

MAKHADO LOCAL MUNICIPALITY

OFFICE OF THE DIRECTOR CORPORATE SERVICES

MINUTES OF THE EIGHTY SEVENTH (87th) ADJOURNED COUNCIL MEETING OF THE MAKHADO MUNICIPALITY WHICH WAS HELD ON MONDAY, 6 AUGUST 2018 AT 11:00 IN THE COUNCIL CHAMBER, GROUND FLOOR, CIVIC CENTRE, KROGH STREET, MAKHADO.

PRESENT

Councillors

BABADU, T M
BALIBALI, T
BALOYI, R S
BULALA, S I
CHILLO, N F
DAVHANA, N D
DU PLOOY, A
DZIVHANI, T E
GABARA, M J
HLONGWANE F B
KUTAMA, T
MADULA, S
MADUWA, E
MADUWA, L G
MADZHIGA, F N
MAGADA, M R
MAINGO, R T
MALANGE, T M
MALIVHA, M V
MALULEKE, K M
MAMAFHA, T C
MAMAFHA, T J
MAMOROBELA, T P
MAPHUBU, K
MARAGA, T A
MASHAMBA, M A
MASIPA, M L
MASUKA, S
MASUTHA, L G
MATHALISE, L M
MATUMBA, A

MBOYI, M D
MOGALE, L B
MOHLABA, T J
MOKGOADI, M R
MPASHE, M J
MTHOMBENI, S Z
MUKHARI, M F
MUKWEVHO, G T
MUKWEVHO, T D
MULEFU, M E
MUNYAI, N
MUNYAI, N S
MUSANDIWA, P N
NDOU, M N
NEMATANDANI, M C
NEMUDZIVHADI, N S
NETHULWE, M F
NYELISANI, S S
PHOSHOKO, M G
RALIPHADA, R
RAMAVHOYA, K S
RAMUSHAVHA, G M
RASHAMUSE, A G
RATSHIKUNI, D
SESHOKI, T
SIMANGWE, N J
SINYOSI, S M
SITHI, E T
TAMBANI, T E
TSHIAMBWA, L R
TSHILAMBYANA, M S

Traditional Leaders

KHOSI M M MPHEPHU

KHOSI P NETSIANDA

Officials

N F TSHIVHENGWA	(MUNICIPAL MANAGER)
N C KHARIDZHA	(DIRECTOR CORPORATE SERVICES)
M D SINTHUMULE	(DIRECTOR DEVELOPMENT PLANNING)
N G RALIPHADA	(ACTING CHIEF FINANCIAL OFFICER)
M J KANWENDO	(DIRECTOR COMMUNITY SERVICES)
G M RALISHUKU	(ACTING DIRECTOR TECHNICAL SERVICES)
W S MATHONSI	(SARGENT OF ARMS)
M D MUNYAI	(ADMINISTRATIVE OFFICER: COMMITTEES)

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1. OPENING

The Speaker, Cllr L B Mogale ruled that a moment of silence be observed for meditation and prayer, whereafter she declared the meeting officially opened and welcomed everyone present.

She expressed that all be reminded of the Municipality's Vision and Mission as follows:

Vision: "A democratic, accountable and service delivery orientated municipality committed to good governance and socio-economic development of its community"

Mission : "We will use available resources effectively in order to address socio-economic imbalances through infrastructure and local economic development opportunities"

2. NOTICE OF THE MEETING

All members had received notice of the meeting, i.e. by sms, by e-mail, as well as by hard copy format.

3. APPLICATIONS FOR LEAVE OF ABSENCE

RESOLVED –

THAT leave of absence be granted in accordance with the provisions of clause 21 of the Council's Standing Rules of Orders, 2016 published under Provincial Gazette Notice no. 2736 dated 29 July 2016 in respect of the Council meeting held on 6 August 2018 to Cllrs M G Furumela, N Kutama and V S Luduvhungu.

REMARK:

- (i) The following councillor was absent from the Council meeting held on 6 August 2018: Cllr N B Jones, J Lukheli, M S Machethe, N A Mafhala, M D Ndou, M E Malima, M A Selanyana, G Tshivumo and S S Tshifura.
- (ii) The following traditional leaders were absent from the Council meeting held on 6 August 2018: Khosi T G Muila, Hosi H S Mukhari, Hosi S T Mukhari, Khosi V C Ramabulana, Khosi N T L Mashamba, Khosi R H Sinthumule and Khosi F Molema did not attend the meeting.
- (iii) There is one vacancy due to the resignation of Cllr A A Raphalalani.

4. OFFICIAL ANNOUNCEMENTS

4.1 The Speaker, Cllr L B Mogale announced that Municipal Public Account Committee members must remain in the Council Chamber after the adjournment of the meeting.

4.2 The Mayor, Cllr S M Sinyosi announced as follows with regard to Audit Finding:
"Madam Speaker, you will remember that today it was not supposed to be a Council day just because of issues raised by Auditor General which needed an urgent respond from our Directors. I am saying this because I want it to be on record that previously we received an adverse opinion, it showed that our Directors are not doing their jobs, they are not giving the Auditors information in time, they are undermining us, not only me as a Mayor but the whole Council of Makhado Municipality. You were supposed to produce evidence but you are failing to do your job, you are sabotaging us as Councillors and you will pay for that. Before the party that put me in power recall me, I will make sure that you leave first. As Makhado Municipality we are unhappy of getting an adverse opinion, we need to improve on that."

5. PROPOSALS OF CONDOLENCES OR CONGRATULATIONS BY THE SPEAKER

5.1 Condolences

None

5.2 Congratulations

None

6. PROPOSALS OF CONDOLENCES OR CONGRATULATIONS BY PARTY SPOKESPERSONS

None

7. REPORT OF COUNCIL COMMITTEES: AUGUST 2018

7.1 Report of the Executive Committee in terms of section 59(1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) for the month of July/August 2018

None

7.2 Report of the respective Section 79 Oversight Committees in terms of section 59 (1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000): July/August 2018

None

7.3 Resolutions of the Executive Committee in terms of section 59(1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) for the month of July/August 2018

None

7.4 Recommendations of the Section 79 Standing Committee: MPAC in terms of section 59 (1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000): July/August 2018

ITEM A.118.06.08.18

MPAC REPORT: FINANCES: REQUEST FOR CONDONEMENT OF FRUITLESS AND WASTEFUL EXPENDITURE: 2014/2015 FINANCIAL YEAR (6/1/2/1; 6/13/1/1/1)

REMARK:

When this matter was considered, Cllr A Matumba proposed, duly seconded by Cllr S I Bulala that punitive measures as a result of consequence management must be taken into account. The proposal was accepted and recorded herein below as Council Resolution.

RESOLVED A.118.06.08.18 (COUNCIL)

1. THAT Council takes note of the Municipal Public Account Committee findings as follows:
 - 1.1 Invoices were received late from Eskom and Telkom.
 - 1.2 Department of Corporate Services and Finance have developed a register for Eskom and Telkom invoices.
 - 1.3 In terms of the cash flow the Municipality was not generating enough revenue and there was electricity losses when it sold it to the customers the municipality was not making the same money that was spent.
 - 1.4 Telkom statement was received late.
 - 1.5 Bulk statement from Eskom due to financial constraint and some invoices received late.

- (CFO)
2. THAT Council condone and write off the expenditure incurred as interest in the amount of **R894,782.94** in the 2014/2015 financial statements. (CFO)
 3. THAT note be taken of the preventative measures explained by the Chief Financial Officer in an effort to avoid interest charges on late payments. (CFO)
 4. THAT punitive measures as a result of consequence management must be taken into account. (CFO)
- MPACFruitlessExpenditure2014-2015_itm (CFO)

ITEM A.119.06.08.18

MPAC REPORT: FINANCES: REQUEST FOR CONDONEMENT OF FRUITLESS AND WASTEFUL EXPENDITURE: ESKOM AND TELKOM JULY 2016 TO JUNE 2017: 2016/17 FINANCIAL YEAR (6/13/2/3 & 10/1/5/2)

REMARK:

When this matter was considered, Cllr R S Baloyi proposed, duly seconded by Cllr N D Davhana that the agreement with Volt Engineering on electricity audit to determine losses must be terminated as there is no value for money and a further report be submitted to Council. The proposal was accepted and recorded herein below as Council Resolution.

RESOLVED A.119.06.08.18 (COUNCIL)

1. THAT Council take note of the Municipal Public Account Committee findings as follows:
 - 1.1 Invoices were received late from Eskom and Telkom.
 - 1.2 Department of Corporate Services and Finance have developed a register for Eskom and Telkom invoices.
 - 1.3 In terms of the cash flow the Municipality was not generating enough revenue and there was electricity losses, when it sold it to the customer the municipality was not making the same money that it spent. (CFO)
2. THAT Council condone the expenditure incurred as interest in the amount of **R609,246.61** in the 2016/2017 financial statements. (CFO)
3. THAT note be taken of the preventative measures explained by the Chief Financial Officer in an effort to avoid interest charges on late payments. (CFO)
4. THAT all the Departments must submit invoices on time to Finance department in order to avoid unnecessary interest. (ALL DIRS)
5. THAT the Director Corporate Services, Chief Financial Officer and MPAC must monitor the register monthly. (DCS/CFO)

6. THAT the Agreement with Volt Engineering on electricity audit to determine losses must be terminated as there is no value for money and a further report be submitted to Council. (CFO)

MPACFruitlessExpenditureJune2016-2017_itm

ITEM A.120.06.08.18

MPAC REPORT: FINANCES: REQUEST FOR CONDONEMENT OF FRUITLESS AND WASTEFUL EXPENDITURE: 1 APRIL 2018 TO 31 MAY 2018: 2017/18 FINANCIAL YEAR (6/13/2/3 & 10/1/5/2)

REMARK:

When this matter was considered, Cllr S M Sinyosi proposed, duly seconded by Cllr T P Mamorobela that the financial statements must be prepared quarterly. The proposal was accepted in general and recorded herein below as Council Resolution.

RESOLVED A.120.06.08.18 (COUNCIL)

1. THAT Council take note of the Municipal Public Account Committee findings as follows:
 - 1.1 The former Municipal Manager, Mr R M Rambado joined two pension Fund Schemes, Samwu Provident Fund and MGF.

The pension contributions for both pensions schemes was deducted from his total cost to employer as he was a Section 57 Manager i.e. with no extra costs from the municipality deduction.

At the time of termination of employment contract during 2004v Mr R M Rambado only claimed pension benefits from MGF.

The SAMWU Provident Fund paid Mr R M Rambado's Pension Fund benefits into the municipal bank account without a reference and therefor the Municipality was not aware of who was entitled to the payment to be transferred.

The funds were held under the Municipality's suspense account and eventually Mr R M Rambado got information about his pension benefits which had been paid to the Municipality.

The Municipality verified the payment with SAMWU Provident Fund and eventually paid a capital amount of R70,433.49 to Mr M R Rambado.

Mr R M Rambado later claimed interest on the capital amount which was representing the current value of the money received by the Municipality from Samwu Provident Fund which amounted to R29,419.52.
 - 1.2 The Department Corporate Services and Finance have developed a register for Telkom and Eskom invoices.
 - 1.3 Delayed payment of invoices from Telkom was received late and must be disputed by the Municipality.
 - 1.4 The Municipality did not have sufficient funds to pay to the Compensation Fund at the due date in April 2018 and had to defer payment to the next financial year. (CFO)

2. THAT Council condone and write off the interest amounting to **R29,419.52** which was paid to the former Municipal Manager, Mr R M Rambado – it was not fruitless and wasteful expenditure since he is legally entitled to the interest which accumulated to the **R70,433.49** which was in the municipal account for seven (7) years. (CFO)
3. THAT Council condone Fruitless and Wasteful Expenditure: 1 April 2018 to 31 May 2018 in 2017/18 financial year of **R1,813.42** from Telkom and **R39.21** from Eskom. (CFO)
4. THAT all the Departments must submit invoices on time to Finance Department in order to avoid unnecessary interest. (ALL DIRS)
5. THAT the Director Corporate Services and Chief Financial Officer and MPAC must monitor the register monthly regarding payment of Eskom and Telkom accounts. (CFO/DCS)
6. THAT Council condone the fruitless and Wasteful Expenditure of R258,602.86 in regard to Department of Labour.
7. THAT the Municipality annually allocate sufficient budget for filing and submitting annual returns to the Department of Labour.
8. THAT based on the above findings, no official can be held responsible for the expenditure incurred on this matter/item.
9. THAT financial statements be prepared quarterly.

MPACFruitlessExpenditureApril-May2018_itm

ITEM A.121.06.08.18

MPAC REPORT: PROCUREMENT: IRREGULAR EXPENDITURE: MAY 2017 AND JUNE 2017: 2016/17 FINANCIAL YEAR (10/1/5/2)

REMARK:

When this matter was considered, Cllr S M Sinyosi proposed, duly seconded by Cllr R S Baloyi that recommendation no. 3 be removed. The proposal was accepted in general and the MPAC recommendation in paragraph 3 was not approved.

RESOLVED A.121.06.08.18 (COUNCIL)

1. THAT Council take note of the Municipal Public Account Committee findings as follows:
 - 1.1 The Supply Chain section is under staffed.
 - 1.2 Tenders must be advertised on time to avoid irregular expenditure.
 - 1.3 The secretariat of Bid Evaluation Committee and Bid Adjudication Committee are the same.
 - 1.4 Supply Chain Management Policy not followed correctly.
 - 1.5 There was an error on calculating the points to bidders.
 - 1.6 Incorrect Composition of Bid Committees.

- 1.7 Tenders are arranged differently in this manner, i.e. once off tenders and periodic tenders.
- 1.8 The majority of tenders that were declared as irregular expenditure were for 2014/15 financial year. Most of them were periodic contracts meaning that they will be reported on a quarterly basis until the contract expired.
- 1.9 Based on its assessment made, none of the irregular expenditure incurred was as a result of fraud or corruption but rather non-compliance with SCM at the time of procurement of such goods or services. (CFO)
2. THAT Council condone and write off the irregular expenditure of **R12,531,699.00** from 1 May 2017 to 30 June 2017 which was referred to MPAC for investigation, and the following be approved:
- 2.1 The Chief Financial Officer must follow the Supply Chain Management process and procedure regarding procurement by quotations.
- 2.2 The Chief Financial Officer must not allow procurement by one quotation only, but must ensure three (3) quotations are considered for any relevant procurement.
- 2.3 The Supply Chain Management Policy of the relevant year must be followed, for e.g. a service provider was awarded a tender while he was owing the Municipality and this does not align with the said policy.
- 2.4 Tenders must be awarded within its validity period and proper prioritising of work be done to avoid it not being awarded on time.
- 2.5 Supply Chain Division must advertise tenders on time to avoid irregular expenditure.
- 2.6 The secretary of Bid Evaluation Committee and Bid Adjudication Committee must be different officers and not the same officer for both committees.
- 2.7 The Accounting Officer must follow the provisions of the Supply Chain Management Policy of the year when composing the respective Bid Committees.
- 2.8 The Chief Financial Officer must submit reports to Council on time to avoid irregular expenditure.
- 2.9 The Municipality must try to minimize the irregular expenditure to acceptable level.
- 2.10 Based on its assessment made, none of the irregular expenditure incurred was as a result of fraud or corruption but rather non-compliance with SCM at the time of procurement of such goods or services. (CFO)
2. THAT Council take note that the Supply Chain Division is under staffed, and that a system for Demand Management must be created as purported in clause 10 of the Supply Chain Management Policy, 2018. (CFO)

ITEM A.122.06.08.18**MPAC REPORT: FINANCES: PROCUREMENT: IRREGULAR EXPENDITURE: 1 JUNE 2016 TO 28 FEBRUARY 2017
(10/1/5/2)**

RESOLVED A.122.06.08.18 (COUNCIL)

1. THAT Council takes note of the Municipal Public Account Committee findings as follows:
 - 1.1 The Supply Chain section is under staffed.
 - 1.2 Tenders must be advertised on time to avoid irregular expenditure.
 - 1.3 The secretariat of Bid Evaluation Committee and Bid Adjudication Committee are the same.
 - 1.4 Supply Chain Management Policy not followed correctly.
 - 1.5 There was an error on calculating the points to bidders.
 - 1.6 Incorrect Composition of Bid Committees.
 - 1.7 Tenders are arranged differently in this manner, i.e. once off tenders and periodic tenders.
 - 1.8 The majority of tenders that were declared as irregular expenditure were for 2014/15 financial year. Most of them were periodic contracts meaning that they will be reported on a quarterly basis until the contract expired.
 - 1.9 Based on its assessment made, none of the irregular expenditure incurred was as a result of fraud or corruption but rather non-compliance with SCM at the time of procurement of such goods or services. (CFO)

2. THAT Council condone the irregular expenditure of **R62,472,779** from 1 July 2016 to February 2017 which was referred to MPAC for investigation, the following be approved:
 - 2.1 The Chief Financial Officer must follow the Supply Chain Management process and procedure regarding procurement by quotations.
 - 2.2 The Chief Financial Officer must not allow procurement by one quotation only, but must ensure three (3) quotations are considered for any relevant procurement.
 - 2.3 The Supply Chain Management Policy of the relevant year must be followed, for e.g. a service provider was awarded a tender while he was owing the Municipality and this does not align with the said policy.
 - 2.4 Tenders must be awarded within its validity period and proper prioritising of work be done to avoid it not being awarded on time.
 - 2.5 Supply Chain Division must advertise tenders on time to avoid irregular expenditure.
 - 2.6 The secretary of Bid Evaluation Committee and Bid Adjudication Committee must be different officers and not the same officer for both committees.
 - 2.7 The Accounting Officer must follow the provisions of the Supply Chain Management Policy on the year when composing the respective Bid Committees.

- 2.8 The Chief Financial Officer must submit reports to Council on time to avoid irregular expenditure.
- 2.9 The Municipality must try to minimize the irregular expenditure to acceptable level.
- 2.10 Based on its assessment made none of the irregular expenditure incurred was as a result of fraud or corruption but rather non-compliance with SCM at the time of procurement of such goods or services. (CFO)
3. THAT Council take note that the Supply Chain Division is under staffed, and that a system for Demand Management must be created as purported in clause 10 of the Supply Chain Management Policy, 2018. (CFO)
4. THAT Council invite the Office of the Auditor General to advice on mechanisms on how to resolve irregular expenditure incurred by the Municipality. (CFO)

MPACIrregularExpenditureJuly2016-Feb2017_itm(2)

ITEM A.123.06.08.18

MPAC REPORT: PROCUREMENT: IRREGULAR EXPENDITURE: MARCH 2017 TO APRIL 2017 AND THE OMITTED OPENING BALANCE: FINDING BY AUDITOR GENERAL: 2016/17 FINANCIAL YEAR (10/1/5/2)

RESOLVED A.123.06.08.18 (COUNCIL)

1. THAT Council takes note of the Municipal Public Account Committee findings as follows:
March 2017 to April 2017 amounting R1,905,439.60
- 1.1 The Supply Chain section is under staffed.
- 1.2 Tenders must be advertised on time to avoid irregular expenditure.
- 1.3 The secretariat of Bid Evaluation Committee and Bid Adjudication Committee are the same.
- 1.4 Supply Chain Management Policy not followed correctly.
- 1.5 There was an error on calculating the points to bidders.
- 1.6 Incorrect Composition of Bid Committees.
- 1.7 Tenders are arranged differently in this manner, i.e. once off tenders and periodic tenders.
- 1.8 The majority of tenders that were declared as irregular expenditure were for 2014/15 financial year. Most of them were periodic contracts meaning that they will be reported on a quarterly basis until the contract expired. (CFO)
2. THAT Council condone and write off the irregular expenditure of **R1,905,439.60** which was referred to MPAC for investigation, and the following be approved:
- 2.1 The Chief Financial Officer must follow the Supply Chain Management process and procedure regarding procurement by quotations.

- 2.2 The Chief Financial Officer must not allow procurement by one quotation only, but must ensure three (3) quotations are considered for any relevant procurement.
- 2.3 The Supply Chain Management Policy of the relevant year must be followed, for e.g. a service provider was awarded a tender while he was owing the Municipality and this does not align with the said policy.
- 2.4 Tenders must be awarded within its validity period and proper prioritising of work be done to avoid it not being awarded on time.
- 2.5 Supply Chain Division must advertise tenders on time to avoid irregular expenditure.
- 2.6 The secretary of Bid Evaluation Committee and Bid Adjudication Committee must be different officers and not the same officer for both committees.
- 2.7 The Accounting Officer must follow the provisions of the Supply Chain Management Policy on the year when composing the respective Bid Committees.
- 2.8 The Chief Financial Officer must submit reports to Council on time to avoid irregular expenditure.
- 2.9 The Municipality must try to minimize the irregular expenditure to acceptable level.
(CFO)
3. THAT Council condone the irregular expenditure of **R16,816,029.72** for omitted Opening balance 2016/2017 Financial Year which was referred to MPAC for investigation. (CFO)
4. THAT Council take note that the Supply Chain Division is under staffed, and that a system for Demand Management must be created as purported in clause 10 of the Supply Chain Management Policy, 2018. (CFO)
5. THAT Council invite the Office of the Auditor General to advice on mechanisms on how to resolve irregular expenditure incurred by the Municipality. (CFO)
6. THAT the Bid Committees must be composed of officials who have knowledge of Supply Chain Management. (CFO)

MPACIrregularExpenditureMarch2017-April2017_itm(2)

ITEM A.124.06.08.18

MPAC REPORT: PROCUREMENT: IRREGULAR EXPENDITURE: 1 JULY 2017 TO 31 JANUARY 2018 (10/1/5/2)

REMARK:

When this matter was considered, Cllr N F Chililo proposed, duly seconded by Cllr T P Mamorobela that all irregular expenditure incurred as a result of awarding tenders in a wrong way must be recovered, where the service provider gave wrong information to the committee who awarded those tenders knowing that it was in contravention of Supply Chain Management Policy and Municipal Finance Management Act and its Regulations. The proposal was accepted in general and recorded herein below as Council Resolution.

RESOLVED A.124.06.08.18 (COUNCIL)

1. THAT Council takes note of the Municipal Public Account Committee findings as follows:
 - 1.1 The Supply Chain section is under staffed.
 - 1.2 Tenders must be advertised on time to avoid irregular expenditure.
 - 1.3 The secretariat of Bid Evaluation Committee and Bid Adjudication Committee are the same.
 - 1.4 Supply Chain Management Policy not followed correctly.
 - 1.5 There was an error on calculating the points to bidders.
 - 1.6 Incorrect Composition of Bid Committees.
 - 1.7 Tenders are arranged differently in this manner, i.e. once off tenders and periodic tenders.
 - 1.8 The majority of tenders that were declared as irregular expenditure were for 2014/15 financial year. Most of them were periodic contracts meaning that they will be reported on a quarterly basis until the contract expired.
 - 1.9 Based on its assessment made, none of the irregular expenditure incurred was as a result of fraud or corruption but rather non-compliance with SCM at the time of procurement of such goods or services. (CFO)

2. THAT Council condone the irregular expenditure of **R21,594,074.59** from 1 July 2017 to 31 January 2018 which was referred to MPAC for investigation, and that the following be approved:
 - 2.1 The Chief Financial Officer must follow the Supply Chain Management process and procedure regarding procurement by quotations.
 - 2.2 The Chief Financial Officer must not allow procurement by one quotation only, but must ensure three (3) quotations are considered for any relevant procurement.
 - 2.3 The Supply Chain Management Policy of the relevant year must be followed, for e.g. a service provider was awarded a tender while he was owing the Municipality and this does not align with the said policy.
 - 2.4 Tenders must be awarded within its validity period and proper prioritising of work be done to avoid it not being awarded on time.
 - 2.5 Supply Chain Division must advertise tenders on time to avoid irregular expenditure.
 - 2.6 The secretary of Bid Evaluation Committee and Bid Adjudication Committee must be different officers and not the same officer for both committees.
 - 2.7 The Accounting Officer must follow the provisions of the Supply Chain Management Policy on the year when composing the respective Bid Committees.
 - 2.8 The Chief Financial Officer must submit reports to Council on time to avoid irregular expenditure.
 - 2.9 The Municipality must try to minimize the irregular expenditure to acceptable level.

- 2.10 Based on its assessment made none of the irregular expenditure incurred was as a result of fraud or corruption but rather non-compliance with SCM at the time of procurement of such goods or services. (CFO)
3. THAT Council take note that the Supply Chain Division is under staffed, and that a system for Demand Management must be created as purported in clause 10 of the Supply Chain Management Policy, 2018. (CFO)
4. THAT Council invite the Office of the Auditor General to advise on mechanisms on how to resolve irregular expenditure incurred by the Municipality. (CFO)
5. THAT all irregular expenditure incurred as a result of awarding tenders in a wrong way must be recovered, where the service provider gave wrong information to the committee who awarded those tenders, knowing that it was in contravention of Supply Chain Management Policy and Municipal Finance Management Act and its Regulations. (CFO)

MPACIrregularExpenditureJuly2018-January2018_itm(2)

ITEM A.125.06.08.18

MPAC REPORT: UNAUTHORISED EXPENDITURE AS AT 30 JUNE 2016: 2015/2016 FINANCIAL YEAR (6/1/1(15/16))

RESOLVED A.125.06.08.18 (COUNCIL)

1. THAT Council takes note of the Municipal Public Account Committee findings as follows:
- 1.1 The amount of R22, 992, 036 was regarded as unauthorised expenditure, because it was found that total budget in Budget and Treasury office, where by the main contributing factor was 30 June 2016. The impairment journal that was passed on the Income Statement in respect to Vhembe water debt: as it was advised by Auditor General since Vhembe District Municipality is paying Makhado Municipality the amount for the water related service expenditure for the water staff salaries. Therefore the journal was passed to recognised the Debt Impairment in the income statement therefore in next financial year 2016/17 the Municipality took the amount of R22 992.036 to Council for condonement under Council Resolution A.27.26.04.17.
- 1.2 This transaction is a non-cash item transaction; it is a book entry or accounting treatment as required by General Recognised Accounting Practice (Grap); it does not involve any cash transaction, it is accounting treatment. (CFO)
2. THAT Council condone and write off unauthorized expenditure of **R22,992,036** from 1 July 2015 to 30 June 2016 Financial Year as it was a non-cash item. (CFO)

3. THAT a letter be submitted to National Treasury and MEC of Coghsta that MPAC and Council have considered the items relating to Section 32 non-compliance and evaluated reasons for condonation. (CFO)

MPACUnauthorisedExpenditureJune2016_itm

ITEM A.126.06.08.18

MPAC REPORT: PROCUREMENT: CLAUSE 36: QUOTATION DEVIATIONS: 2ND QUARTER: 2017/2018 FINANCIAL YEAR (10/1/5/2)

REMARK:

When this matter was considered, Cllr N F Chililo proposed that paragraph 3 of the recommendation be not approved. The proposal was accepted in general and paragraph 3 of the MPAC recommendation was removed.

RESOLVED A.126.06.08.18 (COUNCIL)

THAT Council condone the Quotation Deviations of **R1,527,676.16** in 2nd Quarter: 2017/2018 Financial Year which was referred to MPAC for investigation, and that the following be approved:

1. The MPAC requested the Department of Technical Service to avoid Deviation, as most deviations were from Technical Service and it was costing the Municipality.
2. The Department Technical Service must follow Supply Chain Management Policy.
3. The Director Technical Service must first monitor whether the trucks needed new parts before approving deviation. (CFO/DTS)

QuotationDeviation2ndQuarter2017-2018_itm

ITEM A.127.06.08.18

MPAC REPORT: PROCUREMENT: CLAUSE 36: QUOTATION DEVIATIONS: 3RD QUARTER: 2017/2018 FINANCIAL YEAR (10/1/5/2)

RESOLVED A.127.06.08.18 (COUNCIL)

THAT Council condone the Quotation Deviations of **R292,299.60** in 3rd Quarter: 2017/2018 Financial Year which was referred to MPAC for investigation, and that the following be approved:

1. The MPAC requested the Department of Technical Service to avoid deviation, as most deviations were from Technical Service and was costing the Municipality.
2. The Municipality must appoint capable service provider for three (3) years to avoid deviation.
3. The Department Technical Service must follow Supply Chain management Policy.

4. The Director Technical Service must first monitor if the trucks needed new parts before approving deviation. (CFO/DTS)

QuotationDeviation3rdQuarter2017-2018_itm

ITEM A.128.06.08.18

MPAC REPORT: SECTION 71 REPORT: MAY 2018: 2017/2018 FINANCIAL YEAR (6/1/1(17/18))

RESOLVED A.128.06.08.18 (COUNCIL)

1. THAT the Municipality must continue controlling its expenditure against revenue to avoid overspending and deficits; currently the prevailing condition is generally good. (CFO)
2. THAT the Municipality must maintain the current condition; the total value of assets can cover all debts which is generally good. (CFO)
3. THAT the Municipality can utilize more cash through investment as long as positive previous cash balance can cover up the difference. (CFO)
4. THAT the Municipality must continue investing in capital assets. (CFO)
5. THAT Makhado Municipality pays its creditors in time hence other organs of the state and commercial must try to do the same. (CFO)
6. THAT Makhado Municipality must continue to pay its creditors the way it is doing. (CFO)

MPACSection71ReportsQuarter4May_itm

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The meeting was closed and adjourned at 12:17.

Approved and confirmed in terms of the provisions of section 27 of the Local Government Ordinance, 1939 (Ordinance 17 of 1939) by a resolution of the Council passed at the meeting held on the first following Council meeting of 25 October 2018.

CHAIRPERSON

MDM/lh/CouncilMinutes_87Adjourned