

MATJHABENG MUNICIPALITY

ADDENDUM

FOR THE

**CORPORATE SERVICES SECTION 80
COMMITTEE MEETING**

CONVENED FOR

FRIDAY, 26 JULY 2019

AT

10:00

AT

**ROOM 428, 4TH FLOOR MAIN BUILDING,
WELKOM**

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UPDATE ON SERVICE LEVEL AGREEMENT REGISTER (ED: CSS) (5/6/2/7)

PURPOSE

The purpose of this report is to update the Section 80 Committee on the Service Level Agreement Register.

BACKGROUND

The documents outlines all service level agreements concluded between the Municipality and Service providers. The document is in compliance with the legislative imperatives and aligned to departmental Service Delivery and Budget Implementation Plan.

Section 116 (2) of the MFMA prescribes as follow:

“The accounting officer of a municipality must-

- (a) Take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of a municipality is **properly enforced**;
- (b) **Monitor on a monthly basis** the performance of the contractor under the contract or agreement;
- (c) Establish capacity in the administration of the municipality –
 - (i) To assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b); and
 - (ii) To oversee the day-to-day management of the contract or agreement; and

DISCUSSION

Contract management maintain on a monthly basis a Service Level Agreement register which enlist all contacts that have been developed by the department. The said register is as per instructions received from supply chain department and/or contracting department. Contract department reviews the list to ensure accurate reporting. The Service Level Agreement register is annexed hereto.

Supply chain management policy dictates that following the appointment of the Service Provider, the Municipality shall conclude a Service Level Agreement. The policy is informed by principles of good governance and further entrenched in section 116 of the MFMA. The Contract management department takes reasonable steps to ensure that instruction flowing from SCM are attended to expeditiously to give effect to the legislative imperatives. The service level agreement active in the current financial year are as attached.

**** The Register of Service Level Agreement **is attached on page 1 to page 75 as an Annexure**

FINANCIAL IMPLICATION

None

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LEGAL FRAMEWORK

Compliance with Section 116(2) of the Municipal Finance Management Act.

SUBMITTED FOR INFORMATION

UPDATE ON THE LITIGATION REGISTER

PURPOSE

The purpose of this report is to update the Corporate Services Section 80 Committee on the litigation matters currently in court.

BACKGROUND

The beginning of the year, we had 44 cases before court, which ranged from various matters such as claims sounding in money, interdicts, breach of contracts, refunds etc. The challenges facing the Litigation unit are enormous and remains a concern as they are costing the municipality dearly.

Previously the unit would receive the following matters amongst others on a weekly basis:

- i) Public liability claims,
- ii) Interdicts,
- iii) Civil litigation claims,
- iv) Commercial claims (arising from a breach of contract),
- v) Labour relations matters,
- vi) Evictions,
- vii) Review applications and in other instances,
- viii) Applications to compel the municipality, etc.

Litigation Section remains unintentionally one of the biggest revenue consumers within the municipality.

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The number of summons being received by the municipality has since dropped, and mainly we receive refunds which are self-inflicted litigations. Litigation arises from various causes-of-actions such as labour related issues, public liability, breach of contracts, statutory obligation of the municipality and interdicts against the Municipality, intending to stop or compel the Municipality from allowing spillages of toxic water and / or sewer into the members of the public's properties, and matters such as *mandament van spolie*, restricting and interdicting municipality from cutting electricity and restricting water supply etc.

Although certain matters are matters that are beyond the control of the Municipality, others can be prevented.

Others such as breaches of contracts by the departments, such as Public safety and Infrastructure, can be alleviated or reduced, if officials ensure that adherence to the precepts of the contract agreement concerned.

Other matters such as summons claiming from the Municipality refunds arising from a sale of a house, are unnecessary litigation, causing exorbitant amounts of money for lack of compliance by the Finance Department.

Lastly, currently the Insurance Section is under Finance department, which also makes things more difficult. It is against this background that Insurance Section should be moved to the Litigation department.

****The Litigation Register is attached on page 77 to page 221 as an Annexure

LEGAL FRAMEWORK

Municipal Finance Management Act 56 of 2003

THE FINANCIAL IMPLICATION

The Financial Implications of litigations are outlined in the Register

RECOMMENDATION

To reduce legal costs and revenue loss, it is recommended that:

1. Insurance Section be placed under Legal Services

2. Adherence to the current legislation relevant to the officials department and sphere of work (e.g PSIRA)
3. Once the matter is finalised in court, services of a **cost consultant** should be utilised for the purposes of bringing the bill of costs down
4. The cancellation of contracts be done timeously through the Contract Management Section
5. Recovery from relevant parties to be made **timeously** in order to reduce costs
6. The Contract Management Section be consulted before the Municipality enter into an agreement with service providers
7. Timeous payments of **refunds** to the members of the public owed