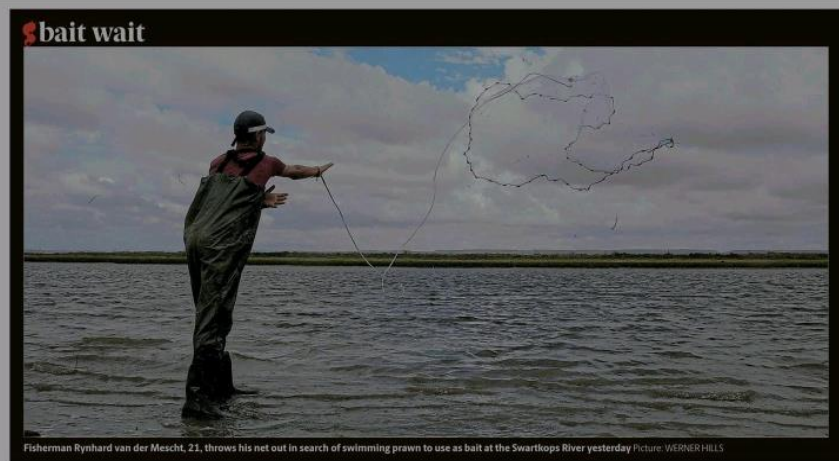




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Bay's bleak audit outcome



Fisherman Rynhard van der Mescht, 21, throws his net out in search of swimming prawn to use as bait at the Swartkops River yesterday. Picture: WERNER HILLS

Report paints sorry picture of unspent grant money and irregular expenditure

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The Nelson Mandela Bay municipality has been slapped with its 11th qualified audit opinion as R362m from conditional grants was not spent, R1.4bn of irregular expenditure was recorded, and there were no proper records of municipal assets.

The audit outcome is contained in the 2021/2022 annual report which was presented to the municipal public accounts committee (Mpac) yesterday.

The report points out that the electricity service should be making a profit of at least 15% but has been running at a loss since the 2018/2019 financial year, and shows the metro is fighting an electricity battle on many fronts.

The revenue loss is sparked by widespread theft of electricity, with the metro recording a loss of more than R609m within the space of a year.

The report also reveals that enough water to almost fill both the Churchill and Groendams was lost during the financial year.

But the 40,657 megalitres of wasted water worth R219m is slightly less when compared with the 2020/2021 financial year.

In the mayor's summary of the report, Retief Odendaal said the metro continued to experience high levels of water and electricity losses.

"The need to address water and electricity losses is becoming more urgent within the current context of the ... drought as well as electricity supply challenges in the country."

He said the city was filthy due to illegal dumping,

which threatened the health of citizens.

"It is concerning to note that some households in the metro still use the bucket system."

"There should be a concerted effort to address such anomalies in the provision of proper sanitation for all our citizens."

On the spending of grants, Odendaal said the municipality would continue to experience service-delivery backlogs, with poor households affected the most if the money was not

overview, Nxosolo Nqwazi highlighted several service delivery achievements and challenges.

Some of the achievements included:

- The average turnaround time for processing residential building applications of 500m² or less was calculated at 14 days.

- Almost 4,000 work opportunities were created through the Expanded Public Works Programme; and

- The average turnaround time to finalise business licence applications was 4.86 working days.

However, she said vandalism and theft of municipal assets, water and electricity losses, illegal dumping and a high dependency on external capital grant funding remained a challenge.

During the period under review, the DA's Nqaba Bhangwa wore the mayoral chains from July 1 2021 to November 9 2021, followed by the ANC's Eugene Johnson until June 30 last year.

Addressing the committee, Eastern Cape auditor-general senior manager Themba Mseleni said the audit outcome stemmed mainly from the irregular expenditure and service charges on electricity.

He said though the municipality had a lot of work to do for service delivery, the metro's financial statements reflected an improvement compared with the previous year.

"The municipality did not

REPORT CONTINUES: P2

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Injured employee defeats automotive powerhouse in David vs Goliath battle

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A court showdown ended in automotive production company Benteler SA being found liable after an employee injured himself while operating machinery he was not properly trained to work with.

Lonwabo Hobongwana, 40, from KwaNobuhle, is claiming R1.1m in damages after suffering a disc protrusion in his lower back.

However, the issue of quan-

tum (amount of damages to be awarded) must still be determined.

In a David vs Goliath battle, Benteler had defended the claim, maintaining that its employees were fully trained to operate the equipment.

Acting judge Ivana Bands dismissed the company's argument, stating that the amount of training offered during a 32-minute induction session was nowhere near enough time to fully train employees across all lines.

Handing down judgment in the Geberha high court on Friday, Bands found Kariega-based Benteler had acted negligently.

She found the company had failed in its legal duty to ensure that no-one was to be instructed or permitted to operate machinery or equipment at the plant without first receiving the necessary training.

According to medical reports submitted to court, Hobongwana was diagnosed with a disc protrusion at his

lumbar five (L5) and sacral one (S1) nerves, which border the S1 nerve root, as a result of operating machinery he was not trained to use.

As a result of his injury, Hobongwana was dismissed from his job at Ulrica and Associates, a human resources company that provides brokering services to clients in the automotive industry, after attending an incapacity hearing.

Benteler is a client of Ulrica, which supplies the company with labour brokering services.

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Hobongwana, as an employee of Ulrica, was required to work at the Benteler automotive production plant at the Fager Press, for which he received two to three weeks of training.

Hobongwana had been assigned to Benteler six months before the March 16 2016 incident.

Having arrived at work for

REPORT CONTINUES: P2



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Page: 2

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REPORT FROM: P1

recognise service charges for the sale of electricity, as required by generally recognised accounting practice."

He said the city reflected service charges meant for the previous year rather than the 2021/2022 financial year.

"Consequently, service charges for the sale of electricity and trade receivables from exchange transactions to the consolidated and separate financial statements, respectively, were overstated by R239.5m for the current financial year [2021/2022], while the prior year was understated by the same amount."

Mseleni was unable to obtain sufficient evidence for the restatement of the figures.

The restatements were made to correct errors identified in the previous financial year, but Mseleni said this could not be substantiated by supporting evidence.

In his presentation, Mseleni also revealed the metro did not have an adequate system in place to accurately record performance based on key indicators.

"The municipality approached the National Treasury to seek exemption from reporting on these indicators, but it was not granted," he said.

To lessen irregular expenditure, the city has started a process to review all the money spent.

In relation to the electricity service charges, the municipality will review all accounts that are aligned with the bulk purchase category to ascertain whether they reflect the correct financial year.

In the auditor-general's opinion, the audit was also unable to test the existence of specific infrastructure.

This included street lights, water meters, electricity meters, bins and containers.

Though the infrastructure is listed on the fixed asset register, the information does not match the systems used by the various departments.

The metro also failed to review its assets to determine lifespans.

"The municipality does not have an adequate system to enable consistent measurement and reliable reporting of performance against the indicator," the opinion says.

Municipal chief financial officer Selwyn Thys said though it did not seem like it, the metro had improved its performance compared with previous financial years.

"When I started at the metro in 2020, there were seven items of qualification and they all have been cleared and that is an improvement.

"The electricity service charges and irregular expenditure are new."

On the electricity service

charges, Thys said the auditor-general selected and tested a number of billings for customers in March where some adjustments were done with accounts for the financial year, which changed the accounting.

"If, for example, an adjustment was done in July 2021 but predates the previous financial year, it can't be backdated," he said.

"So if you process an account in July 2021, it will reflect in the records of the 2021/2022 financial year, which should not be the case because that entry must be reflected in the correct year and these discrepancies were picked up."

During the meeting, ANC councillor Buyelwa Mafaya said if the metro continued to operate with unfilled senior vacancies the audit opinion would not change next year.

Vacant positions include the chief operating officer, and executive directors for sport, recreation, arts and culture, roads and transport, and infras-

'We have been receiving qualified audits for many years now because of negligence from officials who won't report what is wrong'

structure and engineering.

"The auditor-general mentioned this as one of the reasons that led to his findings because officials in acting positions don't necessarily commit to doing what is expected of them," Mafaya said.

"Officials also know that they can't spend funds from a particular vote on something that belongs to another, which is why we have unauthorised expenditure and people need to account for this.

"We have been receiving qualified audits for many years now because of negligence from officials who won't report what is wrong."

DA councillor Heinrich Muller said that every year the auditor-general's report was noted but no plan was put in place to change it.

"Are these issues deliberate or politically motivated, because officials are supposed to know their work because they have been doing it for years, nothing is new about the job?"

