

Media Statement

To : ALL MEDIA
Attention : NEWS EDITORS
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For immediate release

Reply on the Democratic Alliance (DA) allegations of corruption in Sedibeng District Municipality

On the 4th of June 2020, the Democratic Alliance (DA) Chief Whip, Cllr Daddy Mollo released a statement titled “DA calls for independent investigation into corruption at Sedibeng Municipality”. It is in reference to these allegations that the following responses are provided:

Sedibeng District Council

The District Council is made out of all political parties that were able to win seats during 2016 Municipal elections in line with representative and participatory democratic principles enshrined in the Constitution and relevant legislations. DA was part and parcel of the Municipal Public Accounts Committee (MPAC) meetings and the deliberations and approval of all MPAC reports that were tabled on the 27th May 2020 Council sitting.

Irregular and unauthorised expenditure

DA provided the media with misstatement of figures on its statement. Corrections are as follows, unauthorised expenditure amounts to the total sum of R 12, 512,574 (R5, 927,088 + R 6, 585, 486) and irregular expenditure amounts to R9, 040,322. It therefore follows that only the unauthorised expenditure of R12, 512,574 and irregular expenditure of R R9, 040,322 was certified by the full Council as irrecoverable.

Furthermore, clarity to the two concepts “irregular and unauthorised expenditure” is to be provided that – irregular expenditure refers to expenditure that may have been incurred amongst others, without proper Supply Chain Management regulations or policies in the opinion of the Auditor General, on the other side unauthorised expenditure is an expenditure that is incurred without being budgeted for. The key question is “were the services rendered, value earned and expenditure justified?” for both amounts. Sedibeng District Municipality did receive services and the value was obtained for the two amounts.

Council followed appropriate procedure and the recommendations of the Municipal Public Accounts Committee (MPAC) for the amounts to be written off as irrecoverable on the basis that services were rendered and value obtained for the Irregular and unauthorised expenditure.

Prince Mudau & Associates (PMA)

It is fatally untrue to refer to the appointment of Prince Mudau & Associates (PMA) as irregular due to their absence on the municipal database of list of service providers. Sedibeng District Municipality make use of panel of attorneys and by the time PMA was appointed the then existing panel of attorneys was nearing its end of contract and the Supply Chain Management processes were underway for the sourcing and appointing of new panel of attorneys. At that time, the municipality needed attorney’s services for rendering of municipal services. PMA is a member of the existing panel and were members of the previous panel of attorneys.

The municipality appointed Prince Mudau & Associates (PMA) using deviation from the prescribed SCM regulations and policies due to the urgency and the nature of their services. PMA had to provide services including but not limited to Disciplinary processes involving the 8 municipal employees who were involved in destabilizing the workplace and threatening other employees. Services were rendered and payment was accordingly made.

Re-appointment of Prince Mudau & Association

The re-appointment was done in line with Supply Chain Management policies and practices. The re-appointment was done by Municipal Public Accounts Committee (MPAC) for its oversight work. MPAC is a section 79 committee of Council that oversees the economic, efficient and effective use of the public purse. It plays oversight on the executive and administrative arms of the municipality. PMA submitted its reports to MPAC, which were adopted by the committee and thus tabled to the

Council on the 27th of May 2020. All parties represented in Council, including DA were part of those proceedings.

G. Modise Attorneys

Indeed G Modise Attorneys were appointed in 2018/19 by Sedibeng municipality to provide forensic investigation services in various clusters and were duly paid. G Modise Attorneys findings and recommendations have been received by the municipality and such recommendations and findings are still being implemented to date. The abovementioned attorneys are members of the existing panel and were the members of the previous panel of attorneys with requisite expertise and experience.

Taffa and Letheba Makgato Attorneys

Sedibeng District Municipality has appointed a panel of attorneys in 2018/19 financial year for a year three tenure. The above-mentioned law firms are members of the existing panel of attorneys. Work is provided to various attorneys on a rotational basis based on their relevant, requisite expertise and experience when such services are required by the municipality. Therefore, the above-mentioned attorneys provided their services for the municipality and were duly paid for such services and we can confirm that value for money was obtained.

Director in the Office of the Municipal Manager

The concerned employee (Director) used to work for another municipality in South Africa. She was both unprocedurally and unsubstantively dismissed by the previous employer. Upon the employee seeking recourse against the employer on the procedural and substantive basis for the dismissal at the CCMA, the employer and the employee reached a settlement agreement on the basis of which the termination of employment was based on mutual termination and expunging the record of dismissal as a reason for termination. Therefore, the reason for termination of employment was mutual termination by agreement.

Chief Financial Officer (CFO) resignation

The former CFO was appointed following the stringent normal recruitment of section 56/57 Municipal Systems Act - Senior Managers regulations as prescribed by CoGTA. The recruitment and employment process of the former CFO was followed to the latter. The former CFO's appointment was recommended to the full Council and approved. Mr Kasvosve, was therefore the

preferred candidate suitable for the CFO post. He had been in South Africa for over 15 years and appointed purely on his capabilities, abilities and qualifications. During the tenure of his contract

he became truant, resulting into dereliction of his duties including but not limited to inability to prepare and present Annual Financial Statements which are an essential and compliance matter. When the employer was about to institute the Disciplinary Proceedings, the former CFO suddenly resigned voluntarily with immediate effect.

Municipal Manager and Executive Directors Salaries

The Municipal Manager (MM) is a section 57 employee in terms of Municipal Systems Act and is appointed by the full Council. Therefore, the MM's recruitment and employment process was followed in line with the prescribed legislation, similarly that of the Executive Directors. The Municipal Manager's and Executive Directors' remuneration is governed and regulated by CoGTA prescripts/regulations: "Appointment and Conditions of Senior Managers" and the upper limits of the annual total remuneration packages. The waiver applications were applied for in the case of the MM and the Executive Directors to be paid above the threshold to attract and retain best pool of strategic senior managers. In addition, the above threshold payments were done in order to ensure that Senior Managers in the district municipality are not earning equal or lower than managerial posts that report to such Executive Directors.

Ends

Issued by Sedibeng District Municipality

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