

SA2/2020

REPORT ON DEVIATIONS (EXECUTIVE MAYOR) (6/4/1)

PURPOSE

To inform Council on the numerous deviations and/ or payment requests that were received from the Infrastructure Department and obtain Council's guidance on how to resolve this matter.

BACKGROUND

Since the passing of the previous Municipal Manager, the Office of the Acting Municipal Manager have been inundated with submissions and written requests for payments of various projects of which do not have submissions. The stage of the projects are:

1. Work already completed;
2. Work still in progress;
3. Work not yet commenced with.

The deviations are more than 70 with a possible expenditure of R 200 million. The issue at hand is the non-compliance with the SCM Regulations, MFMA and relevant Treasury circulars.

FINANCIAL IMPLICATIONS

The cost to these deviations amount to close to R 200 million.

LEGAL IMPLICATION

Section 12 of the SCM regulations governs a range of procurement procedures for a Municipality. The ordinary process for goods and services valued over R 200 00.00 should be through an official tender process. The exception on the rule is a deviation and inter alia it is allowed when there is an emergency (**see section 36 of the Supply Chain Management Regulations**).

OTHER PARTIES CONSULTED

- The Office of the Auditor General
- Provincial Treasury
- MISA- Municipal Infrastructure Support Agent

RECOMMENDATION

1. Work that was completed:

- Municipal Infrastructure Support Agent (MISA) or Independent Consulting Company be requested to assist to determine if the goods or services were rendered or received and if there was value for money as indicated per claim.

2. Work in progress:

- Municipal Infrastructure Support Agent (MISA) or Independent Consulting Company be requested to indicate the work tendered for and if work should be completed as well as if there is value for money for such work;

3. Work not yet commenced:

- To seek Legal opinion where there are signed appointment letters.
 - In situations where there are no appointment letters, the contractors be informed in writing that the due processes were not followed, therefore it is unlawful and invalid appointments were made;
4. Upon receipt of the reports from MISA or Independent Consulting Company, the Municipal Manager (Acting) be mandated to implement those recommendations and report to the next Ordinary Council.

SUBMITTED FOR CONSIDERATION

SA3/2020

REPORT ON HACKING OF THE MUNICIPAL PAYROLL SYSTEM (EXECUTIVE MAYOR) (5/4/1/2/1)

PURPOSE

To inform Council on the hacking of the Municipal Payroll system.

BACKGROUND

On the 24th and 25th of January 2020, which are the Municipal Salary days, the municipal payroll system was hacked into. The money amounting to R 3.3 million was involved. Municipal employee salaries were affected due to the payroll system being the target resulting in some of the employees not getting their salaries on time. The matter was reported to the South African Police, the commercial crime unit, to the Hawks, Banks (ABSA), Executive Mayor and the Speaker. The office of the Auditor General was informed and provided with the case number.

The investigations are ongoing, both on the side of our main bank Absa and the SAPS. The Municipality is awaiting the final report from the SAPS and ABSA Bank. The matter is sub-judicare therefore it cannot be discussed any further pending the investigations. The case number is 406/01/2020.

Once the investigation report is received the Acting Municipal Manager will report to Council about the findings.

FINANCIAL IMPLICATIONS

The financial implication on the matter amounts to R 3.3 million.

LEGAL IMPLICATIONS

The matter is on an ongoing investigation and is regarded as sub-judicare. The legal implication will be determined by the findings of the pending investigation

RECOMMENDATION

1. That Council takes note of the matter.