipalities to monitor progress and identify areas of impediments in projects construction with view to raise those challenges with recommendations before Council. The project visits were scheduled and conducted on the 12th – 19th September 2023.

5. FINDINGS & RECOMMENDATIONS

The committee focused specifically on (1) the Third Quarter Reports per Key Performance areas in terms of the SDBIP; and (2) Projects site visits emanating from the Third Quarter SDBIP Report. The three tables below have categorised the projects as such.

5.1 THIRD QUARTER REPORTS PER KPA

Investigation under this section was Conducted and projects visits were done owing to the nature of the information that council referred to MPAC for probing.

NO	FINDINGS	RECOMMENDATIONS
KPA 1: MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT		
1. TLMTO D_04 (P8)	Overdue outstanding labour related cases that are still ongoing from previous financial years currently at 43% against the expected target of 100% and delays in finalising them	a. That disciplinary cases must be resolved within 90 days as per the recommendation of SDBIP adopted by Council. b. That the Accounting Officer must provide all outstanding disciplinary cases, progress per each case and costs incurred in the process on a quarterly basis.
2. TLMTO D_13 (P9)	Performance assessment not conducted within 30 days after the end of the quarter for Sec. 54A and 56 Managers	That the Accounting Officer must prioritise these quarterly performance assessment as they negatively reflect and affect the performance of the Municipality

3. TLMTO D_24 (P11)	Internal Audit findings not implemented, the actual performance of 27% in respect of targeted 50% performance for the 3 rd quarter reflects slow implementation of AG action plan	That the Accounting Officer must provide the AG Action Plan, resolve and comply with the implementation of Internal Audit findings on a monthly basis to the relevant committees.
KPA 2 : BASIC SERVICE DELIVERY		
NO	FINDINGS	RECOMMENDATIONS
4. TLBSD 08 (P12)	Delayed fixing of graders breakdown resulting in failure to achieve the expected target KM's	a) That relevant departments must regularly maintain Council Fleet. b) That relevant departments must develop fleet maintenance plan and budget accordingly. c) That Fleet Management must monitor the quality of services by services providers to ensure value for money.

KPA 4: MUNICIPAL FINANCIAL VIABILITY

NO	FINDINGS	RECOMMENDATIONS
5. TLFV _01 (P14)	Poor revenue collection, the municipality is at 55% as of the third quarter while the target is aimed at 95% and this is less by 40% of its actual performance.	a. That Implementation of the Revenue Improvement strategy & credit control policy. b. That Management should implement the Credit Control policy as a matter of urgency.
6. TLFV _02 (P14)	Poor debt collection on outstanding debts, only 47% was achieved out of the targeted 60% for the third quarter	a. That Enforcement of the SLA's with all the local municipalities apply. An agreement should be entered into with government departments and big corporate for the outstanding debts and repayments plan be agreed upon; b. That Management must strengthen internal control on credit control policy and review of indigent policy in partnership with the local municipalities.
7. TLFV _03 (P14)	Data cleansing was not performed during the 3 rd quarter and thus resulting in zero percentage	a. That the Accounting Officer must enforce SLA's with all the local municipalities. b. That Accounting Officer must provide the statistical status of all meters and progress made thus far on data cleansing on a regular basis in consultation with locals through the SLAs.

8. TLFV _04 (P14)	Quarterly financial statements not compiled and submitted to Provincial Treasury as required	a. That the Accounting Officer must ensure that Financial Statements are presented to the Provincial Treasury as required by MFMA b. That the BTO officials be capacitated; c. That the Municipality to include skills transfer clause in the contract with Service Providers for AFS.
9. TLFV _06 (P17)	Service providers are not being paid within 30 days of receipt of invoices as per the legislation. The municipality targeted 100% for the third quarter but only managed to pay 35%.	a. That the CFO must not accept any invoices where the checklist is not fully complied with. b. That the CFO must strengthen internal control and enforce compliance. c. That the CFO must ensure all Managers develop Standard Operating Plan within their divisions.
10. TLFV _19 (P17)	Capital budget not spent as approved by council within the stipulated time. Only 65% of the targeted 75% was achieved for the period	a. That the Accounting Officer through the CFO and the Technical Services must do forward planning for projects to ensure that the SCM processes are finalised and implemented as per budget implementation plan. b. That consequence management must be applied to the Accounting Officer and relevant Senior Managers for failure in achieving the expected target in the third quarter.

11. TLFV _21	MIG budget not spent as approved by council within the stipulated time, Only 47% of the targeted 75% was achieved for the period	a. That the Accounting Officer through the CFO and the Technical Services must do forward planning for projects to ensure that the SCM processes are finalised and implemented as per budget implementation plan. b. That consequence management must be applied to the Accounting Officer and relevant Senior Managers for failure in achieving the expected target in the third quarter.
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KPA 5: GOOD GOVERNANCE & PUBLIC PARTICIPATION

NO	FINDINGS	RECOMMENDATIONS
12. TL_G GPP _05 (P21)	Poor implementation of Council Resolutions, 68% of the targeted 100% was attained	(a) That the Accounting Officer must ensure the implementation of Council Resolutions. (b) The Section 79 Chairpersons and Chair of Chairs must play their oversight role.
13. TL_G GPP _07 (P22)	Slow implementation of IGR resolutions during the 3 rd quarter, 86% of the anticipated 100% was achieved	That the Accounting Officer must ensure the full implementation of IGR structures resolutions.
14. TL_G GPP _12 (P22)	Ward Committee Forums not held, 100% was scheduled and zero (0) percentage achieved for the period	That the Speaker must ensure the coordination, scheduling, and attendance of District Ward Committee Forums
15. TL_G GPP _23 (P24)	Audit committee resolutions not implemented within the financial year, only 83% of the targeted 100% for the 3 rd Quarter was achieved.	That the Accounting Officer to ensure that audit committee resolutions and recommendations are implemented as from the fourth quarter to ensure good governance, and compliance to legislation, and that it be a standing item in all management and Committee meetings.

The Municipal Public Accounts Committee conducted a site visit on projects reflected in the Third Quarter Performance Report. The main purpose was to conduct oversight and confirm progress on the performance of projects during the third quarter. The visits were conducted on the 12th – 19th September 2023 and concluded with a scheduled engagement meetings with the MMCs and Directors for Technical and Water Services, PMUs, and Service Providers on the 20th of September 2023.

The Projects visited include the list below:

1. Xikukwani –Ecopark Reticulation Phase 1 and 2 (Greater Giyani Municipality)
2. Ritavi II (Greater Tzaneen Municipality)
3. Khujwana (Greater Tzaneen Municipality)
4. Tours Water Scheme (Greater Tzaneen Municipality)
5. Lulekani Water Scheme – Benfarm and Bico (Ba-Phalaborwa Municipality)
6. Lulekani/ Makhushane Water Scheme (Ba-Phalaborwa Municipality)
7. Mamefja-Sekororo Regional Water Supply Phase 1B and 2 B (Maruleng Local Municipality)

The findings and recommendations of the committee are as per the list tabled below:

MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS	INPUTS/RECOMMENDATIONS
1. Greater Giyani Municipality	Eco Park (Xikukwane) Water Reticulation Phase 2	Kgosihadi Consulting Engineers (PTY) LTD	Mabule Rail Infrastructure Solutions	Accounting Officer, Senior Manager Technical and Responsible Officials	The project overall progress is at 99,6%, and time elapsed at 99,8% at the time and overall financial progress at 100%	Contradiction of statements on retention payments by the Engineer and PMU	That Consequence Management be applied for failure to perform proper monitoring on project spending and implementation.
MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS	That PMU verify project status before signing certificates and final payments.
				Accounting Officer, Senior Manager Technical and Responsible Officials		Overall financial progress at 100% yet the work not fully completed	
						Vandalism of infrastructure, Water Mafias and illegal connections	That the Accounting Officer apply relevant By-laws to curb these illegal acts.

							are prevalent in the area		
2. Greater Tzaneen Local Municipality	Ritavi II Sub-Scheme 1 Phase 03A	DIGES Consulting	Rembu Consulting	Accounting Officer, Senior Manager Technical and Responsible Officials	The project overall progress is at 84%, time elapsed at 108% and overall financial progress at 83% at the time and will benefit Sasekani and Muhlava Xikwambana	Project delays and failure to adhere to schedule. Cessions were signed and paid to service providers before the commencement of the projects	a. That penalties be applied as per contract and bill of quantities. b. That external investigation be instituted for the budgeted capital spending versus the actual work performed in all projects. c. That retention be held on all the projects until the prescribed period as per contractual agreement. d. That the progress report on all the projects be submitted in the next quarter.		
	Ritavi II Sub-Scheme 1 Phase 04A	DIGES Consulting	Maritimol Trading	Accounting Officer, Senior Manager Technical and Responsible Officials	The project overall progress is at 80%, time elapsed at 82% and overall financial progress at 49% at the time and will benefit Zangoma and Muhlava	COMMITTEE FINDINGS The project is on schedule and expected to be completed by the 18 October 2023			

	Ritavi II Phase Petanenge Village Water Reticulation	DIGES Consulting Engineers	Good Example Trading & Projects 197	Accounting Officer, Senior Manager Technical and Responsible Officials	The Overall project Progress is at 96%, time elapsed is at 85% and the overall Financial progress at 87% during the project visit. Petanenge Village to benefit from the project.	The Contractor is busy with connections of pipes. Good Example were busy pipe leaks	e. That consequence management be applied to the affected parties. f. On Sessions: External investigation be conducted. g. That service providers who failed to perform should not be awarded another contract before finalising the first one or be blacklisted.
MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS	
Greater Tzaneen Local Municipality	Tours Water Reticulation Phase 1	KMSD Engineering Consultant	Selby Construction	Accounting Officer, Senior Manager Technical and Responsible Officials	The overall project progress is at 96% but the time elapsed to date is at 162,3 % , financial progress at 92,4% since it should have been completed by the 17 th January 2023 and the beneficiaries of	MPAC identified that the project is behind schedule.	

							the project are Mogapeng, Mashiloane and Masoma		The Contractor waited for seven months for pressure test.	
MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS				
Greater Tzaneen Local Municipality				Accounting Officer, Senior Manager Technical and Responsible Officials		The Engineer is waiting for pressure pump to be installed by the end of October 2023				
						Challenges of illegal Connections, Watering of farms and Water Mafias				
	Tours Water Reticulation Phase 2D	KMSD Engineerin	TQM Project Engineers	Accounting Officer, Senior Manager	The overall project progress is at 23%, time elapsed at	The Consulting Engineer was awarded				

			g Consultant		Technical and Responsible Officials	46.0%, and Financial progress at 30% since its inception on the 10th March 2023. The beneficiaries will be New Phapheing, Sebela and Bordeaux	contract for phase two before he completes phase One	
MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS		
3. Ba-Phalab orwa Local Municipality	Lulekani/Benfar m Water Scheme Phase 1 - Benfarm & Bico	Makasela Consulting and Projects	Lebp Constructio n Projects CC	Accounting Officer, Senior Manager Technical and Responsible Officials	The overall Project progress is at 96%, time elapsed at 119,795% and overall financial progress at 87% the following villages: Benfarm A & B, Benfarm C and Bico	The Project is behind the Scheduled time, and must have been completed by the 24th January 2023.		
						The palisade fencing was not erected according to the correct specification		

MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS
Ba-Phalaborwa Local Municipality	Makhushane Water Scheme MDM2012/22-004	SML Project	Moepeng Trading	Accounting Officer, Senior Manager Technical and Responsible Officials	The overall Project progress is at 96.4%, time elapsed at 147% and overall financial progress at 84.5% the project is to benefit Boyelang and Maseke	The relevant departments and Stakeholders were not present to make the presentation to the Committee on the project progress status.
					six villages: Loss-My-Cherry, Ntswelomotse, Tipeng, Dikotaseng, Sebera, Maune, Popomela, Dikolobeng and Maseke	the Committee on the project progress

MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS
Ba-Phalaborwa Local Municipality	Makhushane Water Scheme MDM2022/23-012	SML Project	Mbanga Trading	Accounting Officer, Senior Manager Technical and Responsible Officials	The overall Project progress is at 30,27% time elapsed at 46,97% and overall financial progress at 25,86% the project is to benefit Maseke	The relevant departments and Stakeholders were not present to make the presentation to the Committee on the project progress status.
Ba-Phalaborwa Local Municipality	Makhushane Water Scheme MDM2022/23-011	SML Project	Tarcron Projects	Accounting Officer, Senior Manager Technical and Responsible Officials	The overall Project progress is at 54,3% time elapsed at 46,9% and overall financial progress at 42,01% the project is to benefit Nyakelany 1 & 2, Kanana 1 & 2, Garden View, & Malungane	The project is on schedule in terms of the work performance. The Infrastructure Directorate and PMU spend MIG fund through

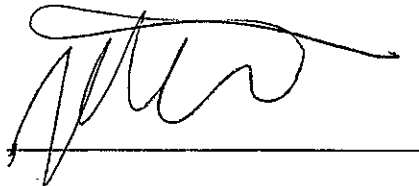
		Projects Managers	Selby Constructors	Technical and Responsible Officials	terms of project schedule reported by the Engineer.	b) Poor workmanship on the projects c) Stolen equipments	resolutions be implemented and progress report be submitted to council
MUNICIPALITY	PROJECT NAME AND LOCATION	CONSULTING ENGINEER	CONTRACTOR	RESPONSIBLE OFFICE	PROJECT PROGRESS AS PER THE REPORT	COMMITTEE FINDINGS	
				Accounting Officer, Senior Manager Technical and Responsible Officials		An eight Months Project which started in October 2020 is not close to completion to date.	
						The reservoir has several leakages and cracks	
						The Engineer Confirmed that Cessions for the Transformer, Cables and fittings had	

6. RECOMMENDATIONS TO COUNCIL

The following recommendations are brought before Council for further consideration and approval:

1. That all council resolutions be prioritised and implemented as a matter of urgency;
2. That the Accounting Officer table to Council a progress report on the implementation of MPAC Recommendations on a quarterly basis;
3. That Section 79 Committee Chairpersons and Chair of Chairs must play oversight role on the implementation of Council resolutions
4. That MMCs to ensure that Council resolutions and matters that are due by management are executed.
5. That PMU and Budget and Treasury (SCM) to provide forward planning to Council on plans to avoid roll-overs and to improve on grant spending;
6. That the Accounting Officer and relevant directorates should ensure regular monitoring of projects;
7. That Management must comply on timeous submission of documents and POE when required by MPAC;
8. That written responses to MPAC must be honest, informative and relevant to questions asked;
9. That Consequence Management be applied after the findings of the investigations.
10. That all the delayed and collapsed projects be referred for external investigations.

11. That all matters requiring Consequence Management be referred to the Financial Misconduct Board (FMB) as per MFMA circular 76.
12. That Council adopts the report as presented; and
13. That the report be submitted to CoGHSTA, SALGA and the Provincial MPAC Forum.



Cllr MM MUKHABELE
MPAC CHAIRPERSON

29/11/2023

DATE