

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR ORAL REPLY

QUESTION NUMBER: 119 [CO733E]

DATE OF PUBLICATION: 24 OCTOBER 2012

★119. Mr M H Mokgobi (ANC-Limpopo) to ask the Minister of Finance:

Whether any (a) disciplinary steps, (b) civil action or (c) criminal charges have been (i) taken or (ii) brought against the Nala Local Municipality and/or any persons for the alleged persistent non-compliance with financial management prescripts and the alleged mismanagement of public funds other than to stop the transfer of funds to the municipality; if not, why not; if so, in each case, (aa) what was the outcome, (bb) what steps and (cc) what are the further relevant details?

CO733E

REPLY:

The responsibility to institute disciplinary proceedings, civil or criminal action against officials emanating from an investigation into financial misconduct rests with the municipality. This is according to Section 171(4) of the Municipal Finance Management Act, No 56 of 2003.

In the case of the Nala Municipality, council has failed to appropriately address matters of fraud, corruption and mismanagement emanating from the KPMG Forensic report. For this reason, National Treasury has decided to intervene by instituting Section 216(2) of the Constitution.

To date, disciplinary action has only been taken against the former Municipal Manager, who is alleged to have been involved in several incidents of fraud and corruption at the municipality. According to the municipality, the municipal manager

failed to attend any of the scheduled disciplinary hearings against him and was thus found guilty in absentia on all 18 counts of serious financial misconduct against him.

The municipal manager was dismissed from the employ of the Nala Municipality on 23 March 2012. However, no criminal proceedings have been initiated.

Another municipal official implicated in KPMG report of having refuelled 207 vehicles not belonging to the Nala Municipality but for which the Nala Municipality was charged, never had any disciplinary proceedings initiated against him. It was reported however that he had been transferred to another position within the municipality.

The current Speaker of the Nala Municipality was also implicated in the KPMG report for having used the official credit card of the Executive Mayor of the municipality to procure liquor amounting to R11 489.53 during 2009/10. It was observed that the liquor was purchased at various liquor stores and mostly over Fridays and Saturdays. No disciplinary proceedings were instituted against her. She was asked only to repay the amount spent on liquor through the unauthorised use of the Mayor's official credit card. National Treasury is in possession of the IOU note signed by the current speaker on 19 September 2012. The note states that the Speaker without admitting any liability or prejudice undertakes and promises to repay Nala Municipality an amount of R10 000 in two monthly instalments of R2 000 each and four monthly instalments of R1 500 each commencing on or before 15 September 2012.

National Treasury has also received copies of two suspension letters dated 31 August 2012 issued to two officials alleged to have been involved in fraud and corruption.