

MC44 of 2019

**UPGRADING OF THABONG T8 PUMPING STATION: REQUEST FOR ADDITIONAL FUNDING (AF) (EDI) (19/8/1/4)****PURPOSE**

The purpose of this item is to submit to the Mayoral Committee a request for approval of the budget maintenance for the Upgrading of Thabong T8 Pumping station.

**BACKGROUND**

The Upgrade of Thabong T8 pumping station is currently being implemented by the Matjhabeng Local Municipality through MIG funds. This project entails the (i) Construction of a new Archimedes screw pump lifting station with emergency by-pass; (ii) Redirection of the existing outfall sewer lines leading towards and from the new screw pump lifting station and (iii) the investigation into viability of replacing the existing T8 pumping station outfall sewer by means of CCTV.

**DISCUSSIONS**

\*\*\* The approved project budget is R 13,540,602.44 (inclusive of VAT and Professional Fees). The project requires additional funds that amount to R 4 135 157.66 (inclusive of VAT and Professional Fees) in order to successfully complete the outstanding works on site – this amount is 30.54% of the current project budget. During construction stage, the project encountered numerous costly delays which were attributed to strike actions by laborers and community unrests; additions and variations to Construction Designs; Flooding of sewer trenches due to rainfalls and non-functioning of the existing pump station and price escalations during construction (CPA). Therefore, the consultant has submitted a request for budget maintenance in order to address the shortfall amount. **See attached Contractors appointment letters on page1 to 2 and MIG registration on page 3 of the Annexures.**

**LEGAL IMPLICATIONS**

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) Regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor."

**FINANCIAL IMPLICATIONS**

<b>Approved Project Budget</b> (inclusive of VAT and Professional fees)	<b>Revised Project Budget</b> (inclusive of VAT and Professional fees)	<b>Variance</b> (inclusive of VAT and Professional fees)
R 13,540,602.44	R 17,675,760.11	R 4,135,157.66

**RECOMMENDATIONS**

1. That the Mayoral Committee takes note of report.
2. Mayoral Committee approves the application for additional funding for an amount of R4 135 157.66.

MC45 of 2019

**EXPENDITURE REPORT FOR THE MUNICIPAL INFRASTRUCTURE GRANT (MIG) 2018/19 FINANCIAL YEAR (EDI) (9/8/1/4)**

**PURPOSE**

To provide the Mayoral Committee with the current progress of the Municipal Infrastructure Grant (MIG) expenditure for the month of June 2019.

**BACKGROUND**

The Municipality was allocated an amount of **R116 581 000.00** of the Municipal Infrastructure Grant (MIG) for the 2018/19 financial year.

An amount of **R2 946 786, 95** is for PMU operational costs, which is 2.5% of the total MIG allocation.

**DISCUSSION**

Current MIG Expenditure can be reported as per the tables below.

**ALLOCATION:**

Summary of Expenditure to Date	
Allocation	R 116 581 000.00 (100%)
Planned/Target Expenditure by end June 2019	R 116 581 000.00 (100%)
Current Expenditure by end June 2019	R 116 581 000.00 (100%)
Planned/Target Expenditure by end June 2019	R116 581 000.00 (100%)
Balance to be spent by end July 2019	<b>R0.00 (0%)</b>
Invoices at hand	<b>R0.00 (0%)</b>

**LEGAL IMPLICATIONS**

Municipal Finance Management Act (MFMA) 56 of 2003  
Division of Revenue Act (DORA) 3 of 2016

**RECOMMENDATION**

1. That the Mayoral Committee takes note of the report.

MC46 of 2019

**THABONG: INSTALLATION OF BULK ZONAL WATER METERS AND VALVES APPLICATION FOR BUDGET MAINTANANCE. (EDI) (19/2/2/3)****PURPOSE**

The intention of this report is to effectively motivate for the approval by the Mayoral Committee for additional funding amounting to **R1 220 696.95 (incl. Vat)** under the Municipal Infrastructure Grant (MIG), budget maintenance.

**BACKGROUND**

Tugelogic Consulting Engineers was appointed to design and supervise the Installation of Zonal Meters. This project was not open to public tender but reserved for the Phase 2 Vuku'phile learner contractors under the EPWP programme as part of their Learnership. Four contractors were appointed on the project namely Phanda Business Enterprise (Pty) Ltd, Evanciency Marketing (Pty) Ltd, Adell Trading (Pty) Ltd and MYBK Trading (Pty) Ltd. The project is also one of the Municipality's initiatives in saving water by measuring the outflow of water as a means to better manage and quantify water loss and improve service delivery.

**DISCUSSION**

\*\*\* This project was registered for funding in 2016 under MIG project number MIG/FS1151/W/16/17 for an amount of R7 000 000, 00 (incl. Vat). The approved budget is R5 830 835,60 MIG funding and R 1 169 164,40 is for counter-funded by the Municipality as the project includes areas that are not Previously Disadvantaged.. The actual costs after appointment of Contractors amount to R8 201 090.30 VAT Inclusive including professional fees. This variance is due to increase in VAT and price escalations in Construction Costs. **See attached MIG Registration Letter on page 4 and 4x Contractors appointment letters on page 5 to 8 of the Annexures.**

**LEGAL IMPLICATIONS**

Municipal Finance Management Act (MFMA) 56 of 2003  
Division of Revenue Act (DORA) 3 of 2016

**FINANCIAL IMPLICATION**

The request for an additional R1 220 969.95 under the maintenance budget of MIG to enable the project to be completed successfully. The table below entails the variance between the original project approved amount, tendered amounts from Learner Contractors and VAT at 14% and at 15%.

<b>Description</b>	<b>Total estimates at in 2016</b>	<b>Actual Cost at 15% 2018</b>	<b>Variance</b>
Construction fees	<b>R 5 830 835,60</b>	<b>R 6 784 569,95</b>	<b>R 953 734,35</b>
Professional fees, vat and other indirect cost	<b>R 1 169 164,40</b>	<b>R 1 436 400,00</b>	<b>R 267 235,60</b>
<b>TOTAL</b>	<b>R 7 000 000.00</b>	<b>R 8 201 090.30</b>	<b>R 1 220 969.95</b>

**RECOMMENDATIONS**

1. That the Mayoral Committee takes note of the report.
2. Mayoral Committee approve the application for additional funding for an amount of R1 220 969.95 VAT Inclusive.

**MC47 of 2019**

**CONSTRUCTION OF MMAMAHABANE CEMETERY (EDI) (2/8/1/3)**

**PURPOSE**

The purpose of this item is to submit to the Mayoral Committee a request for approval of the budget maintenance for the Construction of Mmamahabane Cemetery.

**BACKGROUND**

Construction of Mmamahabane Cemetery is currently being implemented by the Matjhabeng Local Municipality through MIG funds. This project entails the following:

- Approximately 1.065km of blocked paved access road from the North with a 15M wide servitude, 7M block paved surface and mountable kerbs on both side and 1M gravel shoulders on both sides. The road also includes a pipe crossing of 4 x 1.2M diameter concrete pipes with headwall, wing walls and erosion protection.
- 0.820M of gravel surfaced access road from the South with a 7M wide gravel surface (no kerbs) and 1M gravel shoulders. The existing 3.8M wide storm water culvert has been included in the project.
- A network of blocked paved cemetery roads of approx. 2.240 km plus 8 turnabouts of 10M radius, 4M wide with 60MM blocks with kerbs, storm water accommodated on the road surfaces and 2 x 3M gravel shoulders.
- A paved parking area of 4500M<sup>2</sup> with 80MM blocked paving will be provided with kerbs. In addition, a gravel parking area of 4600M<sup>2</sup> will be provided
- Concrete Palisade fencing of 1.8M high with concrete foundation of 300MM x 200MM under the concrete fencing, i.e. for parking area for the cemetery area 2652M in length. In addition, 3 security gates will be provided i.e. 1 on the Northern access road to the parking area, 1 on the Southern access road to the parking area and one at the access point to the cemetery area
- Building works will include a guardhouse, ablution block, storage area and a restroom for workers with a total size of 735m<sup>2</sup> including 7 toilets, 1 disabled toilet, 3 urinals, 9 washbasins, 2 kitchen sinks, workers shower and a security gate.
- The water supply will be a 50MM diameter pipe from the existing Mmamahabane township feeding 2 x 5000L tanks that will be elevated on 12M high steel towers.
- The sewer will be a septic tank (15M long, 5M wide & 2.0M deep) with a soak away (20M long x 1.5M wide and 2M deep)
- 2 high mast lights 30-meter radius

- Electrical works includes 22KV overhead aluminum Eskom line with a 50KVA transformer and underground cable to a distribution kiosk with an underground cable to 30M radius high mast lights and 300MM overhead OVC line about 300M in length to the second 30M radius high mast light.
- In addition, an underground cable to supply the building with electricity for lights, plugs and 1 geyser and a small oven.

## DISCUSSIONS

The approved project budget is R29 970 388.78 (inclusive of VAT and Professional Fees). The project requires additional funds that amount to R6 606 340.63 (inclusive of VAT and Professional Fees) which takes the total project cost to R36 576 729.42 VAT Inclusive. The Variance is due to the following:

- Construction costs that came higher than the Engineers Estimate and the project duration changed from 5 to 6 months and that also means an increase in professional fees.
- The Record of Decision from the Department of Environmental Affairs requires that an Environmental Engineer must visit the site on a monthly basis and once after completion which mean the Environmental Engineer will visit the site for 7 months. The extra month is to check that the area has been rehabilitated.
- A requirement from the Municipality's Tribunal that the site be rezoned and subdivided which was not part of the initial project budget. **See attached MIG registration letter on page 9 and appointment letter on page 10 to 11 of Annexures.**

## LEGAL IMPLICATIONS

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) Regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor."

## FINANCIAL IMPLICATIONS

An additional funding of R6 606 340.44 Including VAT as per the table below is requested. Approval of the additional funding will change the project cost from R29 970 388.78 to R36 576 729.42

Construction Costs		
Engineer's Estimate	Contractor's tender price @ December 2018	Variance (inclusive of VAT and Professional fees)
R24 939 965,82	R 30,616 272.98	R 769,826.65
Professional Fees and Disbursements		
Engineer's Estimate	Revised Fees	Variance (inclusive of VAT and Professional fees)
R5 030 422,96	R5 960 456.44	R930 033.47

<b>TOTAL</b>		
<b>Engineer's Estimate</b>	<b>Contractor's tender price &amp; professional fees</b>	<b>Variance</b>
<b>R29 970 388.78</b>	<b>R36 576 729.42</b>	<b>R6 606 340.64</b>

### **RECOMMENDATIONS**

1. That the Mayoral Committee takes note of report.
2. Mayoral Committee approves the application for additional funding for an amount of R6 606 340.63 Including VAT.

MC48 of 2019

**UPGRADING OF THE WELKOM LANDFILL SITE: BUDGET MAINTENANCE (EDI) (10/14/1)****PURPOSE**

The purpose of this item is to request the approval of the Mayoral Committee for the additional funding of the Upgrading of the Welkom Landfill Site in compliance with Municipal Systems Act 32 of 2000; Section 73 (1).

**BACKGROUND**

The Upgrading of the Welkom Landfill Site project is currently being implemented by the Municipality through MIG funding. This project entails the following scope of work: the reconstruction of an access road, provision of access control, provision of two weigh bridges, refurbishment of a cloak room and signage, perimeter fencing, paving and training, carport, street lights and security features, an improvement of the wash bay facility and the provision of two shed buildings.

\*\*\* The contract was awarded to Kholeba Construction and Projects whom is being managed by Maragela Consulting Engineers. A request for budget maintenance report was received from Maragela Consulting Engineers and **is attached for ease of reference on page 12 to 13 of the annexures.**

**DISCUSSIONS**

Once the contractor was appointed it was noticed that the approved project budget is less than the contractor appointed amount. Thus, presenting a shortfall of funds required to successfully complete the project. This shortfall is a result of increased price of materials which were previously priced below the market rate and an additional scope of works. The consultant's estimates which were included in the original business plan and technical report were too low. Therefore, the consultant has submitted a request for budget maintenance in order to address the shortfall amount. This amount will increase the project budget as well as the construction and professional fees for the project. This proposal will ensure sufficient availability of funds required to adequately finish the project.

**LEGAL IMPLICATIONS**

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) Regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor."

**FINANCIAL IMPLICATIONS**

<b>Original Budget</b>	<b>Project</b>	<b>Contractor's price</b>	<b>Professional Fees</b>	<b>Variance</b>	<b>Revised Project Budget</b>
R 18 021 120.00		R 31 494 595,70	R 3 922 004,35	<b>R 17 395 480,07</b>	R 35 416 600.07



## **OTHER IMPLICATIONS**

The project will not be completed successfully without approval of the budget maintenance, thus affecting its intended purpose.

## **RECOMMENDATIONS**

1. That the Mayoral Committee takes note of the report.
2. That Council approve the application for additional funding for an amount of **R17 395 480.07**.

MC49 of 2019

**THABONG EXTENSION 20 (HANI PARK): EXTENSION OF WATER NETWORK, HOUSE CONNECTIONS AND WATER METERS (180 STANDS): BUDGET MAINTENANCE (EDI) (19/1/2/6)**

**PURPOSE**

The purpose of this item is to request approval of the Mayoral Committee the request for additional funding for Thabong Extension 20 (Hani Park): Extension of water network, house connections and water meters (180 Stands) in compliance with Municipal Systems Act 32 of 2000; Section 73 (1).

**BACKGROUND**

The extension of a water network, house connections and 180 water meters in Thabong Extension 20 (Hani Park) project is currently being implemented by the Municipality through MIG funding. This project entails the extension of a water network, house connections and the installation of 180 water meters in Thabong Ext.20. The project was awarded to Kalosi Trading Projects and Lusakho Trading, two vukuphile contractors which are being managed by Epitome Consulting Engineers. A request for budget maintenance report was received from Epitome Consulting Engineers and is attached for ease of reference.

**DISCUSSIONS**

This project was registered for funding in 2018 under MIG project number MIG/FS1243/W/18/19 for an amount of R2 599 855.74 (incl. Vat). The actual costs after appointment of Contractors amounts to R4 202 064.08 VAT Inclusive including professional fees. This variance is due to increased price of materials which were previously priced below the market rate. **See attached Contractors appointment letters on page 14 to15 and MIG registration letter on page 16 to 17 of the annexures.**

**LEGAL IMPLICATIONS**

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) Regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor."

**FINANCIAL IMPLICATIONS**

The request for an additional R1 602 208.34 from MIG to enable the project to be completed successfully. The table below entails the variance between the original project approved amount and the current amount for Learner Contractors.

Description	Total original cost	Total current cost	Variance
Construction fees+ Professional fees, vat and other indirect cost	<b>R2 599 855.74</b>	<b>R 4 202 064.08</b>	<b>R 1 602 208.34</b>

## RECOMMENDATIONS

1. That the Mayoral Committee takes note of the report.
2. Mayoral Committee approve the application for additional funding for an amount of R1 602 208.34 VAT Inclusive.

MC50 of 2019

**NYAKALLONG/ALLANRIDGE REPLACEMENT OF OLD GALVANIZED STEEL PIPES: REQUEST FOR BUDGET MAINTENANCE (EDI) (19/2/4)**

**PURPOSE**

The purpose of this item is to request approval of the Mayoral Committee for additional funding for Replacement of old galvanized steel pipes with uPVC in Allanridge and Nyakallong Townships.

**BACKGROUND**

The replacement of old galvanized steel pipes with uPVC in Allanridge and Nyakallong Townships project is currently being implemented by the Municipality through MIG funding. The project was registered in 2018/2019 financial year. This project entails the following scope of work:

Allanridge:

- the replacement of 893m of old galvanized steel pipes with new 250mm diameter uPVC Class 12 pipes.
- The inspection and repair or replace of valves and fire hydrants.
- Inspect and repair of all leaking pipes at households.

Nyakallong

- the replacement of 1.7 km of old galvanized steel pipes with new 250mm diameter uPVC Class 12 pipes.
- The inspection and repair or replace of valves and fire hydrants.
- Inspect and repair of all leaking pipes at households.
- Maintenance of water meters

**DISCUSSIONS**

\*\*\* This project was registered for funding in 2018 under MIG project number MIG/FS1241/W/18/18 for an amount of R6 682 316.78 (incl. Vat). The actual costs after appointment of Contractors amounts to R7 690 399.86 VAT Inclusive including professional fees. This variance of R 1 008 084.95 is due to the learner contractors under- pricing items in the BOQ. **See attached Contractors appointment letters on page 18 to 26 of the annexures.**

**LEGAL IMPLICATIONS**

Constitution section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2)(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement. (2)(d) Regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor."

**FINANCIAL IMPLICATIONS**

The request for an additional R1 008 084.95 under the maintenance budget of MIG to enable the project to be completed successfully. The table below entails the variance

between the original project approved amount and the current amount for Learner Contractors

<b>Description</b>	<b>Total original estimates</b>	<b>Current actual Cost</b>	<b>Variance</b>
Construction fees+ Professional fees, vat and other indirect cost	<b>R 6 682 316.78</b>	<b>R 7 690 399.86</b>	<b>R 1 008 084.95</b>

## **RECOMMENDATIONS**

1. That the Mayoral Committee takes note of the report.
2. Mayoral Committee approve the application for additional funding for an amount of R1 008 084.95 VAT Inclusive.

MC51 of 2019

**DRAFT EMPLOYEE ASSISTANCE PROGRAM HANDBOOK AND PRESENTATION (CSS) (5/3/B)**

**PURPOSE**

To table the Draft Employee Assistance Program Handbook and Presentation to be used by Branch Wellness Programme for Induction purposes to Mayoral Committee Meeting for perusal and adoption.

**BACKGROUND**

Matjhabeng Municipality does not have an Employee Assistance Program Handbook and Presentation for Induction purposes regarding Employee Wellness.

\*\*\* The Draft Employee Assistance Program Handbook and Presentation are **attached under Separate Cover (1)**.

**LEGAL FRAMEWORK**

- Labour Relation Act 1995 (Act No. 66 of 1995)
- Basic Conditions of Employment Act 1997 (Act No. 75 of 1997)
- Occupational Health and Safety Act 55 of 1998.
- Compensation for Occupational Diseases Act 30 of 1993.
- Medical Schemes Act.
- Promotion of Equality of Prevention of Unfair Discrimination Act 4 of 2000.

**FINANCIAL IMPLICATIONS**

- Provision to be made on the 2017/18 Budget

**RECOMMENDATION**

1. That the proposed Draft Employee Assistance Program Handbook and Presentation to be use by Branch Wellness Programme for Induction purposes be considered for adoption.

MC52 of 2019

**TO REQUEST THE CONSIDERATION OF REVIEWED ANTI-FRAUD AND ANTI-CORRUPTION POLICY FOR THE YEAR 2018/19 (SSS) (20/2/3)**

**PURPOSE**

To present to Mayoral Committee the Anti-Fraud and Anti-Corruption Policy for the year 2018/19 for consideration.

**BACKGROUND**

Department of Public Service and Administration requires every municipality to have Anti-Fraud and Anti-Corruption Policy.

The objective of this policy is to:

To develop an anti-fraud and corruption free culture amongst staff and residents of Matjhabeng Local Municipality.

To activate policies and systems which minimize fraud and corruption or any other dishonest activities of a similar nature.

To ensure that Matjhabeng Municipality management is aware of its responsibilities for identifying exposures to fraudulent and corrupt activities or any other dishonest activities of a similar nature and for establishing controls and procedures for preventing such fraudulent and or corrupt activity and/or detecting such fraudulent and corrupt activity when it occurs;

To provide guidance to employees and members of the public as to what action should be taken where they suspect any fraudulent and or corrupt activity;

To provide a clear statement to staff or any other persons having a business with Matjhabeng Municipality, forbidding any illegal activity;

To provide clear guidance as to responsibilities for detecting and reporting investigations into fraudulent and or corrupt activities;

To provide assurances that any reasonable suspicion of fraudulent and or corrupt activity will be fully investigated;

Provide for a swift investigation of fraudulent and corrupt activities;

To provide adequate protection and guidance as to appropriate action to employees in circumstances where they are victimised as a consequence of reporting, or being a witness to, fraudulent and/or corrupt activities;

To provide a suitable environment for employees to report matters that they suspect may concern corrupt conduct, criminal conduct, criminal involvement or serious improper conduct.

This policy also sets down the stance of the Municipality to fraud as well as reinforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist.

After review, the only changes in the previous policy will be the dates.

\*\*\* **See attached Anti-Fraud and Anti-Corruption Policy to be approved under Separate Cover (2)**

## **LEGAL IMPLICATIONS**

The Promotion of Access to Information Act (No 2 of 2000),  
The Protected Disclosures Act (PDA) (No 26 of 2000),  
The Promotion of Administrative Justice Act (No 3 of 2000),  
The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),  
The Public Finance Management ACT (PFMA) (No 1 of 1999),  
Municipal Finance Act (MFMA) (No 56 of 2003),  
Prevention of Organized Crime Act (POCA) (No 121 of 1998).

## **FINANCIAL IMPLICATIONS**

None

## **RECOMMENDATION**

1. That Mayoral Committee considers the reviewed Anti-Fraud and Anti-Corruption Policy for the year 2018/19.



MC53 of 2019

**TO REQUEST THE CONSIDERATION OF ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY FOR THE YEAR 2018/19 (SSS) (20/8/3)**

**PURPOSE**

To present the Anti-Fraud and Anti-Corruption Strategy for the year 2018/19 to Mayoral Committee for consideration.

**BACKGROUND**

Department of Public Service and Administration require every municipality to develop Anti-Fraud and Anti-Corruption Strategy.

The purpose of this strategy is:

- To adopt a plan, based on the legislation and policy;
- To set up the base of information in order that deviations can be monitored and detected;
- To reduce deviations and implement legal recourse where needed and improve controls as a response;
- To incorporate fraud prevention as part of the management practice.

The components of the municipality's fraud strategy consist of the following:

- Prevention
- Detection
- Investigation, and
- Response.

The prevention of fraud is the most important component of MLM strategy in dealing with fraud.

The municipality will review and update its Anti-Fraud and Anti-Corruption Strategy annually.

After review, the only changes in the previous strategy will be the dates.

\*\*\* **See attached** Anti-Fraud and Anti-Corruption Strategy to be approved **under Separate Cover (3)**

**LEGAL IMPLICATIONS**

The Promotion of Access to Information Act (No 2 of 2000),  
 The Protected Disclosures Act (PDA) (No 26 of 2000),  
 The Promotion of Administrative Justice Act (No 3 of 2000),  
 The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),  
 The Public Finance Management ACT (PFMA) (No 1 of 1999),  
 Municipal Finance Act (MFMA) (No 56 of 2003),  
 Prevention of Organized Crime Act (POCA) (No 121 of 1998).

**FINANCIAL IMPLICATIONS**

None

**RECOMMENDATION**

1. That the Mayoral Committee considers the Anti-Fraud and Anti-Corruption

MC54 of 2019

**TO REQUEST THE CONSIDERATION OF FRAUD PREVENTION PLAN FOR THE YEAR 2018/19 (SSS) (20/2/3)**

**PURPOSE**

To present the Fraud Prevention Plan for the year 2018/19 to Mayoral Committee for consideration.

**BACKGROUND**

Fraud prevention is about changing organisational features that allow fraud to occur and possibly go unnoticed or unreported. Fraud control is an essential element of sound corporate governance and is integral to internal risk control.

Fraud is generally defined as wilful deceit or trickery. It covers a wide range of activities from such minor transgressions as the misappropriation of office stationery by a staff member to more serious crimes such as misrepresentations by Senior Management and Councillors to Council, the public and creditors, and mis-use of confidential information.

Fraud prevention strategies must be generated from senior management. If the Councillors, Accounting Officer, General Managers and Managers at all levels have a commitment to fraud prevention and understand how it may be achieved, this will provide a foundation for other employees to support the notion of fraud control.

Matjhabeng Local Municipality will review its Fraud Prevention Plan annually.

After review, there is no need for changes in the previous Fraud Prevention Plan, therefore the request is that Management approves the said plan as it is for the year 2018/19.

\*\*\* **See attached Fraud Prevention Plan to be approved under Separate Cover (4)**

**LEGAL IMPLICATIONS**

The Promotion of Access to Information Act (No 2 of 2000),  
The Protected Disclosures Act (PDA) (No 26 of 2000),  
The Promotion of Administrative Justice Act (No 3 of 2000),  
The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),  
The Public Finance Management ACT (PFMA) (No 1 of 1999),  
Municipal Finance Act (MFMA) (No 56 of 2003),  
Prevention of Organized Crime Act (POCA) (No 121 of 1998).

**FINANCIAL IMPLICATIONS**

None

**RECOMMENDATION**

1. That the Mayoral Committee considers the Fraud Prevention Plan for the year 2018/19.

MC55 of 2019

**TO REQUEST THE CONSIDERATION OF REVIEWED RISK MANAGEMENT POLICY FOR THE YEAR 2018/19 (SSS) (6/12/2/1)**

**PURPOSE**

To present the reviewed Risk Management Policy for the year 2018/19 to Mayoral Committee for consideration.

**BACKGROUND**

In terms of Treasury Regulations section 3.2.1 and the adoption of the Public Finance Management Act in 1999 infused the public service with municipality culture, which must add to its emphasis on external sanctions and include stronger internal controls with anticipatory management systems to assess the abuse of power, which is the central principle of risk management.

The Municipality is committed to the effective risk management and treatment of risk in order to achieve the municipality's objectives.

In terms of Section 62(1)(c)(i) of MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and for this purpose must take all responsible steps to ensure that the Municipality has and maintains: Effective, efficient and transparent systems of financial and risk management and internal control."

The aim of Risk Management Policy is to ensure that the Municipality makes informed decisions with regard to the activities that it undertakes by appropriately considering both risks and opportunities.

It is important that employees become aware of the risks associated with their area of work and must manage these risks to be within tolerance level by using risk management response strategies outlined in the municipal risk management strategy.

The municipality will review and update its Risk Management Policy annually. After review, the following changes will be made:

On page 23 of the policy under the heading "Communication and consulting", point number one, the words "published on website" will be replaced by "communicated to all employees as well as relevant stakeholders using communication methods that will suit all of them."

On page 33 of the policy under the heading "POLICY ADMINISTRATION", POINT 13.1, "annually" will be replaced by "after 3 years". It is therefore requested that Management approves the said policy for the year 2017/18, with those changes.

\*\*\* Attached find the Risk Management Policy to be considered **under Separate Cover (5)**

**LEGAL IMPLICATIONS**

The Constitution of the RSA Act 108 of 1996  
Municipal Finance Management Act (Act No. 56 of 2003)  
Municipal Systems Act (No. 32 of 2000)  
The Disaster Management Act (No. 57 of 2002)

The Occupational Health and Safety Act (No. 85 of 1993)  
Hazardous Substances Act (No. 15 of 1973)  
National Treasury Framework Final Risk Management Framework for the public sector.  
King Report on Corporate Governance, 2002 (King II).  
ISO 31000, published in 2009  
Information Technology Risk Framework  
Criminal Procedure Act 51 of 1977  
Security Officers Act 92 of 1987  
Protection of Information Act 84 of 1982  
National Archives Act 43 of 1996  
Fire Brigade Act 99 of 1987  
  
Intelligence Services Act 38 of 1994

## **FINANCIAL IMPLICATIONS**

None

## **RECOMMENDATIONS**

1. That Mayoral Committee considers the reviewed Risk Management Policy for 2018/19.
2. That the reviewed Risk Management Policy for 2018/19 be submitted to Mayoral Committee for consideration.

MC56 of 2019

**TO REQUEST THE CONSIDERATION OF THE REVIEWED RISK MANAGEMENT STRATEGY FOR THE YEAR 2018/19 (SSS) (6/12/1)**

**PURPOSE**

To present the reviewed Risk Management Strategy for the year 2018/19 Mayoral Committee for consideration.

**BACKGROUND**

In terms of Treasury Regulations section 3.2.1 and the adoption of the Public Finance Management Act in 1999 infused the public service with municipality culture, which must add to its emphasis on external sanctions and include stronger internal controls with anticipatory management systems to assess the abuse of power, which is the central principle of risk management.

This is why risk management is central to managing the municipality as a whole, and why risk management is integral to planning, organising, directing and coordinating systems aimed at achieving municipality's goals and objectives.

The Risk Management Strategy (RMS) forms part of the Risk Management Framework of the municipality. The Risk Management Strategy guides the activities of Council, Municipal Manager, and the Risk Management Committee (RMC), Risk Management section as well as the risk owners and action owners. The municipality acknowledges that there are different risk management models and frameworks that institutions can implement in order to manage their risks.

The municipality utilizes the proposed Risk Management Framework as formulated by National Treasury and also follows the guidelines as stipulated in ISO 31000/2009.

Effective risk management is imperative for the municipality to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the municipality.

The realization of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty.

Enterprise Risk Management (ERM) forms a critical part of any entity's strategic management. It is the process whereby an entity both methodically and intuitively addresses the risk attached to their activities with the goal of achieving sustained benefit within each activity and across a portfolio of activities. Enterprise Risk Management is therefore recognized as an integral part of sound organizational management and is being promoted internationally and in South Africa as good business practice applicable to the public and private sectors.

The municipality will review and update its Risk Management Strategy annually. After review, the following changes will be made on the old Risk Management Strategy:

1. Point number 6 of “RISK MANAGEMENT FRAMEWORK” up to point number 8 of “RISK MONITORING AND REVIEWING” will be removed because they are also part of the Risk Management Policy. Meaning that page 11 – 30 will fall off from the strategy.
2. Point number 12-22 will be removed from the strategy because all those responsibilities are included in the Risk Management Policy. That means page 32 – 38 of the strategy will fall off.

\*\*\* Attached find the Risk Management Strategy to be considered **under Separate Cover (6)**

## **LEGAL IMPLICATIONS**

The Constitution of the RSA Act 108 of 1996  
Municipal Finance Management Act (Act No. 56 of 2003)  
Municipal Systems Act (No. 32 of 2000)  
The Disaster Management Act (No. 57 of 2002)  
The Occupational Health and Safety Act (No. 85 of 1993)  
Hazardous Substances Act (No. 15 of 1973)  
National Treasury Framework Final Risk Management Framework for the public sector.  
King Report on Corporate Governance, 2002 (King II).  
ISO 31000, published in 2009  
Information Technology Risk Framework  
Criminal Procedure Act 51 of 1977  
Security Officers Act 92 of 1987  
Protection of Information Act 84 of 1982  
National Archives Act 43 of 1996  
Fire Brigade Act 99 of 1987  
Intelligence Services Act 38 of 1994

## **FINANCIAL IMPLICATION**

None

## **RECOMMENDATION**

1. That Mayoral Committee considers the reviewed Risk Management Strategy for 2018/19.

MC57 of 2019

**TO REQUEST THE CONSIDERATION OF RISK MANAGEMENT IMPLEMENTATION PLAN FOR THE YEAR 2018/19 (SSS) (6/12/2/1)**

**PURPOSE**

To present the Risk Management Implementation Plan for the year 2018/19 to Mayoral Committee for consideration.

**BACKGROUND**

The Risk Management Implementation Plan forms part of the Risk Management Framework and must therefore be read in conjunction with the Risk Management Policy, as well as the Risk Management Strategy.

The risk management implementation plan for the Institution was prepared to give effect to the implementation of the risk management policy and strategy and sets out all risk management activities planned for the 2018/19 year.

The development of the risk management implementation plan has taken into consideration:

- The risk management policy;
- The risk management strategy;
- Available resources;
- Urgency, quick wins and sustainability.

The municipality reviews and updates its Risk Management Implementation Plan on an annual basis.

\*\*\* Attached to find the Risk Management Implementation Plan to be approved **under Separate Cover (7)**

**LEGAL IMPLICATIONS**

The Constitution of the RSA Act 108 of 1996  
 Municipal Finance Management Act (Act No. 56 of 2003)  
 Municipal Systems Act (No. 32 of 2000)  
 The Disaster Management Act (No. 57 of 2002)  
 The Occupational Health and Safety Act (No. 85 of 1993)  
 Hazardous Substances Act (No. 15 of 1973)  
 National Treasury Framework Final Risk Management Framework for the public sector.  
 King Report on Corporate Governance, 2002 (King II).  
 ISO 31000, published in 2009  
 Information Technology Risk Framework  
 Criminal Procedure Act 51 of 1977  
 Security Officers Act 92 of 1987  
 Protection of Information Act 84 of 1982  
 National Archives Act 43 of 1996  
 Fire Brigade Act 99 of 1987  
 Intelligence Services Act 38 of 1994

**FINANCIAL IMPLICATIONS**

None

**RECOMMENDATION**

1. That Mayoral Committee considers the Risk Management Implementation Plan for the year 2018/19.



MC58 of 2019

**TO REQUEST THE CONSIDERATION OF WHISTLE-BLOWING POLICY  
FOR THE YEAR 2018/19 (SSS) (20/2/3)**

**PURPOSE**

To present the Whistle-Blowing Policy for the year 2018/19 to Mayoral Committee for consideration.

**BACKGROUND**

Department of Public Service and Administration requires every municipality to have Whistle-Blowing Policy.

Whistle-blowing is an early warning system to avert possible risks to the organization and alert Management about any wrong doing in time so that they can take necessary corrective action. A positive whistle-blowing culture is a critical element in the success of any risk management system.

The purpose of this policy is to provide a means by which staff is able to raise concerns through appropriate channels or line management or specific appointed person in the Municipality, where they have reasonable grounds for believing that there is fraud and corruption within the Municipality.

An organization that positively encourages whistle-blowing stands a far better chance of demonstrating that it is properly run and managed. The existence of a working whistle-blowing policy is pivotal in legal proceedings.

At its heart, the Protected Disclosure Act contains a simple idea; that, it is in the best interest of both the employer and the (responsible, potential whistle-blower) employee to blow the whistle internally within the organization rather than externally, to, for example, the media.

The municipality will review and update its Whistle Blowing Policy annually. After review, the only changes in the previous policy will be the dates.

\*\*\* See attached Whistle-Blowing Policy to be approved on **under Separate Cover (8)**

**LEGAL IMPLICATIONS**

The Promotion of Access to Information Act (No 2 of 2000),  
The Protected Disclosures Act (PDA) (No 26 of 2000),  
The Promotion of Administrative Justice Act (No 3 of 2000),  
The Prevention and Combating of Corrupt Activities Act (No 12 of 2004),  
The Public Finance Management ACT (PFMA) (No 1 of 1999),  
Municipal Finance Act (MFMA) (No 56 of 2003),  
Prevention of Organized Crime Act (POCA) (No 121 of 1998).

**FINANCIAL IMPLICATIONS**

None

**RECOMMENDATIONS**

1. That Mayoral Committee considers the Whistle-Blowing Policy for the year 2018/19.
2. That the Whistle-Blowing Policy for the year 2018/19 be submitted to Mayoral Committee for consideration.

MC59 of 2019

**TO REQUEST THE APPROVAL OF THE MATJHABENG ICT POLICIES (SSS) (2/4B)**

**PURPOSE**

To present to Mayoral Committee Policies that governs ICT for consideration.

**BACKGROUND**

The ICT Policies provides the relevant framework to establish sound corporate governance principles for ICT in order to enable Matjhabeng Municipality to transition towards adoption of sound governance principles along with more visibility and accountability of ICT deliverables. Moreover, these policies address security issues by reducing risks that can be caused to the Municipality's ICT systems, information and infrastructure, either. In addition, these policies define the acceptable use of ICT resources by officials and 3rd party service providers and breach or non-conformance is unacceptable.

Information, Communication and Technology (ICT) has evolved from a support-based department to a strategic business unit that will allow for leveraging technology to improve, enhance and direct strategy for Matjhabeng. This coupled with the exponential rate at which technology is advancing requires more prudent visibility, accountability and tangible performance measures for ICT to support Matjhabeng Municipality.

It also enables ICT systems to be fully integrated across each department, which in turn allows for organization-wide management of ICT environment. Finally, it is ICT's responsibility to secure Council Information to ensure that the Municipality's ICT systems, data and infrastructure are protected from risks such as unauthorized access, manipulation, destruction or loss of data, as well as unauthorized disclosure or incorrect processing of data. Four of these critical policies (**Corporate Governance of Information, Communication and Technology Policy, ICT Information Security Policy, Antivirus Policy and ICT Strategic**) have already underwent through all the processes, just waiting for Council approval.

Attached find **Matjhabeng Firewall Policy, User and System Access Policy, Change Management Policy, Disaster & Recovery Plan & Strategy, Laptop Policy and Guidelines, Wireless devices Policy** to be considered **under Separate Cover (9)**

Also attached kindly see **DRAFT AG Finding on ICT Systems for 2017-8 and responses**.

These policies have been developed with the following sections of legislation in mind:

In terms of the Municipal Systems Act, Act 32, of 2000, Section 55(1):

“the municipal manager of a municipality is, subject to the policy directions of the municipal council, responsible and accountable for:

- (a) The formation and development of an economical effective, efficient and accountable administration:
  - (i) equipped to carry out the task of implementing the municipality's Integrated development plan in accordance with Chapter 5:

(ii) Operating in accordance with the municipality's performance Management system in accordance with Chapter 6;"

In terms of the Municipal Finance Management Act, Act 56 of 2003, and Section 62:

"The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure –

- (a) that the resources of the municipality are used effectively, efficiently and economically;
- (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;"

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 78 of the Municipal Finance Management Act stipulates that:

"Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure –

- (a) that the system of financial management and internal control established for the municipality is carried out diligently;
- (b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;
- (c) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented;"

The Municipality is using guidelines and recommendations based on inputs from frameworks developed by CoGTA, DPSA, Industry best practices along with findings in the AG report to support this alignment and adoption to allow the ICT department to be geared to deliver on expectations from the Municipality.

## **FINANCIAL IMPLICATIONS**

None

## **RECOMMENDATION**

1. That Mayoral Committee gives inputs, comments and recommendations for these policies move for Council approval.

MC60 of 2019

**PROGRESS REPORT ON THE APPOINTMENT OF SECURITY OFFICERS AND TRAFFIC WARDENS (CSS)**

**PURPOSE**

The purpose of this item is to provide an update regarding the recruitment process of the Security Officers and the Traffic Wardens.

**BACKGROUND**

One hundred (100) Security officers and forty (40) Wardens positions were internally and externally advertised in order to attract qualified candidates who will replace the private security and also enhance the traffic responsibilities of the municipality.

A total of 3 416 applications were received for the 100 positions of security officers and 3 948 applications for traffic wardens. The process of capturing was undertaken and finalised.

On the 29<sup>th</sup> May 2019, shortlisting for the security officers was undertaken with the same panel intending to finalise the wardens before the end of July 2019.

A submission to approve the interview panel has been submitted to the office of the Accounting Officer for approval. It is against this background that as soon as the approval is granted that the interviews will be held.

**DISCUSSION**

Out of the 3 416 candidates who applied a total of 687 candidates met the requirements. The requirements were stipulated as follows:

- Grade 12
- Diploma in Security or Equivalent
- Driver's License
- Security Experience

It is the resolution of the panel that the interviews will be used to streamline the number of the 100 required. It should also be taken note that the shortlisting's for the Traffic Wardens is still ongoing and will be finalised by end of July 2019.

**FINANCIAL IMPLICATIONS**

The total costs of the positions are as follows:

- Security Officers = R 20 573 636.00 per annum
- Traffic Wardens = R 8 229 454.40 per annum

**PERSONNEL IMPLICATIONS**

The total number of headcounts for the submissions

- Security Officers = 100
- Traffic Wardens = 40

**LEGAL IMPLICATIONS**

These appointments will be done in line with:

- The Municipal Systems Act 32 of 2000

- Recruitment and Selection Policy of Matjhabeng Local Municipality

**OTHER IMPLICATIONS**

None

**RECOMMENDATION**

1. That the Mayoral Committee take note of the progress made.

**MC61 of 2019**

**PROGRESS REPORT ON COUNCIL RESOLUTIONS (ED: CSS) (2/2/2)**

**PURPOSE**

To submit a progress report to Mayoral Committee on Council Resolutions for noting.

**BACKGROUND**

In Local Government practices and processes, submission of written reports to Council and its Committees is fundamental as a tool for measuring the performance of the Municipality and to enable Council to effectively perform its role of playing oversight over the Executive and the Administration components of the Municipality. Thus Council resolved that in all of its Council and Committee meetings a report on the execution of its resolutions must be tabled.

**DISCUSSION**

This report on audit of Council Resolutions covers the month of July 2018 to May 2019.

\*\*\* See the attached Council Resolution Audit **under Separate Cover (10)**.

**POLICY POSITION**

Council Resolutions

**FINANCIAL IMPLICATION**

None

**LEGAL IMPLICATIONS**

None

**SUBMITTED FOR INFORMATION**

**MC62 of 2019**

**THREE MONTHS FINANCE REPORT – APRIL - JUNE 2019 (CFO) (6/4/1)**

**PURPOSE**

To submit to the Mayoral Committee three Months Finance Report for April - June 2019 in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003.

**BACKGROUND**

Section 52(d) of the Municipal Finance Management Act no 56 of 2003 states that the Accounting Officer must submit to the Executive Mayor a statement in a prescribed format on the state of the municipality's budget reflecting the following particulars for that quarter and for the financial year up to the end of that quarter:

- 1) Actual revenue per revenue source
- 2) Actual borrowings
- 3) Actual expenditure per vote
- 4) Actual capital expenditure per vote
- 5) The amount of any allocations received
- 6) Actual expenditure on allocations received

The compilation of the Section 52 report is as follows:

1. After the billing cycle the Income Department compile the income reports which consist of the following and submit to the Budget Department:
  - Billing and Income per month
  - Top Outstanding debtors for the month
  - Income per ward
  - Debtors age analysis per service
2. After month end the Information Communication Technology Department runs all the month end reports.
3. The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
4. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
5. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
6. The Section 52(d) report is then compiled with all the information received from other sections and extracted from the Solar System



## DISCUSSIONS

\*\*\* The finance reports for April - June 2019 are **attached under Separate Cover (11)**.

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Budget for three months</b>	<b>Actual for three months (2018/2019)</b>
Actual Revenue Received	507 261 538	284 954 914
All Grants Received	156 164 500	-
<b>Total Income</b>	<b>663 426 038</b>	<b>284 954 914</b>
<b>Actual Expenditure</b>	<b>603 859 074</b>	<b>468 530 515</b>
Salaries	190 866 021	188 784 119
Water	119 743 369	-2 448 004
Electricity	110 063 332	-20 320 070
Other Expenditure	183 186 352	302 514 470
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>59 566 964</b>	<b>(183 575 601)</b>

MIG Payments	<b>43 709 530</b>
INEG Payments	<b>8 176 704</b>
WSIG Payments	<b>6 534 296</b>

<b>Capital Assets procured - Equitable Share</b>	-
Fleet & Equipment	-
Office convention/ Furniture	-

<b>Net Surplus/(Deficit) after Capital payments</b>	<b>-241 996 131</b>
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Table 1: The municipality had a deficit of R 241 996 131 for the quarter after capital payments, this indicates that the expenditure incurred is less than the revenue received for quarter. This deficit is due to grants received for the reporting period

<b>TABLE 2</b>	<b>Actual for three months (2018/2019)</b>
Total Billings	464 405 763
Less: Indigent Billings	9 717 541
<b>Actual Billings</b>	<b>454 688 222</b>
<b>Actual Revenue Received</b>	<b>281 549 576</b>
Consumer Revenue	218 805 248
Other	62 744 328
<b>Grants &amp; Subsidies</b>	-

<b>Pay rate - Fourth quarter (Total Billings)</b>	<b>62%</b>
<b>Total income percentage - Fourth quarter</b>	<b>63%</b>
<b>Total income percentage – YTD</b>	<b>59%</b>

The pay rate for the fourth quarter was 62%

The total income percentage for the fourth quarter was 63%.

In order for the municipality to be financially sustainable the pay rate will have to be increased to 80% monthly on the consumer services.

## **LEGAL IMPLICATIONS**

The budget report is submitted in compliance with Section 52(d) of the MFMA no 56 of 2003. Section 52(d) stipulates that the mayor of the Municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of the Municipality.

## **RECOMMENDATIONS**

1. That the Finance Report for the Quarter (April - June 2019) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That the Finance Report for the Quarter (April - June 2019) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, be submitted to Provincial and National Treasury.



**MC63 of 2019**

**BUDGET/ IDP REVIEW PROCESS PLAN – 2020/ 2021 (SSS)**

**PURPOSE**

To present the Budget/ IDP Review Process Plan in terms of chapter 5 of the Municipal Systems Act and MFA chapter 4 section 21, to Council for consideration.

**BACKGROUND**

In terms of Chapter 5 section 34 of Local Government: Systems Act, a Municipal Council –

- a) Must review its Integrated Development Plan –
  - i) Annually in accordance with an assessment of its performance measurements in terms of section 41; and
  - ii) to extent that changing circumstances so demand; and
- b) May amend its Integrated Development Plan in accordance with a prescribed process.

The process plan for the review of IDP as contemplated in the section above is hereby complied with as per section 28 & 29 of the same Act.

The budget compilation is regulated in terms of section 21(1) (b) of the Municipal Finance Management.

The endeavour will be made to align the IDP process with Budget time table to achieve seamless out of the two processes.

\*\*\*

See attached IDP Review Process Plan and IDP/Budget process Plan Time-table **under Separate Cover (12).**

**LEGAL IMPLICATIONS**

To comply with the provisions of chapter 5 of the Municipal Systems Act and MFMA.

**FINANCIAL IMPLICATIONS**

None

**RECOMMENDATION**

1. That Council approves the Budget/Integrated Development Plan Review Process-Plan for financial year 2020/21.