



## **BUSHBUCKRIDGE LOCAL MUNICIPALITY**

**Ladies and gentlemen,  
Members of the media fraternity,  
Officials of the municipality,  
Colleagues and those who connected virtually**

Good morning. I greet you all in the name of service delivery.

Before I get into the business of the day, let me take this opportunity to thank you all for making time to join us today in this media briefing. It is much appreciated.

Without you, the media business we are voiceless. You are our extend mouthpiece and speakers that reach every corner and every household.

The novel Corona virus, brought new changes in our daily lives, the way we do thing and behave have to change for the good in response to the fight against the spread of Covid-19 and its negative effects. The spread just announced the introduction of alert level two of the risk adjusted strategy. We should not fool ourselves and think Covid-19 is over. No, it is still with us and we need to behave and continue to stay safe, obey all regulations and health protocols.

After the last ordinary Council meeting held on the 6<sup>th</sup> of August 2020, we were undated with media enquiries with regard to Council resolution on the report about the consideration and the closing off of irregular expenditures, unauthorized expenditures, wasteful and fruitless expenditures incurred by the municipality.

The Municipal Public Account Committee (MPAC) has been established by the municipality Council in terms of section 79 of the Municipal Structures Act. The purpose of the committee is to perform an oversight function on behalf of council. The committee has performed its investigations with the assistance a service provider and in-house internal audit to ensure that Council take an informed decision.

### **The Irregular Expenditure**

The municipality has incurred an irregular expenditure for the financial year 2016/17 and 2017/18 which was investigated by the investigator and submitted recommendations to MPAC. The outcome from the investigations outlined that the municipality benefited from the planned projects as planned in the approved IDP. The irregularities noted by the investigator emanated from the inaccurate record keeping.

Let me again explain the accounting term; irregular expenditure, which simply means expenditure that was not incurred in the manner prescribed by legislation, in other words, somewhere in the process that led to the expenditure, processes did not comply with applicable legislations. For an example in 2016/17 we have floods or

heavy rain that damaged most of the roads and streets. People, learners, teachers could not access schools, clinics and other places of work. Therefore funds/ budget for particular expenditure were re-directed to fund the construction of low-lying bridges, grading of our roads and streets, building ablution facilities etc. For this some SCM processes and prescripts were not followed to the latter, hence the irregular expenditure findings.

For the Financial year 2016/17, the municipality incurred an irregular expenditure to an amount of R27 Million. In 2017/18 financial year, the municipality incurred an irregular expenditure to a value of R15 Million. While in 2018/19 financial year, we incurred an irregular expenditure to a value of R23 Million.

### **Fruitless and Wasteful Expenditure**

The municipality incurred a fruitless and wasteful expenditure for the financial year 2014\15, 2015\16, 2016\17, 2017\18 and 2018\19. In the main the municipality incurred the fruitless and wasteful expenditures from three sources namely:

- i. Eskom account (where interest were charged for late payment). I will explain this point latter in my speech.
- ii. Rand Water account for interest charges, we will remember that the municipality was involved in a protected legal wrangle with Rand Water in which the municipality could not agree with Rand Water billing statements. While discussing the Rand Water billing, interest were charged by Rand Water.
- iii. Litigation and legal costs, all monies charged against the municipality after legal cases were finalised. Some companies took the municipality to court for various reasons or matters. Some cases the municipality won them but others were lost, hence we have to settle such cases at a costs.

Let me clarify some of the jargons, So that we are clear that there is no money stolen.

We **DID NOT** invest municipal money in VBS bank like other municipalities who did so.

**NB: Fruitless and Wasteful Expenditures** refers to expenditure that was made in vain and could have been avoided had reasonable care been taken. Such expenditures include interest, legal or litigation costs. Like the ones I explained above.

For me financial year 2015\16, the municipality incurred fruitless expenditure for amount of over R355 000 (Three hundred and fifty five thousand) like in 2014\15 the reasons for the fruitless and wasteful expenditure in 2015\16 FY are the same in 2014\15 FY.

The reasons for the same finding is that some of the legal cases overlapped to the next FY before they could be finalised. Again some of the interest charged by Rand water were billed while the municipality was in a protected dispute concerning amount

charged by Rand water. So Rand Water continuously charged interest on monthly basis up until the period Rand Water was taken out of Bushbuckridge.

Eskom as well charge us interest for invoices not paid within 30 (thirty) days. This is because of the grey area in legislation and policy matters. Eskom gives us 15 (fifteen) days to make payment after the 15<sup>th</sup> day without payment interests are charged while National Treasury says that we need to pay our clients within 30 (thirty) days.

### **Unauthorised Expenditure**

The municipality incurred unauthorised expenditure for the 2017/18 financial year. The expenditure incurred emanated from the employee related cost.

The posting of the salary expenses to salary votes were finalised after the special adjustment due to challenges with mapping the votes in the payroll system to the Financial Management system. There was a Management oversight in considering the special budget adjustment before the end of the financial year 2017/18. The Municipality overspend vote for employee related cost with an amount of R45 172 819.05 for the financial year 2017/18

The MPAC did conduct an oversight on all projects implemented and their report is available on the website. In that report there are pictures of bridges build and streets done. So money was not wasted but put in good use.

Summarily the investigation report **DID NOT** reveal any misuse of money or fraud for that matter but indicated that there was value for money in most projects if not all. We can still show the projects like paved streets, built small bridges, installed water articulations projects, renovated community hall, built toilets, installed high mast lights, connected communities to electricity grid, refurbished and newly built boreholes, and many more projects like renovated traffic centers, built sports facility, and extended sewer plants.

Our newsletter also on a quarterly basis report and give feedback on all projects implemented by the municipality. Likewise councillors are also expected to give feedback to their respective constituencies. As the Executive Mayor together with my mayoral committee, we also continue giving feedback to the community of Bushbuckridge through mayoral imbozo's.

From the Auditor General and Special Investigating Unit reports, officials of the municipality were taken through disciplinary hearing in 2016/17 financial year. One case involving one official is still in the court of law and the Special Investigating Unit is pursuing the case.

From an accountability and good governance point of view, the municipality through the Accounting Officer and myself as Mayor took reasonable steps to ensure that we prevent irregular, fruitless and wasteful expenditures in the near future.

Part of the recommendation from the Disciplinary proceedings and the MPAC was that proper and regular Supply Chain Management controls and system be improved

MEDIA BRIEFING SPEECH BY BLM EXECUTIVE MAYOR CLLR SYLVIA NXUMALO ON THURSDAY, 20 AUGUST 2020 PMU BOARDROOM, PLATFORM: MICROSOFT TEAMS

regularly. SCM officials be regularly trained, proper deviation processes and procedures be followed as and when required and service providers be paid within the 30 (thirty) days period.

Management is tasked with the responsibility to appoint key critical positions in finance, to have procurement plan in place that will help in the implementation of the IDP and the budget and summarily comply with Municipal Finance Management Act and other related pieces of legislations.

THANK YOU,  
HA KHENSA,  
SIYABONGA,  
REA LEBOGA

MAY GOD BLESS BUSHBUCKRIDGE, MPUMALANGA AND SOUTH AFRICA AS A WHOLE.

PLEASE STAY SAFE.