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Date:	01 February 2023
To:	Mantsopa Local Municipality Council
From:	Cllr Tania Halse Ward Councillor Mantsopa Local Municipality Free State
SUBJECT:	Internal Audit Report presented to the council

Thank you, Speaker, and thank you Mr Shale for presenting the Internal audit report for the financial year 2020/21.

We took the liberty of going back on all the annual audit committee reports presented to this council during the tenure of the current Mayor and majority ANC council.

In 2016/17 Mr Gwala (the chairperson of the Mantsopa Audit committee) said: "We are very concerned about the adequacy of the information that has been submitted to us. The state of the information is not at a point where it can be submitted to the external auditors as the information is incomplete and/or not ready for internal process reviews as well as internal audit reviews. Council is urged to assist the committee in establishing controls in the municipality that will help ensure timely submission of information and reports to ensure that adequate reporting and reviews take place.'

The Mayor said that with her at the helm things will be different.

The DA raised red flags that under the ANC majority there was never any oversight done as all oversight committees were dysfunctional including Council and Exco which had never held anyone accountable for bad performance.

- Bad collection rate
- Eskom account skyrocketing
- Third parties not paid
- Creditors not paid on time
- Pension, medical aids, and SARS not paid
- Lack of leadership no consequence management



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- Fraud and corruption risks

In the 2017/18 internal audit report Mr Shale (Chairperson of Mantsopa internal audit committee) found: That no salary reconciliations were performed, inadequacies with insurance payments, endless problems with the asset register, car allowance discrepancies,

The Mayor said that she will take action.

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- Lack of leadership no consequence management
- Fraud and corruption risks – such as Nomano, Ariola, tampering with overtime and travelling claims

In the 2021/22 internal audit report Mr Shale (Chairperson of Mantsopa internal audit committee) found: “For the past two years the municipality failed to conform to the requirements of section 125 of MFMA – the answers not handed in on time. The root cause is the failure to put in place the delivery structures within the finance department to discharge its functions with best practice models.

He raised fraudulent activity of overpayment of Nomano Trading by R2.3 million, and other companies by up to 3 times their invoiced amounts. The report said that the risk management division had been sleeping for over a year.

“The functionality within the municipality is seemingly not well coordinated and directed hence the need for special attention”

“There is a need for special strategic thinking, passion and drive”

“There is a need for proper planning, execution and reporting against the plans”

“There is a need for placing the right people in the right positions”



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The Mayor said: "THIS time she will not hold back she will be taking action"

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We even passionately and actively took part in a 5-day strategic planning session, sharing great ideas and solutions to the issues raised by the AG and the internal audit committee. To date the report of this meeting that cost the taxpayer R47 000 and fed all councillors and admin staff for 4 days while keeping admin out of work, has not seen the light of day nor has it been tabled. AN absolute fruitless and wasteful expenditure.

Here we are at today's internal report. Mr Shale very patiently once again lists the matters recommended for correction: expenditure management, performance management systems, fraud risk and related matters IDP, it, asset and fleet management, occupational health and safety, division of revenue, payment of wages and salaries, overtime, approval of tariffs, receipts, annual and sick leave, fraud investigations.

Internal controls need serious attention

The municipality needs to consider circular 68 in dealing with expenses – compliance matters

Big problems with service charges, irregular expenditure, unauthorized expenditure, material losses, and of course the big elephant AFS and lack of MM.

We all know what the Mayor is going to say; Ne, THIS YEAR blah blah blah and still there will be no action as the mayor spends her time all talk and no action.



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The DA will once again point out:

There is only one thing that will save this municipality

Ethical, non-political, dedicated, qualified leadership!

The only way that this will be achieved is through a DA majority council, where there is no pussyfooting around Cadre deployment policies and other factional issues as there is within the current council leadership.

We need a council that is functional and will not hesitate for one second to carry its oversight role and implement consequence management where it is necessary to make sure that the residents of Mantsopa will receive the services they pay for and that public funds are managed with integrity and transparency. We need a DA government.

Tania Halse

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