

**EXTRACT OF THE MINUTES OF THE 105<sup>th</sup> ORDINARY COUNCIL MEETING HELD ON 28 MARCH 2017**

**"8.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT 2016/2017**

**(3/P)**

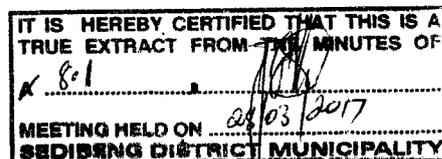
**Office of the Speaker**

**RESOLVED**

*Municipal Public Accounts Committees (MPAC) recommend to Council to adopt the Annual Report with the following reservations:*

- a) *THAT it be hereby approved that Council ensures the comprehensive implementation of the Action Plans in order to avoid reoccurrence's on issues raised by the office of the Auditor General.*
- b) *THAT the Municipal Manager be hereby delegated to convene a joint Finance Enhancement workshop with stakeholders; eg.: SALGA, Provincial Treasury, CoGTA, National Department and Business Sector on how to raise funds for service delivery and sustainability of the municipality.*
- c) *THAT the Audit Committee Charter be reviewed as a matter of urgency and such Charter must make specific provisions for the dash board information to clarify Council on how the internal audit related and/or financial implications matters of Administration have been dealt with.*
- d) *THAT the Audit Committee must present Quarterly and Annual Assessments Reports to Council for consideration as an advisory body to Council.*
- e) *THAT it be hereby approved that reporting on the misconduct with regard to financial misappropriation such as fraud and corruption be continuously submitted to Council on a quarterly basis.*
- f) *THAT a progress report on the adherence as a matter of compliance to the Minimum Competency Level /Requirements be made available in the next council sitting as money was paid for this course.*
- g) *THAT the foreword of the Executive Mayor be reworked/signed and aligned to the National Treasury regulation template.*
- h) *THAT the Accounting Officer establishes a Remuneration Committee as a matter of urgency and submits a report at the next Council Sitting.*
- i) *THAT any consideration for Bonuses to Section 56 and 57 be subjected to the evaluation by Remuneration before being presented to Council for a decision."*

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8.1 *MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT 2016/2017*

SEDIBENG DISTRICT MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEMBERS

- Cllr Mochawe SJ (ANC) - Chairperson
- Cllr Mahlase K (ANC)
- Cllr Ntuthu JV (ANC)
- Cllr Mkhwanazi O (ANC)
- Cllr Sinyanya SS (ANC)
- Cllr Machitje LM (EFF)
- Cllr Jones RF (DA)
- Cllr Maraka TP (DA)
- Cllr Masisa L (AIC)
- Cllr Hoffman JJ (VF+)
  
- Cllr. Gomba .M - Speaker of the Council, serving in ex-officio capacity

## **FOREWORD BY CHAIRPERSON**

The 2016/17 financial year marks the second year during the political term which has started since August 2016 and it is important for council to note that this report comes immediately after the office of the Auditor General has release the findings on the performance of the institution. Safe to indicate that the municipality received the same outcomes with few matters of emphasis on the predetermined objectives/ performance. Our fundamental principles of democracy are that government is responsible and must account to the public on its engagement in as far as service delivery is concerned.

The MPACs existence is to assist council to hold the executive and municipalities or municipal entities to account, and to ensure the efficient and effective use of municipal resources. MPACs were established to help increase council and public awareness of the financial and performance issues of the municipality and its entities. MPAC therefore become an equivalent Municipal Structure to deal with financial and related management aspects of municipalities.

### **Functions of oversight are:**

- To detect and prevent abuse, arbitrary behaviour or illegal and unconstitutional conduct on the part of the government and public agencies.
- At the core of this function is the protection of the rights and liberties of citizens.
- To hold the government to account in respect of how the taxpayers' money is used. It detects waste within the machinery of government and public agencies. Thus it can improve the efficiency, economy and effectiveness of government operations.
- To ensure that policies announced by government and authorised by Council are actually delivered. This function includes monitoring the achievement of goals set by legislation and the government's own programmes.
- To improve the transparency of government operations and enhance public trust in the government, which is itself a condition for effective policy delivery.

### **Functions of accountability include amongst others the following:**

- To enhance the integrity of public governance in order to safeguard government against corruption, nepotism, abuse of power and other forms of inappropriate behaviour.
- As an institutional arrangement, to effect democratic control.
- To improve performance, this will foster institutional learning and service delivery.
- In regard to transparency, responsiveness and answerability, to assure public confidence in government and bridge the gap between the governed and the government.
- To enable the public to judge the performance of the government by the government, giving account in public.

## Legal Framework

Every committee of council its work is guided by a legislation which the MPAC is not unique amongst those council committees when performing its oversight work. The annual oversight is compiled in terms of Section 129(1) of the Municipal Finance Management Act, No. 56 of 2003 which read as follows: "The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control and by not later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include statement whether the council-

- (a) Has approved the annual report with or without reservations;
- (b) Has reject the annual report; or
- (c) Has referred the annual report back for revision of those components that can be revised."

The Municipal Finance Management Act (MFMA), Circular No 32, stipulate clearly the way the overall financial activities of the council should be handled and more emphasis is on the functionality of the oversight committee.

## Stakeholders

The committee convened a stakeholders meeting with Provincial Stakeholders Cogta, Treasury and the office of the Auditor General to solicit information on the findings in order to be able to work on the draft comments on the Annual Report for 2016/17 financial year convened on 14th February 2018. These meetings afforded our stakeholders an opportunity to present their frustrations which were as a result of not having given the time and space to engage the municipality on things that affect them directly and finally submitted their comments. It must be noted to council that indeed these engagement are a necessity as they deepen our democracy by promoting good governance and accountability to the public.

## Committee Meetings

The MPAC convened a meeting on the 14<sup>th</sup> of February 2018 to work on the oversight report, by first engaging the Senior Management on the Reporting Template and Management New Performance Reporting and Monitoring Template. Following that meeting was the second meeting on the 7<sup>th</sup> and 8<sup>th</sup> of March 2018 where the Committee received a presentation from Legal Department on outstanding legal matters and tracking of past resolutions emanating from the findings by AG during the previous financial year, develop questions for Senior Management and the preparation for holding of the senior management hearings as per the approved Terms of References.

## Capacity Building

Municipal Public Accounts Committee on the 22<sup>nd</sup> and 23<sup>rd</sup> February 2018 convened a two day workshop facilitated by SALGA on the roles and functions of the Committee. It was an empowerment programe to prepare the MPAC's for the scrutinizing, analyzing and interrogation of the Annual Report and effective carrying out of monitoring and evaluation of the total performance of the institution and its structures.

## Conclusion

The achievement of this committee in delivering previous oversight reports was as result of the commitment of these members. As the committee of council under the guidance of the Speaker were able to meet our objectives and targets set for ourselves even under difficult times.

Finally, I wish to congratulate the commitment, the unity and contribution made by the Committee members and the support the Speaker gave to this Committee since from 2016.

Towards enhanced service delivery and financial accountability

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Clr S.Mochawe  
MPAC Chairperson

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## GLOSSARY

AFS	-	Annual Financial Statements
AG	-	Auditor General
ANC	-	African National Congress
APAC	-	Association of Public Accounts Committees
AIC	-	African Independent Congress
CFO	-	Chief Financial Officer
CAPEX	-	Capital Expenditure
CPIX	-	Consumer Price Index
DA	-	Democratic Alliance
E-PMS	-	Electronic Performance Management System
FF Plus	-	Freedom Front Plus
IDP	-	Integrated Development Plan
MEC	-	Member of Executive Council
MFMA	-	Municipal Finance Management Act
MPAC	-	Municipal Public Account Committee
MSA	-	Municipal Systems Act
OPEX	-	Operating Expenditure
PAC	-	Pan Africanist Congress
SDM	-	Sedibeng District Municipality

## PREAMBLE

The oversight report covers the period 2016/17 financial year and started off with a broad outline of the objectives of the Municipal Public Account Committee (MPAC). The Sedibeng MPAC committee set out to achieve the following objectives:-

- There is no fraud or corruption in the administration or in council
- There is legal compliance whenever required
- That the municipality gets value for money whenever money is spent
- That the budget and IDP is properly aligned
- That there is proper service delivery in all areas of our jurisdiction and always take into consideration the needs of the people, needs established through public participation.
- That the impact of our report will be of such a nature, that it is useful to council and that in the final analysis, the committee is able to advise the council correctly.

Methods used by the committee in preparing the oversight report included the convening of meetings where the Annual Report, IDP, SDBIP and all supporting documentation were scrutinized.

Questions were formulated on specific areas of concern for the management to provide responses and present them back to the members of MPAC. Senior managers more especially from the affected clusters such as Corporate services, Finance, SPED and Office of the Municipal Manager were invited before the committee as part of the committee's Terms of References adopted by the council in a meeting held at (Vaal Technorama) on the 07<sup>th</sup> and 08<sup>th</sup> of March 2018. All these engagements have assisted the committee in developing the final draft oversight report to be tabled to council.

Accordingly the oversight report will cover: The Integrated Development Plan, Annual Report; Service Tariffs and Auditor General's Report, Audit committee report, policies of council according to the checklist used developed by Nation and Provincial Treasury in assisting local government when performing its oversight work.

## LIST OF DOCUMENTS

A list of documents were considered in the process of finalization of the oversight report, not all documents will be attached to the report, only those documents that had a direct bearing on the work of the committee are attached. Other documents can be found in the Office of the Speaker for inspection or perusal and for the purpose of transparency and the promotion of good governance. Attached are the following:

- Annexure A - Questions compiled for the Senior Management
- Annexure B- Management Responses
- Annexure C- Presentation by Treasury
- Annexure D- Presentation by COGTA
- Annexure E- AG's Report 2016/17
- Annexure F- Presentation by Legal Department
- Annexure G- CFO's Responses
- Annexure H- AG's Presentation
- Annexure I- AUDIT COMMITTEE
- Annexure J- AUDIT COMMITTEE
- Annexure K- Reviewed Finance Policies

## TIME FRAMES FOR ANNUAL REPORT

The following outlines the major steps in the Annual Reporting process indicating responsibilities and dates prescribed in the Municipal Finance Management Act and Municipal Systems Act.

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Compliance
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager	Complied
31 August	Submit municipal entity AFS to parent municipality and to Auditor-General	S126(2)	Municipal Entity Accounting Officer	Complied
30 September	Submit consolidated AFS to Auditor-General (municipalities and entities)	S126(1)(b)	Municipal Manager	Complied
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS.	S133(2)	Auditor-General	Complied
Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General	Complied
On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality	Complied

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Compliance
31 December	Entity submits annual report to Municipal Manager	S127(1)	Municipal Entity Accounting Officer	Complied
31 December	Annual Reports of municipality and entities tabled in Council	S127(2)	Mayor	Complied
Immediately after annual report is tabled	Annual report made public and local community invited to submit representations.	S127(5)(a)(MSA )S21A and B	Municipal Manager	Complied
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager	Complied
When meetings held to discuss the annual report	Attend meetings to respond to questions concerning	S129(2)(a)	Accounting Officer of municipality and entity	Complied
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government	S129(2)(b)	Accounting Officer of municipality and entity	Complied
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)		Pending the submission of the oversight report within the prescribed time frame as outlined in the reporting cycle.
Within seven days of adoption of oversight report	Make public the oversight report	S129(3)S21A-MSA	Accounting Officer	None complied pending the adoption of the oversight report.
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1)& (2)	Accounting Officer	None complied pending the adoption of the oversight report.
As necessary	Monitor compliance with submission of reports to provincial legislature	S132(3)	MEC for local government in the province	Complied
Within 60 days of receiving annual reports	Report to provincial legislature any omissions by municipalities in addressing issues raised by the Auditor-General	S131(2)	MEC for local government in the province	Complied
Annually	Report to Parliament on actions taken by MEC's for local government to address issues raised by Auditor-General on municipal and entity AFS	S134	Cabinet member responsible for local government	Not applicable to municipality

## OVERSIGHT FRAMEWORK (REPORT)

The oversight report as attached contains the following key aspects:

### Integrated Development Plan

**Was the IDP tabled before the council? Yes**

### **The Process Methodology**

The current IDP 2016/17 is reviewed in line with the Sedibeng Growth and Development Strategy two (2) (SGDS 2), Five year IDP 2016/21 as well as guidelines from the National Development Plan and Gauteng TMR. The review undertaken by the Sedibeng District Municipality will focus only on the aspects of the IDP that relates to the financial year 2016/17.

**Was there any compliance with regard to the format and components and timelines?**

The IDP complies with the provision made in the Municipal Systems Act, s (26) with regard to the components. The MEC's comments were considered on the reviewed for the following financial year.

### **Alignment to the budget.**

There was no alignment with regard to IDP and the Budget, evidence to that is the finding from the Internal Audit reports that were presented before council and how clusters could not achieve targets set during the financial year 2016/17. The translation of the projects committed in the IDP to the SDBIP is still a challenge as misalignment remains the order of the day.

### **4.2. The IDP contains MEC comments for 2016/17 financial year as follows;**

After the adoption of the IDP 2016/17 financial year, the Sedibeng District Municipality submitted its five year IDP to the MEC for for Local government for comments. Below are the comments from the MEC of Local Government and Housing on the Sedibeng IDP.

MEC COMMENTS	RESPONSE
<b>REGULATORY ENVIRONMENT</b>  Gauteng Municipalities are in general characterized by challenges pertaining to the inadequacy or  poor enforcement of municipal by laws ;poor implementation of the anti-fraud and corruption  Policies as well as poor performance and risk management systems.  This was confirmed earlier this by the Back to basics report	  The District is attempting to standardize the Municipal Health and Air Quality Bylaws across the district. The challenge remains enforcement capacity due to lack of adequate funding. Waste management By-laws in the region need to be reviewed and updated.  The initiative by COGTA will assist SDM in finalizing the By- law promulgation for the region.

<p>produced by Gauteng COGTA .To</p> <p>address these challenges ,the provincial government has embarked on : Review, update and alignment of municipal by laws across Gauteng; and Review and update of anti -</p> <p>fraud and corruption policies, including efforts to build a culture of ethical behavior and Review, update and alignment of municipal by laws across Gauteng; and Review and update of anti - fraud and corruption policies, including efforts to build a culture of ethical behavior and accountability.</p>	
<p><b>SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b></p> <p>It is noted that the Sedibeng District Municipality does not have an Internal Energy Strategy in place.</p> <p>In the context the merger in this Region, the District and its two Local</p> <p>Municipalities are encouraged to develop an Integrated Energy Strategy.</p> <p>The Province is committed to assisting municipalities develop energy strategies include energy</p> <p>strategies that would include an electricity master as well as alternative sources of energy</p>	<p>SDM is engaging with Sustainable Energy Africa to source funding for the development of the Clean Energy Strategy</p>
<p><b>GOOD GOVERNANCE</b></p> <p>An effective petitions system is necessary in the municipality as it is one of the most fundamental pointers to whether that State is responsive to local concerns and whether it can be trusted to effectively address such. It is thus important that the municipality strengthens its petition management system, procedures and processes, governance structure, reporting, monitoring as well as evaluation.</p> <p>As advocated by the Gauteng Premier, Honorable Makhura and in line ideals of active citizenry, it</p> <p>is important the District Municipality of jurisdiction capacitates civil society structure within its respective area</p>	<p>SDM has established a petitions management committee (PMC) and further adopted a policy in this regard with clear processes and procedures.</p> <p>A petition promotional material which entails steps to be followed by communities when registering a complaint with the municipality.</p> <p>A Petition register is updated frequently on receipt of community concerns and issues.</p> <p>The Sedibeng District Municipality agrees in principle to the strengthening of the petitions management system. It will ensure efficiency and effectiveness usually lead into destruction of property in dealing with community concerns before they escalate into protests that usually lead into destruction of property.</p>
<p>Linked to this is the dire need to review and strengthen the current public participation processes adopted by the Municipality in orders to incorporate the view and needs of special groups of people in the Integrated Development Plan as required by the Municipality Systems Act(2000).</p> <p>In light of the pending merger between Sedibeng District, Emfuleni</p>	<p>The District IGR and IDP offices are currently coordinating all municipal structures to function as united front. All municipalities in the region participate in the planning and rollout of individual municipality's public participation sessions.</p> <p>This process is continued despite a strategic move to postpone merger between Sedibeng District, Emfuleni and Midvaal Municipalities. SDM has effective policies and procedures that play a major role in the effective policies and procedures that</p>

<p>and Midvaal Municipalities, the streamlining and sharpening of IGR structures and processes is today more important than ever.</p> <p>The Sedibeng District Municipality is commended on ensuring that there are Fraud and Anti- Corruption strategies are in place. These strategies are key instruments in bolstering the relationship between the SDM and its citizenry as well as instilling confidence from the business sector.</p> <p>The only concern is that the efficacy or effectiveness of these strategies neither is nor reported on. In line with principles of accountability and transparency as required by Municipal System Act (2000), it is crucial that the Municipality submits quarterly reports on the effectiveness of the measures put in place to the MEC of Local Government in the Province. This will ensure the early detection and solving of problems that could easily have negative impact on the Municipality's annual auditor General.</p>	<p>play a major role in the effective governance of the Municipality, e.g. Fraud and Anti-Corruption, Enterprise Risk Management, SCM, Audit Charter, Human Resources, Disaster Management, to mention a few.</p> <p>A reporting process is currently coordinated in the newly setup Directorate: Municipal Systems in the Office of the Municipal Mager. Thus to ascertain that all activities, achievements and successes of the District are properly documented and reported. It is through the effectiveness of our governance systems and human capital that the Auditor General has served SDM with a clean audit opinion, three years in succession.</p>
<p><b>SPATIAL PLANNING</b></p> <p>With regards to the District's spatial planning framework, it is worth highlighting that there is a need for greater spatial expression and analysis beyond municipal boundaries. This is important in this region given the merger into a single Metropolitan Municipality soon. In this way, the advancement of planning for a functional Gauteng – Region will be clearly emphasized.</p>	<p>The SDM SDF that was approved in 2015 and which is currently in operation indicates cross boundary areas (integration zones). These are areas which are shared by SDM and three neighboring municipalities namely Metsimaholo, Ekurhuleni and City of Johannesburg.</p> <p>Greater engagement needs to take place between SDM and these municipalities to determine how opportunities that are in these areas can be explored. However the Vaal 21 concept covers the integration zone between SDM and Metsimaholo. The SDF chapter of the IDP 2016-17 review aims to promote Corridor development, Urban Densification and Integration of public transport and high densities.</p> <p>The SDF was developed in line with the Gauteng Growth Management Perspective 2013 and has proposed various growth management mechanisms to achieve the desired outcomes (IDP 2016-17 reviews). The district accepts the advice to further expand on and express the growth management mechanisms.</p>
<p>The Municipality is applauded for its Transit Orientated Development plans, which are suitably articulated with a focus on the strategic, integrated of public transport and densification efforts.</p> <p>The Sedibeng District Municipality is however urged to integrate the densification targets along public transport routes in relation to Transits Orientated Development as described in the Gauteng Integrated Transport Master Plan 2025.</p> <p>It is further noted that spatial growth management efforts are limited to an urban development boundary and infrastructure provision although the use of infrastructure provision as a growth management efforts are limited to an urban development boundary and infrastructure provision although the use of infrastructure</p>	<p>Sedibeng District Municipality is fully cognizant of the Gauteng Environmental Management Framework and all efforts are put in place to have a focused response to environmental management in the region. The Region has identified the need for developing a district climate change response and energy strategy for the region.</p>

<p>provision as a growth management tool is not adequately expressed. The Municipality is therefore urged to explore the applicability of growth management mechanisms as outline in the Gauteng Growth Management Plan.</p> <p>The Sedibeng District Municipality is further urged to explore the applicability of other mechanisms for environmental management as outline in the (Gauteng Environmental Management Framework (GEMF) as Management Framework (GEMF) as prepared by Gauteng Department of Agriculture and Rural Development). In addition, on-going efforts to advance responses to climate change resource waste output reduction and sustainable transformation of infrastructure to be integrated within the built environment and spatial planning.</p>	
<p>Health and Environment:- No action taken against offenders who are ignoring municipal by laws and unable to control their Livestock that is roaming the streets and drinking hazardous water emanating from sewer spillages,</p>	<p>Premises used in connection with the keeping of animals must comply with the following Norms and Standards as published by the National Department of Health in 2015 :</p> <p>(a) Structures/facilities erected to house animals must comply with the requirements of the National Building Regulations and the Building Standards Act, 1977 (Act No. 103 of 1977).</p> <p>(b) The premises should be operated under a permit issued in compliance with the relevant by- laws a the specific Local Municipality</p> <p>(c) The keeping of animals other than household pets should only be kept on premises designed for that purposes and in accordance to the relevant Local Authority town planning scheme and by laws.</p> <p>Free roaming livestock risk being infected whilst grazing in and around urban areas, specifically those cattle which have access to the premises which accommodate municipal sewer works. Such infected animals can in turn infect people when the meat of it is consumed half cooked.</p>
<ul style="list-style-type: none"> <li>- Does the municipality have Waste Management control e.g. dumping sites around cities and township?</li> <li>- The area is not protected from environmental and health damages caused by the big industrial companies in the area.</li> <li>- Municipality must develop a programme with incentive for greening the environment through development of Parks and Food gardening to curb illegal dumping in residential areas and wheelie Bins to communities as well</li> </ul>	<ul style="list-style-type: none"> <li>- Green Economy funding is available one can with business Plans they may not be perfect.</li> <li>- The Provincial Government has come up with the industrial revitalization program the program is starting with residential industrial site.</li> <li>- The Development of Sedibeng District's Illegal Dumping Management Strategy, recommended in the revised and updated Integrated Waste Management Plan (IWMP version 2013/14) will address the issue around illegal dumping. The strategy focuses on the following; <ul style="list-style-type: none"> <li>• Revise/update by-laws and implement punitive measures for transgressors</li> <li>• Create community awareness whereby a community watch movement is implemented</li> <li>• Provide accessible refuse skips at strategic locations Focus on illegal</li> </ul> </li> </ul>

	<p>dumping hotspots mainly.</p> <p>Establishment of food gardens will be supported by the District through Mme Tshepo Khumbane (MtK ) program. Collaboration between the District and the Locals is also key in sourcing funds for the creation of parks, after clearing illegal dumps.</p>
<p>Replace an ageing infrastructure and invest on new infrastructure so that it is conducive for economic development and make the Area /Region attractive for investment.</p> <p>Progress Reports on IDP on decisions taken in previous IDPs .e.g. Round Table Discussions-Committee of Churches and different Sectors of the Government and directorate in municipalities must hold regular engagements as feedback sessions.</p>	<p>TIE</p> <p>Feedback sessions are so planned and religiously executed to feedback to all stakeholders. All Clusters-based IGR Forums and Committees play a major role in providing platform for dialogue and feedback loop to their stakeholders. SDM noted a need to strengthen coordination of its IGR operations and capacity building within the function.</p>
<p>Address the issue of youth unemployment, develop skills program to capacitate them in the region.</p>	<p>AIDS Directorate provided 216 stipends 1 year renewal contracts for youth ward-based educators, and some of them have found permanent jobs as a result of continuous</p>
<p>Municipalities must encourage local consumption and change policies regarding procurement and programmes must be shared with all and requisite information must accessible.</p>	<p>Gauteng Provincial Treasury have introduced the Township Economic Revitalization programme however, prior to implementation, clarity needs to be provided to municipalities as to the legislative compliance of this programme as in congruencies were detected between the existing legislative framework (MFMA, PPPFA, BBBEEA) and the proposed policy changes contained within the TER programme. SDM are awaiting on further engagement with the MEC's office in this regard</p>
<p>Ownership of the economy should start within Municipality boundaries and buying and selling of South African local content and also spending money locally in order to boost local products should be encouraged. Partnership between government, foreign/local business and local communities should be of encouraged (PPP model) in all sectors of business ventures.</p>	<p>SDM has made it a policy to subcontract 30% to local businesses and SMMEs and Coops are supported through buying of local produce. Have adopted informal trader strategy and Township Economy Revitalization Strategy. Civic precinct, Vaal River City and CBD revitalization are all linked to PPP initiatives.</p>
<p>Allocations of houses should be always being drawn from Housing Provincial Waiting List and funding of projects is still a challenge that must be addressed in some instances External Contractors cannot complete their tasks in terms of job specifications and others who had to wait for more than six months to be paid for work done, Government must have control measures and ensure there is skills transfer that benefit local communities.</p>	<p>All housing allocations are done with central database/ waiting list. Payment of housing contractors is with the Department of Human Settlement and all development have skills transfer embedded in the contract delivery.</p>

<p>The Regional Sport Fraternity in Sedibeng and lack a well-coordinated structure that will ensure that there is development and growth of Sports in the Region and municipality should be coordinated formation of organized all Sporting Codes.</p>	<p>During the start of the current IDP process in 2012 a Regional Sports Summit was facilitated with all sports federations, clubs and Local Municipalities in Sedibeng Region where a comprehensive Sports Plan was adopted that included a POA That resulted in the establishment of both a Regional Sports Council umbrella body and Local Sports Councils at Emfuleni, Lesedi and Midvaal that holistically represents the entire sports fraternity.</p> <ul style="list-style-type: none"> <li>• Subsequent to this is the collaboration MOA with the Provincial SACR department on focusing on the main 11 sporting codes in Gauteng and the establishment of sports hubs throughout the Sedibeng region.</li> <li>• The current emphasis is to facilitate specific sports development strategies that would effectively address strategic sports codes in our Region like the legacy project proposal of George Thabe with SAFA National and the Provincial/National departments of Sport to develop a PSL standard facility in our area as a catalyst for developing in the short and medium term a Professional team in Sedibeng, the same approach would be adopted on other sporting codes based on their respective levels of development and cooperation from strategic partners.</li> <li>• Several strategic meetings has commenced with community sport NGO'S to develop programmes to support the development of football in our region currently i.e. Legends Tournaments and Correctional services league establishment to name a few of the strategic issues in our Regional Sports Plan.</li> </ul> <p>The Sports Plan is available on request from Assistant Manager Sport and Recreation.</p>
<p>NPO/NGO used by government as service providers and coordinators of HIV/Aids not paid what is due to them in time by Sector Department they have contract agreements with them.</p>	<p>Provincial Department of Health is a sector that reports to Premier in the Office and not to the municipality, funds for NGOs matter is being handled at Provincial sector department level as it affects all regions in the province</p>
<p>Provincial health committees that is not reporting and not functional.</p>	<p>Process to appoint Primary Health Care Facility Committees was completed. Appointment letters signed by MEC for Health; and a total of 65 PHCFC received their appointment letters. These will serve as members of PHCFC within 21 health facilities in the area of Emfuleni and Midvaal ( Provincial Competency)</p>
<p>The Concerned of Women Programmes that are only happening during August month</p>	<ul style="list-style-type: none"> <li>• The Concerned of Women Programmes that are only happening during August month 3. Women Programmes Structures such as Men and Women's forums are established</li> <li>• Capacity building and empowerment programmes are taking place in communities Poverty alleviation projects and workshops to empower on entrepreneurship, financial management, and cooperatives development are going on. In terms of Gender based Violence (GBV) programmes to capacitate communities about the high incidents of violence committed against women and children are conducted.</li> <li>• Gender and Women programmes facilitated, Men's forum work hops held</li> </ul>

	<p>to highlight the scourge on Domestic violence was facilitated by Men Engage Sonke Gender Justice Network</p> <ul style="list-style-type: none"> <li>• Family Law trainings to educate on Inheritances, property issues, protection order, marriages, divorces, maintenances, child abuse are conducted.</li> </ul>
A concern Initiations Schools Programmes that operating within the government legislations and municipal by laws.	The district has the Gazetted By-Law and Initiation schools are governed by it with the District Policy and the Standard Operating Procedure. The challenge the district encounters is the cross border schools and we have established forums with adjacent municipalities and provinces such as Free State, Mpumalanga and North West
<ul style="list-style-type: none"> <li>- Criteria used for both Local and District Mayoral Awards and Bursaries funds allocations.</li> <li>- <b>Department of Education, Sedibeng East:</b> - Can the municipality move swiftly with the review of the bursary policy and communicate with the department in time so that they can include that initiative in the department's drive that encourages matric pupils to start applying early and providing them with details of institutions that can assist with financial aid.</li> </ul>	Sedibeng External Student Financial Support Policy guides this process and provides criteria to be followed. The Mayoral Award is bestowed upon those local leaders / individuals who show absolute commitments and dedication to their work and make positive change happen to the lives of people.
The District Municipality's local government model to attract investment in the Region and local business must be given an opportunity to present business plan for implementation and strategic execution of projects in the District and local municipalities.	<p>The White Paper on Local Government, prescribes that municipalities are responsible for "reviewing existing policies and procedures to enhance employment and investment" and that: Municipalities need to develop a coherent infrastructure investment plan, which sets out how they will</p> <p>achieve infrastructure targets, and mobilize public and private funding sources for capital and recurrent expenditure.</p>
<ul style="list-style-type: none"> <li>- Spatial Planning: Sedibeng should develop a Master Plan that will link us with the Provincial corridors Provincial corridors</li> <li>- Time consuming on land use applications delays development</li> </ul>	<ul style="list-style-type: none"> <li>- SDF is in line with Gauteng 2055 concept therefore addresses Southern corridor issues. Agro processing, agriculture, tourism, logistic hub etc.</li> <li>- SPLUMA implementation will address such issues though establishment of Municipal Planning tribunals and Promulgation of Municipal bylaws and Development of new land schemes. The successful SPLUMA successful implementations will fast track development.</li> </ul>
EPWP & CWP are they a form of skill transfer or job creation. Is there an exit strategy?	<ul style="list-style-type: none"> <li>- Sector departments where EPWP &amp; CWP participants are training are requested to absorb them after termination of contract.</li> <li>- EPWP &amp; CWP are both temporary employment.</li> <li>- Sedibeng has considered a form of partnership with institutions like North West University for skills transfer</li> </ul>

<p>The Boipatong Monument that was opened last year by the Premier Mr David Makhura will not be used by the community due to the fact that from its initiation point, to the development and opening ceremony the community and stakeholders were not part of it.</p> <p>A group of unemployed woman they require infrastructure within government buildings, A group on unemployed woman they require infrastructure within government buildings in return they will be assisting the government in preserving our history. Through arts &amp; crafts creations.</p> <p>Demand for the reopening of the monument should be done and its requested that the monument should be opened by the honourable Deputy President Mr Cyril Ramaphosa</p>	<ul style="list-style-type: none"> <li>- A request should be submitted to Department of Arts &amp; Culture for utilization of Boipatong Monument. Alfred Bitini Xuma in Wilberforce Institute</li> </ul>
<p>STRUGGLE ROUTE TOURIST GUIDES ASSOCIATION involvement of Tourism practitioners during the development of the infrastructure. The major concern around the lack of consultation with art, craft and heritage practitioners when heritage sites or route are being determined or identified for development.</p> <p>A request for a monument in Zone 7, Evaton that will cover the heritage route such as Asikhwelwa Campaign, Zone 7 massacre, the life and times of Charlotte Maxeke, Dr Commemorative events are now taken over by the provincial government and that has left local businesses suffering because the province procurement processes and they overlook local entrepreneurs.</p>	<ul style="list-style-type: none"> <li>- Tourism practitioners were involved through the stakeholder engagement meetings and were further referred to our sister cluster SRAC director.</li> <li>- In order to address the viability of Township Tourism an RTO was formulated to involve relevant stakeholders boost local Tourism.</li> <li>- Meetings have been held with the stakeholders and communities. Funding to be sourced for the monument. Design and implementation plan to follow.</li> </ul>
<p>There are no recreational facilities and request to prioritize the playing facilities for children in the District (Especially Tshepong )</p>	<p>Sports and Recreation Facilities form part of the Local Municipalities</p>
<p>There is a need for libraries in both areas Evaton and Sebokeng as the existing ones cannot cater population growth in those areas.</p>	<p>Libraries form part of the Local Municipalities</p>
<p>Regulations must be implemented for Illegal posters.</p>	<p>Establishment of regulations in this regard is the local municipalities' responsibility. However; surveillance for perpetrators will be enhanced through CCTV cameras.</p>

There have been a lot of robberies occurrences in Vereeniging and Vanderbijlpark areas and budget for safety needs to be a priority in all spheres of government.

Pollution is affecting Boipatong and Tshepiso communities residents health especially bed smell coming from Boipatong landfill as they are subjected to live next to this smelly condition that has not been attended by local authorities .

Municipality should provide a place to work (sorting plant)Plastics /papers to deal with waste management issues as some community members have started a cooperative

Effective joint planning initiatives to be undertaken towards deployment of resources and enhanced visible policing.

Refer to the Integrated Waste Management Plan of the Sedibeng District which clearly describes the roles of the SDM and Local municipalities.

The Boitshepville landfill site is a licensed site and needs to manage in accordance with all relevant norms and standards. Failure to do so might influence the health and safety of nearby residents Everyone has a right to

An environment that is not harmful to their health or well-being and should have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:

(i) Prevent pollution and ecological degradation;

(ii) Promote conservation; and

(iii) Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development. The Constitution states that the people of South Africa have the right to an environment that is not detrimental to human health, and imposes a duty on the state to promulgate legislation and to implement policies to ensure that this right is upheld.

The responsibility of the Local Municipality regarding the above relates to:

- Compiling and implementing integrated waste management plans and integrating these into IDPs;
- Running public awareness campaigns;
- Collecting data for the Waste Information System; providing waste management services, including waste removal, waste storage and waste disposal services, in line with national norms and standards. Municipality specific standards for separation, compacting and storage of solid waste that is collected as part of the municipal service, may be set and enforced by the municipality.
- Implementing and enforcing waste minimisation and recycling (including the encouraging of voluntary partnerships with industry and waste minimisation and recycling (including the encouraging of voluntary partnerships with industry and waste minimisation clubs)
- The lack of waste collection services or poor quality waste collection services can result in a number of environmental and human health problems and therefore proper planning is crucial.

## Service Tariffs

Service tariffs were communicated to the community members through IDP public participation.

## Auditor General's Report Opinion

Please refer to the attached Annexure "E"

## Annual Report.

There was a general compliance with regard to the new reporting template even though there is no consistence as some arrears from the Executive Mayor's foreword will need to be filled in terms of the information. The draft annual report was tabled on time on the 30th August 2017 as per the requirement. The format and the content were followed even though not to the latter, which confirms compliance by the municipality.

According to the Oversight Report Framework, Annual reports are required in terms of s (46 ) of the Municipal Systems act, and s (121)and s (129) of the Municipal Finance Management Act No 56 Of 2003,the Annual Report has to comply with the following components.

- A foreword by the Mayor; an overview of the Municipality
- An organizational structure
- No report of the auditor general on the performance of the municipality
- Unaudited Financial Statements
- Unaudited narrative Report on the financial statements; Disclosure on government grants; as well as disclosure on councillors.

## Specific Grants

Restructuring grants are not applicable to the District. Grants at the level of the District are grants such as Municipal Infrastructure Grant, Governments grants and subsidies, equitable shares, Provincial grants, Neighborhood Grants and DLG Grants.

## Performance Management

There is a policy approved by council and it has been reviewed. Electronic management system has been implemented as a method to track the progress made by individual employees throughout the municipality. Draft Annual Report tabled on the 30<sup>th</sup> August 2017 was as a result of the integrated assessments by all clusters. It was identified that the challenge with the electronic performance management system is the capacity to upload large information and the committee recommended to council on the upgrading of the system. Lack of evidence by clusters which led to the late submission on the quarterly reports need to be considered by the management as this affects the achievement of the targets set by the municipality.

## **Circular 32.63 and 11 of National Treasury**

The Municipal Public Account Committee will be guided by the above mentioned regulation in doing and completing its work and it will also expect the municipality to fully adhere as the objective is to promote good governance and enhance transparency and accountability.

## **CFO's response to Auditor General Report and corrective measures taken**

The information is attached as Annexure "G"

## **Municipal Bank Account**

For the year 2016/17 financial year the municipality operated 4 Banking Accounts; 2 with Absa and 2 with Standard Bank. The details are on the AFS under Note 9 "Cash and Cash Equivalents".

## **Cash, Investment, Assets Management**

There is a Cash Investment Policy and it was reviewed at 90<sup>th</sup> Council sitting on the 22th February 2017 as per Resolution A1579

## **Debt Register**

Debt register was taken care during the financial year 2016/17 financial year.

## **Financial Management**

Sedibeng District Municipality has developed internal control measures aimed at minimising risk and keep the status stable as the institution relies on the grant received from National Treasury.

## **Audit Committee**

Audit committee was non-functional due to ineffective members but a new Committee was appointed towards the end of the fourth quarter, and the performance assessment of it will be made in the next financial year. The committee has the following members in place who were appointed for the 2016/17 financial year;

Members appointed are:

- Mr. S Mofokeng –as Chairperson
- Mrs. M Moja
- Mr. T Morabe
- Mr. Johan Sitting
- Mr. H Pouchee

## **Supply Chain Management**

A deviation template to record all deviation has been developed. All deviations are reported to council on monthly basis and annual deviations are disclosed as a note on the annual financial statements. Sedibeng District Municipality is monitoring its internal controls to ensure that processes on procurements are undertaken properly.

Tender documents are centralized at Supply Chain Management according to the project plan, to address tendering and procurement issues. And it was emphasized that an oversight role should be played on whether the accounting officer submit the report on the implementation plan of the policy, which should takes place 30 days after the end of the financial year.

## **Internal Audit Function**

The internal audit committee is outsourced to a firm called Grant Thornton. The Sedibeng District Municipality does not have an Internal Audit Unit but employed a staff to coordinate and organise the day to day running of the unit in consultation with the outsourced firm. Reports were compiled and forwarded to Audit Committee and the office of the Municipal Manager.

## **Credit control and debt control**

There is a Policy for Revenue Management, Credit Control & Collection. Council adopted the policy on 08<sup>th</sup> June 2016 as per Resolution A1532. The annual review was tabled on the 31<sup>st</sup> May 2017 as per Resolution A1631.

## **Audit Queries**

The committee will have to look beyond what the Auditor General has raised as root causes and perform its oversight accordingly in improving and sustaining the current outcome expressed by the office of the Audit General for the financial year 2016/7

## **CONCLUSION**

The Annual Report for the financial year 2016/17 complied with tabling of the Annual Report. The committee also picked grey areas to the report and advice the administration to take its work very serious as this report has to be tabled to public. The committee will ensure that the institution is geared towards sustaining the current outcome, possibly working towards clean audit, and furthermore monitor the gradual improvement of the Local Municipalities in attaining the clean audit through the IGR District policy framework. Municipal Public Accounts Committee advised the municipality to consider and implement the comments made by Provincial stakeholders as part of enhancing quality reporting. Inviting the Chief Accounting Officer and the Senior Managers was to communicate the observations made by the Committee, the repeat findings and to communicate the possible solutions towards and improved performance.

## RECOMMENDED

*Municipal Public Accounts Committees (MPAC) recommend to Council to adopt the Annual Report with the following reservations:*

- a) THAT it be hereby approved that Council ensures the comprehensive implementation of the Action Plans in order to avoid reoccurrence's on issues raised by the office of the Auditor General.
- b) THAT the Municipal Manager be hereby delegated to convene a joint Finance Enhancement workshop with stakeholders; eg.: SALGA, Provincial Treasury, CoGTA, National Department and Business Sector on how to raise funds for service delivery and sustainability of the municipality.
- c) THAT the Audit Committee Charter be reviewed as a matter of urgency and such Charter must make specific provisions for the dash board information to clarify Council on how the internal audit related and/or financial implications matters of Administration have been dealt with.
- d) THAT the Audit Committee must present Quarterly and Annual Assessments Reports to Council for consideration as an advisory body to Council.
- e) THAT it be hereby approved that reporting on the misconduct with regard to financial misappropriation such as fraud and corruption be continuously submitted to Council on a quarterly basis.
- f) THAT a progress report on the adherence as a matter of compliance to the Minimum Competency Level /Requirements be made available in the next council sitting as money was paid for this course.
- i) THAT the foreword of the Executive Mayor be reworked/signed and aligned to the National Treasury regulation template.
- j) THAT the Accounting Officer establishes a Remuneration Committee as a matter of urgency and submits a report at the next Council Sitting.
- k) THAT any consideration for Bonuses to Section 56 and 57 be subjected to the evaluation by Remuneration before being presented to Council for a decision.

& & & &

# Report of the auditor-general to the Gauteng Provincial Legislature and the council on the Sedibeng District Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Sedibeng District Municipality (SDM) set out on pages x to x, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts and appropriation statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sedibeng District Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2016 (Act No. 3 of 2016) (DoRA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material uncertainty relating to financial sustainability

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 34 in the financial statements, which indicates that the municipality incurred a net loss of R31 044 078 during the year ended 30 June 2017 and, as of that date, the municipality's total liabilities exceeded its total assets by R116 887 773.

### **Emphasis of matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Material uncertainties**

9. With reference to note 32 to the financial statements, the municipality is the defendant in various lawsuits. The outcome of these matters cannot presently be determined and/or reliably measured, therefore no provision for any liabilities that may result has been made in the financial statements.

### **Other matter**

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Unaudited disclosure notes**

11. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

### **Responsibilities of the accounting officer for the financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

**Introduction and scope**

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Objective 1 - Transport, Infrastructure and Environment	x – x
Objective 2 - Strategic Planning and Local Development - Local Economic Development	x – x
Objective 3 - Strategic Planning and Local Development – Tourism	x – x
Objective 4 - Strategic Planning and Local Development – Housing	x – x
Objective 5 - Strategic Planning and Local Development – Spatial planning	x – x
Objective 6 - Community Services – Health and Social Development	x – x
Objective 7 - Community Services – Sports, Arts and Culture and Heritage	x – x
Objective 8 - Community Services – Aids Health and Social Development	x – x
Objective 9 - Corporate Services – Information Technology	x – x

19. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

## Objective 1 - Transport, Infrastructure and Environment

### In rationalisation and expansion of licensing services - expanded driver testing facilities

21. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPPI).

## Objective 2 - Strategic Planning and Local Development - Local Economic Development

### Various indicators

22. The systems and processes to enable reliable reporting of the actual service delivery against the indicators were not adequately designed and implemented as required by the FMPPPI. As a result, I was unable to obtain sufficient appropriate audit evidence to support the reported reasons for the variances as well as for the reported achievements of the indicators listed below due to these limitations placed on the scope of my work. I was unable to confirm the reasons for the variances and the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reasons for the variances and to the reported achievements of these indicators.

Indicator description
Coordinate Fab Lab through products simulation
Facilitate support for the small holding agricultural sector striving towards productivity increase.
Improve participation and coordination of CRDP Programme
Facilitate local economic opportunities.

### Households and institutional food nutrition programmes

23. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 250 households and institutional food nutrition programmes. This was due to a lack of proper performance management systems and processes and documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the FMPPPI. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 250 households and institutional food nutrition programmes.

## Objective 4 - Strategic Planning and Local Development – Housing

### Various indicators

24. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

Indicator description
Monitor & Co-ordinate housing programmes
Co-ordinate Urban Renewal

## Objective 5 - Strategic Planning and Local Development - Spatial planning

### Implement Integrated Spatial Development and Land Use Management

25. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

### Various indicators

26. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. The following indicators were not well defined:

Indicator description
Implement the Spatial Development Framework
Improve the Geographic Information Systems (GIS)
Implement Integrated Spatial Development and Land Use Management

### Implement Integrated Spatial Development and Land Use Management

27. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target to Implement Integrated Spatial Development and Land Use Management. This was due to a lack of proper performance management systems and processes and documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by FMPPI. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of one report.

## Objective 6 - Community Services – Health and Social Development

### Various indicators

28. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

Indicator description
Support Social Development forum activities
Facilitate Youth Development Programmes
Facilitate implementation of Youth Advisory Centre programmes
Facilitate implementation of Sedibeng External Student Financial Support programme

## Objective 8 - Community Services – Aids Health and Social Development

### Various indicators

29. The indicators and targets reported as per the table below were approved in the integrated development plan, but not reported in the annual performance report. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Indicator description
Coordinating ward-based HIV, STIs and TB programmes - 500 000 people reached through door to door programme
Coordinating ward-based HIV, STIs and TB programmes - 2 ward based expos hosted
Coordinating ward-based HIV, STIs and TB programmes - 1 calendar events hosted
Monitoring and Evaluating the overall HIV, STIs and TB programme - 2 AIDS council meetings held
Monitoring and Evaluating the overall HIV, STIs and TB programme - 8 reports submitted to AIDS council
Monitoring and Evaluating the overall HIV, STIs and TB programme - 4 reports submitted to the IDC.

### Various indicators

30. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI.

Indicator description
Coordinating ward-based HIV, STIs and TB programmes - 500 000 people reached through door to door programme
Coordinating ward-based HIV, STIs and TB programmes - 2 ward based expos hosted

### Various indicators

31. The indicators and targets reported as per the table below were approved in the integrated development plan, but not reported in the annual performance report. This is not in line with the requirements of section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Indicator description
Coordinating the prevention of new HIV infections - 20 Legal initiation schools monitored
Coordinating ward-based HIV, STIs and TB programmes - 500 000 people reached through door to door programme
Coordinating ward-based HIV, STIs and TB programmes - 2 ward based expos hosted
Monitoring and Evaluating the overall HIV, STIs and TB programme - 4 reports submitted to the IDC.

### Various indicators

32. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of targets to 100 000 People tested for HIV and 600 people reached through community based organisations This was due to a lack of proper performance management systems and processes and documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for managing programme performance information. I was unable to confirm that the reported achievement of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 172803 and 908 respectively.

33. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective 3 - Strategic planning and local development (SPED) - local economic development – tourism
- Objective 7 - Community services – sports, arts and culture and heritage
- Objective 9 - Corporate services – information technology

### **Other matters**

34. I draw attention to the matters below.

### **Achievement of planned targets**

35. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs xx to xx of this report.

### **Adjustment of material misstatements**

36. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the selected objectives. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

37. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

38. The material findings on compliance with specific matters in key legislations are as follows:

#### **Procurement and contract management**

39. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with Municipal Supply Chain Management regulation 29(2).

## Expenditure management

40. Effective steps were not taken to prevent irregular expenditure amounting to R3 190 756 as disclosed in note 38 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by inadequate SCM processes which did not meet the requirements of SCM regulation 29(2).

## Budgets

41. Effective steps were not taken to prevent unauthorised expenditure amounting to R14 861 104, as disclosed in note 36 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused non-cash items and compensation for employees which were not budgeted for correctly.

## Other information

42. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
43. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
44. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
45. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

## Internal control deficiencies

46. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.

## Leadership

47. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting. The municipality did not have sufficient monitoring controls to ensure that performance reports submitted for audit were accurate and complete.

## Financial and performance management

48. Senior management did not ensure that sufficient controls were in place to prepare accurate and complete performance reports that are supported and evidenced by reliable information.

49. Senior management did not implement adequate control disciplines over performance reporting and compliance with key legislation.

## Other reports

50. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

## Investigations

51. An internal forensic investigation was conducted at the request of the municipality. The investigation was initiated based on a cyber-hacking on the financial system. The investigation was still ongoing at the reporting date.

*Auditor-General*

Johannesburg

30 November 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sedibeng District Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

# MPAC PRESENTATION

## CORPORATE SERVICES CLUSTER

RBT MHLWATIKA  
DIRECTOR: LEGAL SERVICES

01 MARCH 2018



# OVERVIEW

## 1. LEASE AGREEMENT FOR LICENCING CENTRES



# BACKGROUND

- Sedibeng District Municipality (SDM) entered into Lease Agreements with Lesedi Local Municipality (LLM) and Emfuleni Local Municipality (ELM).
- SDM- Lessee
- ELM and LLM - Lessor



# LEASED PROPERTIES

## LLM

- Schedule F  
New Municipal Offices  
1 Verwoerd Street  
Heidelberg
- Schedule G  
Lesedi Testing Stations  
Prinsloo Street  
Heidelberg



## ELM

- Schedule B  
Newtown Street  
Duncanville  
Vereeniging
- Schedule C  
Frikkie Meyer Boulevard  
Vanderbijl Park  
Vereeniging



# CORE CLAUSES

- LLM AND ELM
- COMMENCEMENT DATE
  - 1 JULY 2009
- TERMINATION DATE
  - 30 JUNE 2012
- RENEWAL
  - The Parties entered into an Addendum to renew the Agreement on a month to month basis from 1 July 2012 to date.



# RENTAL AMOUNT

## LLM

- 01/07/2009- 30/06/2012  
Property F – R 70 476 + VAT  
Property G – R 10 518 + VAT
- From 01/07/2012 to date  
Property F – R 77 524 + VAT  
Property G – R 11 570 + VAT
- Payment as at 01/02/2018  
Rental: R 104 074,47  
Rates: R 6 870,78

## ELM

- 01/07/2009- 30/06/2012  
Property B – R 1000 + VAT  
Property C – R 1000 + VAT
- From 01/07/2012 to date  
Property B – R 1100 + VAT  
Property C – R 1100 + VAT
- Payment as at 01/02/2018  
Rental: R 6 820,18  
Rates : R 88 082,00



# OBLIGATIONS OF THE SMD

- Pay rental on time
- Electricity
- Water
- Refuse removal
- Sewage and sanitation charges



# OBLIGATION OF LLM & ELM

- No obligation to make repairs
- No obligation to compensate SDM for maintenance
- Request SDM to maintain the property, if SDM fails, Local Municipality (LM) can maintain and SDM must reimburse LM



# MAINTANANCE

- SDM has the duty to maintain the interior and exterior of the premises

# INSURANCE

- SDM has the duty to take out insurance on the premises



# DAMAGES TO THE PROPERTY

- SDM has no automatic right to cancel the lease should it be damaged
- Can be occupied- Rent payable pro rata for the part of the building that is occupiable
- Cannot be occupied- LM have a duty to fix the property within 3 months of the date of damage, failure will lead to SDM cancelling the lease



# BREACH

- Breach of any terms of the lease agreement
- Failure to pay the rental amount
- LM gives 7 days notice to remedy the breach, failing which the LM can cancel the lease
- 2 notices given, LM has an automatic right to cancel on the 3<sup>rd</sup> breach



# CHALLENGES

- State of the building- dilapidated due to wear and tear
- Non-compliance OHSA



# INTERVENTIONS

- Access the financial implication of repairs vs sourcing alternative office space
- Enter into long term lease agreement
- Meet all end-user Clusters to map a way forward



# MPAC COMMENTS

- Vereeniging Licencing Centre- half of the building's roof has collapsed, has SDM claimed from the insurance?
- Produce Progress Report in June on the status of the contracts
- Look into entering into a long term contract with the LM
- Provide an opinion on the Agency Agreement between MLM and SDM



THANK YOU





AUDITOR - GENERAL  
SOUTH AFRICA

Auditing to build public confidence

Gauteng  
2016-17



**Audit outcome** for the year ended 30 June 2017

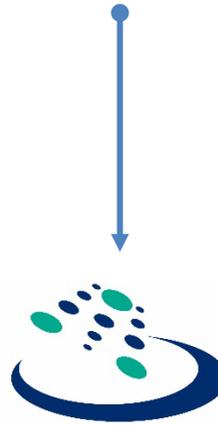


**ACCOUNTABILITY = PLAN + DO + CHECK + ACT**



# YOUR SUPPORT

The AGSA has a constitutional mandate and exists to strengthen our democracy by enabling **oversight, accountability and good governance** in the public sector through auditing, thereby building public confidence



A U D I T O R - G E N E R A L  
S O U T H A F R I C A



**GAUTENG PROVINCE**  
TREASURY  
REPUBLIC OF SOUTH AFRICA



**GAUTENG PROVINCE**  
CO-OPERATIVE GOVERNANCE AND  
TRADITIONAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA

## We have improved our audit methodology and audit report



Delivering a **valuable and relevant product** focusing on the things that matter



# Engaging accounting officers in **conversations** that are **insightful, relevant and have an impact**

## Key control engagements / status of records review – objectives

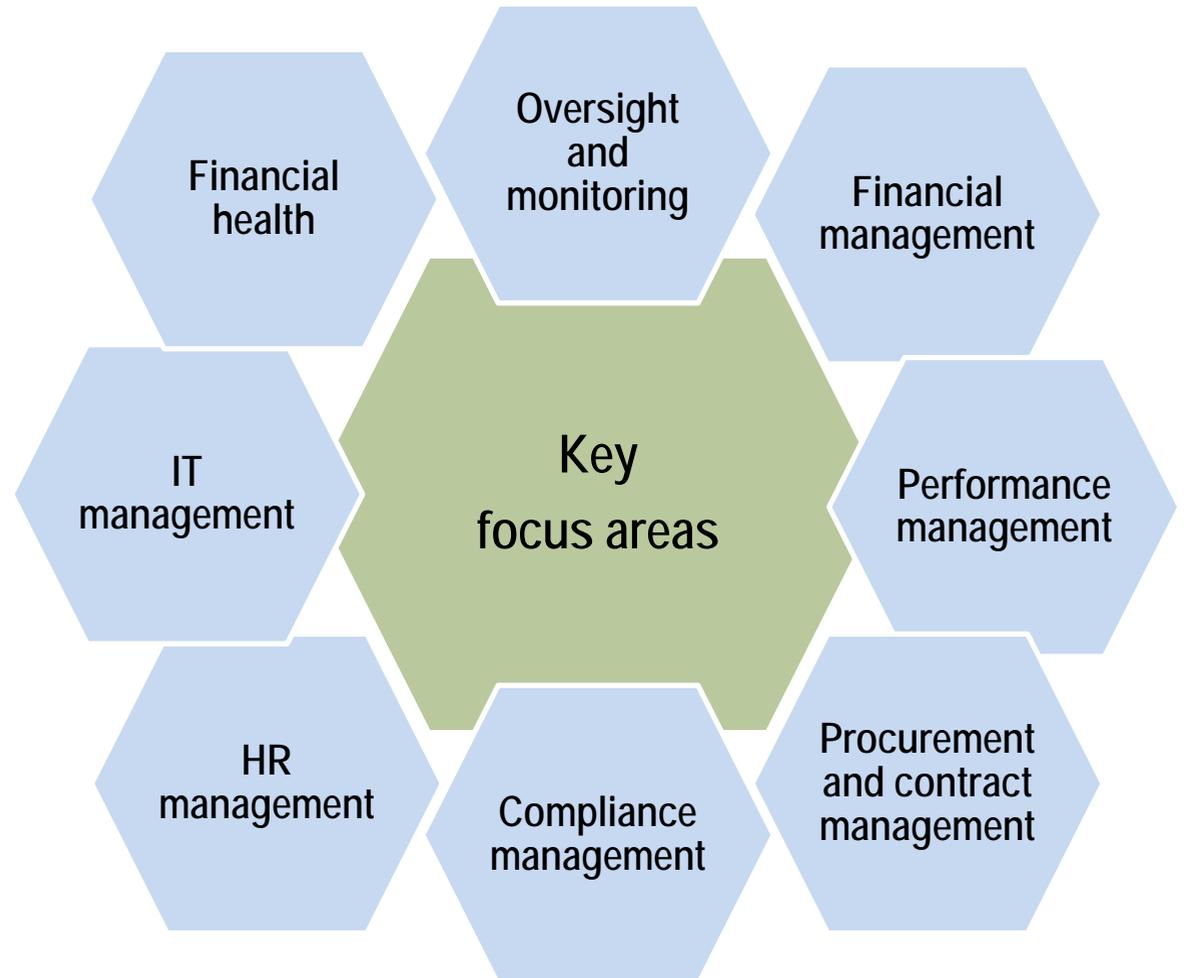
Identify key areas of concern that may derail progress in the preparation of financial and performance reports and compliance with relevant legislation and consequential regression in audit outcome

Provide our assessment of the status of key focus areas that we reviewed

Assess progress made in implementing action plans/ follow through with commitments made in previous engagements

Identify matters that add value in putting measures and action plans in place well in advance to mitigate risks

## Key control engagements / status of records review – focus areas

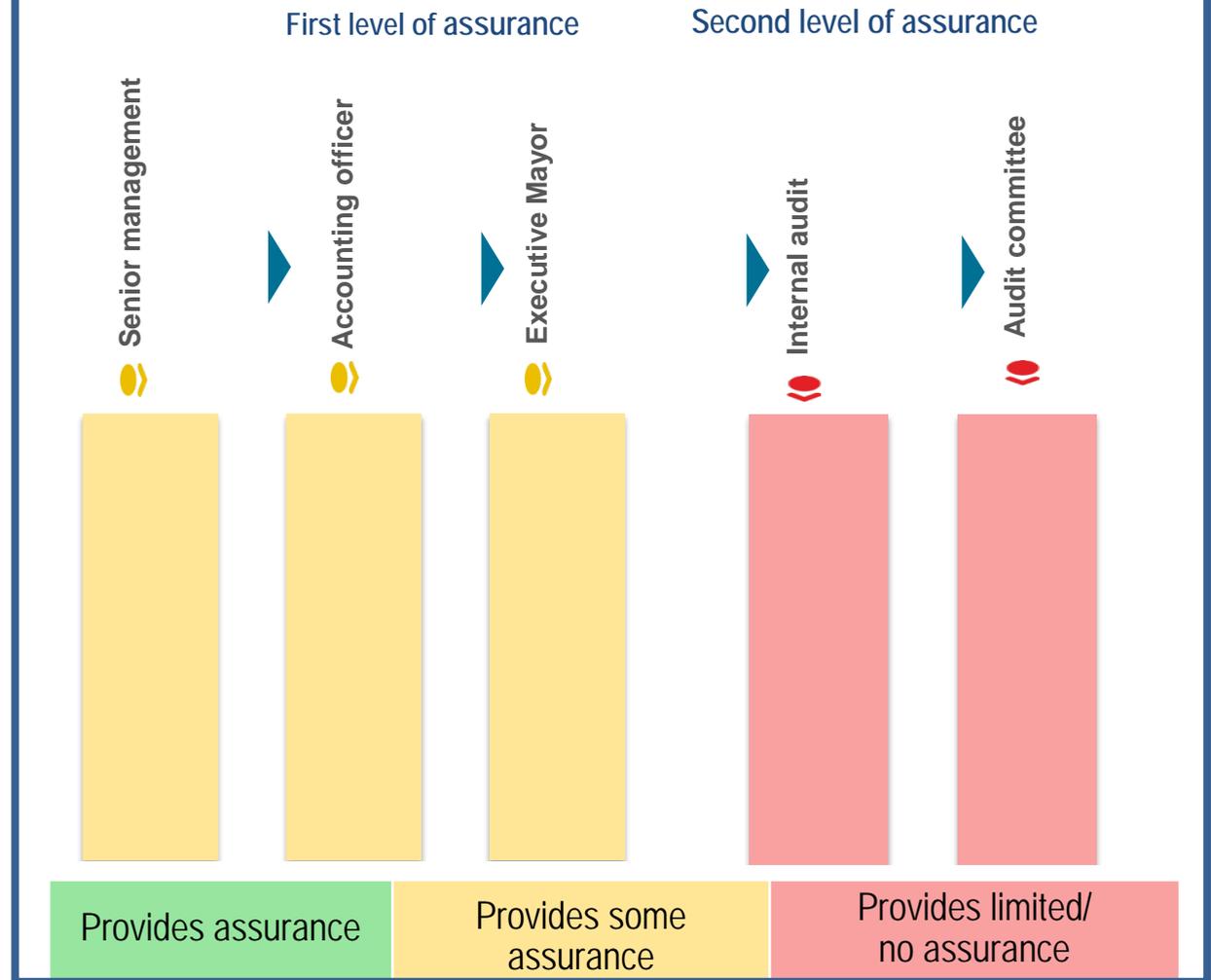


# Our message 2016-17

## Stagnation in audit outcome



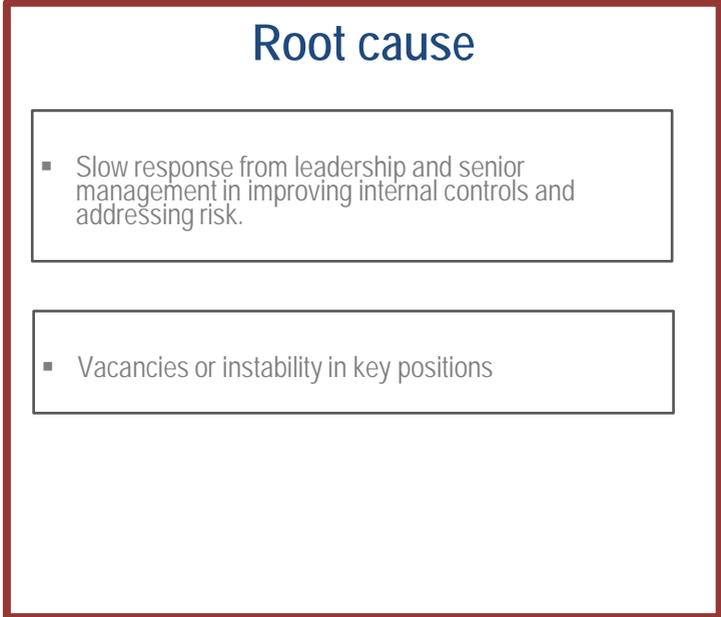
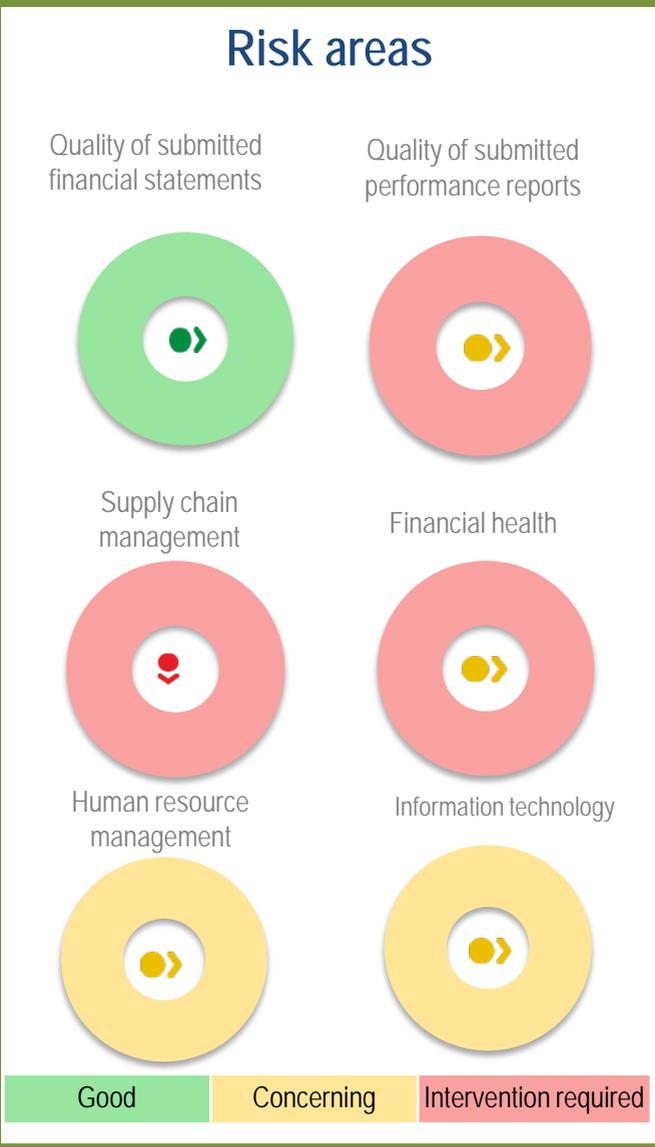
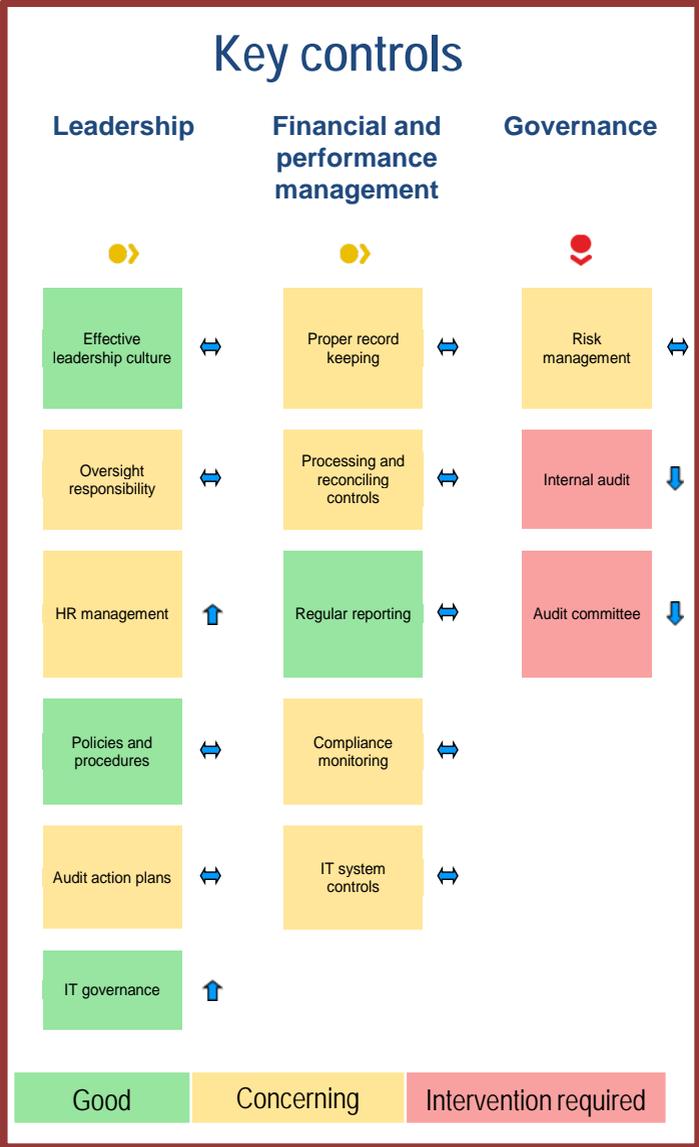
## Key role players should provide extensive assurance



To improve the **audit outcome** ...

... the **key role players** need to ...

# Our message 2016-17 *(continued)*



▲
▲
▲

... give attention to the **key controls**, ...
the **risk areas**, and ...
... the **root causes**.

# Audit of predetermined objectives

Objective 1:	Objective 2:	Objective 3:	Objective 4:	Objective 5:
Transport, Infrastructure and Environment (TIE) – Licencing <b>(no movement from prior year)</b>	Strategic Planning and Local Development (SPED) - Local Economic Development <b>(no movement from prior year)</b>	Strategic Planning and Local Development (SPED) - Local Economic Development – Tourism <b>(no movement from prior year)</b>	<ul style="list-style-type: none"> <li>Strategic Planning and Local Development (SPED) - Local Economic Development – Renewing our community <b>(no movement from prior year)</b></li> </ul>	Strategic Planning and Local Development (SPED) - Local Economic Development – Spatial planning <b>(no movement from prior year)</b>
<p><b>Qualified</b></p> <p><b>One</b> indicator was not well defined.</p> <ul style="list-style-type: none"> <li>[Expanded driver testing facilities]</li> </ul> <p><b>Three</b> indicators were not presented as required.</p> <ul style="list-style-type: none"> <li>[Establishment of vehicle license renewal points, Drive-thru and walking vehicle license renewal points, Establishment of Customer Waiting Areas]</li> </ul>	<p><b>Qualified</b></p> <p><b>Four</b> indicators that were not well defined.</p> <ul style="list-style-type: none"> <li>[Rollout of EPWP, Facilitate support for the small holding agricultural sector, Facilitate programmes in the value chain of agro processing and value-add markets., Facilitate the establishment of Mega Agripark]</li> </ul> <p><b>Four</b> indicators were not consistently reported on.</p> <ul style="list-style-type: none"> <li>[Coordinate FabLab, Facilitate support for the small holding agricultural sector, Improve participation and coordination of CRDP Programme, Facilitate local economic opportunities.]</li> </ul>	<ul style="list-style-type: none"> <li><b>Unqualified</b></li> </ul>	<p><b>Qualified</b></p> <p><b>Two</b> indicators were not well defined.</p> <ul style="list-style-type: none"> <li>[Monitor &amp; Co-ordinate housing programmes, Co-ordinate Urban Renewal]</li> </ul>	<p><b>Qualified</b></p> <p><b>Three</b> indicators were not well defined.</p> <ul style="list-style-type: none"> <li>[Implement the Spatial Development Framework, Improve the Geographic Information Systems (GIS), Implement Integrated Spatial Development and Land Use Management]</li> </ul> <p>One indicator was not consistently reported</p> <ul style="list-style-type: none"> <li>[Implement Integrated Spatial Development and Land Use Management]</li> </ul> <p>One target was not reliable</p> <ul style="list-style-type: none"> <li>[Implement Integrated Spatial Development and Land Use Management]</li> </ul>

# Audit of predetermined objectives

Objective 6:	Objective 7:	Objective 8:	Objective 9:
Community Services – Health and Social Development (no movement from prior year)	Community Services – Sports, Arts and Culture and Heritage (no movement from prior year)	<ul style="list-style-type: none"> <li>Community Services – Aids Health and Social Development (no movement from prior year)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Services – Information Technology Development (no movement from prior year)</li> </ul>
<p><b>Qualified</b></p> <p><b>One</b> indicator was not consistently reported</p> <ul style="list-style-type: none"> <li>[Facilitate implementation of Sedibeng External Student Financial Support programme]</li> </ul> <p><b>Four</b> indicators were not well defined.</p> <ul style="list-style-type: none"> <li>[Support Social Development forum activities, Facilitate Youth Development Programmes, Facilitate implementation of Youth Advisory Centre programmes, Facilitate implementation of Sedibeng External Student Financial Support programme]</li> </ul>	<ul style="list-style-type: none"> <li><b>Unqualified</b></li> </ul>	<p><b>Qualified</b></p> <p><b>Six</b> indicators were not consistently reported on between the revised SDBIP and the annual performance report</p> <ul style="list-style-type: none"> <li>[Coordinating ward-based HIV, STIs and TB programmes - 500 000 people reached through door to door programme, Coordinating ward-based HIV, STIs and TB programmes - 2 ward based expos hosted, Coordinating ward-based HIV, STIs and TB programmes - 1 calendar events hosted, Monitoring and Evaluating the overall HIV, STIs and TB programme: 2 AIDS council meetings held, 8 reports submitted to AIDS council and 4 reports submitted to the IDC]</li> </ul> <p><b>Two</b> indicators were not well defined</p> <ul style="list-style-type: none"> <li>[Coordinating ward-based HIV, STIs and TB programmes: 500 000 people reached through door to door programme, 2 ward based expos hosted]</li> </ul> <p><b>Two</b> targets were not reliable</p> <ul style="list-style-type: none"> <li>[100 000 People tested for HIV and 600 people reached through community based organisations (CBOs)]</li> </ul>	<ul style="list-style-type: none"> <li><b>Unqualified</b></li> </ul>

## Compliance

Compliance areas	2016-17	2015-16	Movement
Strategic planning & performance management			●➤
Budget			●➤
Annual financial statements, performance and annual reports			●➤
Procurement and contract management			●➤
Human resource management			●➤
Expenditure management			●➤
Transfer of funds and / or conditional grants			●➤
Revenue management			●➤
Asset management			●➤
Consequence management			●➤

# Information systems audit (ISA)

Financial Year	IT Governance	Security Management	User Access Management	IT Service Continuity	Leadership (Information technology governance framework)	Financial and performance management (Information technology systems)	Overall Assessment
2016-17	Lack of approved IT Governance Framework Inadequacies in the creation of committees. Lack of IT risk assessment. Lack of project management framework. Service provider monitoring weaknesses.		Inadequate user account management. System administrator access rights. Monitoring of application administrator not being performed.	Business continuity plan not approved.		Change management policy was inadequate for BAUD and PayDay.	
2015-16							
Progress							

The IT governance focus area has improved since the prior year, however management should enhance the financial and performance management controls focus area to ensure that the IT system is functioning adequately.

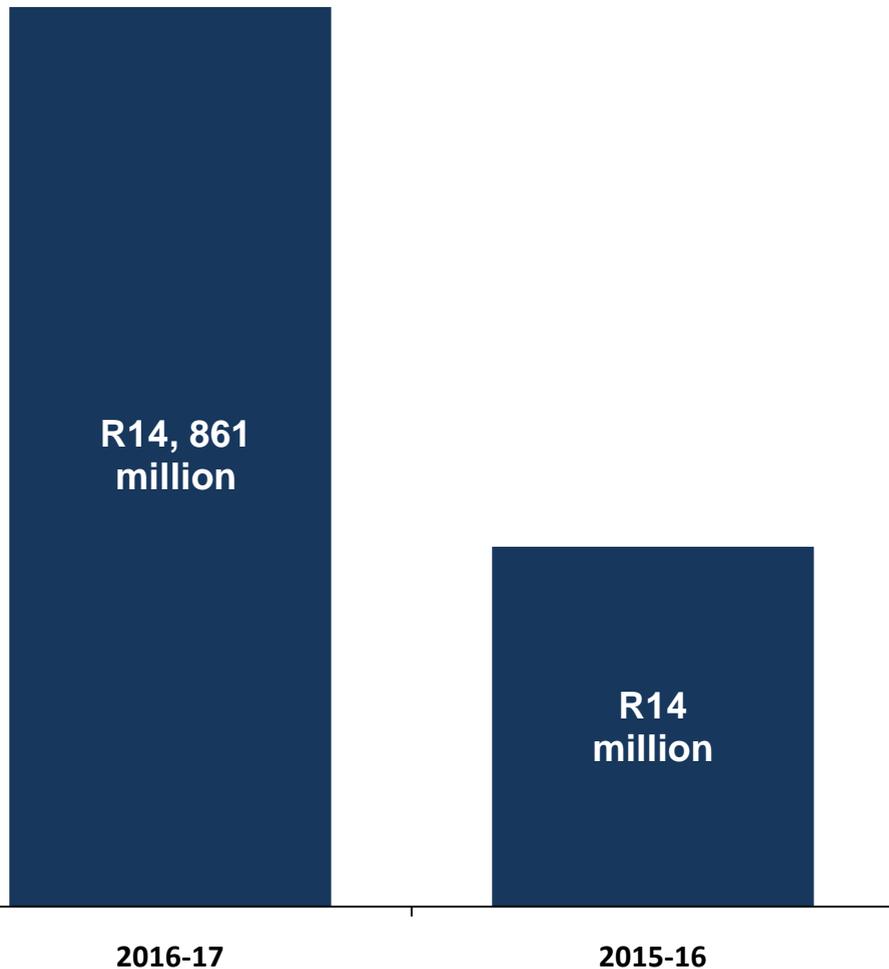
## Recommendations:

Management should continue with monitoring controls on all the focus areas in order to maintain an effective environment in terms of ISA.



# Unauthorised expenditure incurred

*Increase in unauthorised expenditure*



## *Nature*

- **One hundred percent** (100%) of the unauthorised expenditure was caused by overspending.

## *Main contributors to unauthorised expenditure*

- Depreciation and amortisation of assets;
- Employee costs.

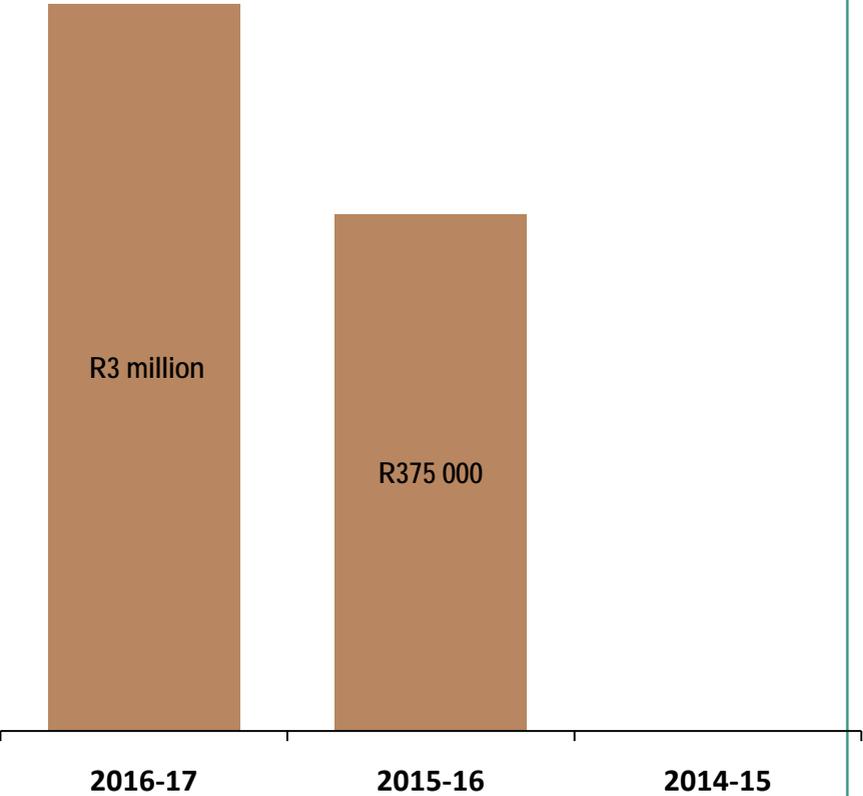
2015-16  
MFMA

- Identified by the auditees
- Identified during the audit



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# Irregular expenditure incurred



## Main areas of SCM non-compliance

- Non-compliance with procurement process requirements, as all (7) competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
- The above was due to a **lack of oversight** by senior management.

2016-17  
MFMA

- Identified by the auditees
- Identified during the audit



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# Key projects and value add

Project name	Contract value	Key observations and value add	Material findings
Optic Fibre – Midvaal project	R3 035 605	<ul style="list-style-type: none"> <li>Reported achievement relating to ICT objective in the annual performance report was adequately supported with reliable evidence, as Objective 9 - Corporate Services – Information Technology did not have material findings.</li> <li>Payments were made to service providers in terms of the arranged payment plan .</li> <li>Project planning was on track and no significant delays in the completion of the projects.</li> <li>Follow the money principal was followed on the projects.</li> </ul>	No material findings were noted.
Construction community sidewalks zone 14	R2 988 018		
Installation of street lights Zone 14	R2 191 134		



# Recommendations for improving internal control deficiencies

-  • A **less tolerant approach** by all parties, including those charged with governance and oversight, will result in accountability and consequences being enforced against those who intentionally fail to comply with legislation
-  • **Adequate time for planning** to allow proper monitoring of compliance with SCM processes and minimise extension of contracts, where possible
-  • Strengthen the **SCM control environment** by conducting regular training to improve skills and keep up-to-date with the latest developments – this will reduce possible irregular expenditure
-  • Submit **regular reports** to management and governance structures on compliance with key legislation
-  • **Corrective or disciplinary** action for misconduct
-  • Implement **processes** to ensure that performance reported is **accurate and complete**
-  • Focus on **preventing irregular expenditure and non-compliance** – these should be a key performance measure in all relevant official's contracts



# Emerging risks

## SA Standards of GRAP

- New SA Standards of GRAP to released and to be released are included in the Management Report and Finance Unit should implement measures with oversight from Governance structures

## mSCOA

- Timelines set by National Treasury was not met and adequate monitoring mechanisms should be implemented.



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Auditor-General of South Africa



3. MINUTES OF THE 33<sup>RD</sup> SPECIAL COUNCIL

**The Council unanimously resolved as indicated hereunder after which the Committee**

**RESOLVED**

THAT the minutes of the 33<sup>rd</sup> Special meeting of Council held on 17 November 2015, be confirmed.

8. **REPORTS OF THE MUNICIPAL MANAGER**

8.1 **ANNUAL REPORT: 2014/2015 FINANCIAL YEAR**

(5/1/1)(2013-2014)

**Office of the Municipal Manager**

(The Auditor General: Mr Mark Ambrose presented the report of the Auditor-General.)

**RESOLVED**

1. THAT the Annual Report: 2014/15, distributed under a separate cover as Annexure “A”, be noted.
2. THAT the Accounting Officer be authorized to submit the Annual Report 2014/15 to the SDM Municipal Public Accounts Committee, Provincial and National Treasury Departments and the Auditor General.

\* \* \* \* \*

8.2 **EXTENSION OF TERM OF OFFICE: AUDIT COMMITTEE**

**Office of the Municipal Manager**

**RESOLVED**

1. THAT it be noted that the term of office of the following members of the Audit Committee expired on 31 October 2015:
  - 1.1 Ms Mmathebe Moja;
  - 1.2 Mr Haroun Poochee;
  - 1.3 Mr Thabo Morabe; and
  - 1.4 Mr Johan Sittig.

2. THAT the term of office of the members of the Audit Committee referred to in (1) above be extended from 01 November 2015 to 31 October 2016.
3. THAT the Municipal Manager expedites the finalization of the appointment of a member skilled in Information Technology (IT).

\* \* \* \* \*

3. THAT the Municipal Manager expedites the finalization of the appointment of a member skilled in Information Technology (IT).

\* \* \* \* \*

**8.3 ADJUSTMENT ON COST OF LIVING FOR THE MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER: 2015/16 FINANCIAL YEAR**

(4/5/1)

Office of the Municipal Manager

(This report was discussed In-Committee)

**RESOLVED**

1. THAT the report on adjustment on cost of living (salary increases) of employees that fall outside of the ambit of the South African Local Government Bargaining Council (SALGBC), be noted.
2. THAT the salary increase of 7% be based on 60% of the total package, taking into consideration the associated increase within the pension fund contribution (22%) and group scheme (2%).
3. THAT the increase be awarded as of 01 July 2015 to the Municipal Manager and Section 57 employees as referred to in the report.

\* \* \* \* \*

**9. REPORTS OF THE AUDIT COMMITTEE**

**9.1 REPORT OF THE AUDIT COMMITTEE**

(3/2/3/2/2)

**Audit Committee**

(The Chairperson of Audit Committee: Mr Sidwell Mofokeng presented the report attached hereto as Annexure “1” (pages 1 - 7).

\*

**RESOLVED**

1. THAT it be noted that the Chairperson of the Audit Committee, Mr S Mofokeng addressed the Council on the activities undertaken by the said Committee for the period extending from May 2015 to December 2015.

2. THAT it be noted that the Chairperson referred to in (1) above, circulated a written report to the members of Council for consideration.
3. THAT the report referred to in (2) above, be hereby adopted for implementation.

\* \* \* \* \*

## Research Conducted for MPAC

1. Municipal Bank Accounts: Please confirm the banks used by the municipality, eg Main account, Investment account and savings account.

*For the 16/17 financial year, the municipality operated 4 banking accounts; 2 with ABSA and 2 with Standard Bank. The details are on the AFS under Note 9 "Cash and Cash Equivalents".*

*Currently for 17/18, the municipality has 4 bank accounts: 2 with Nedbank and 2 with Standard Bank. The ABSA accounts have been closed.*

*These accounts are all business cheque accounts for the municipality's main operations and for Licensing function. The municipality does not hold any investments, but from time to time, we do have short term call accounts where surplus cash (if available) are held on 32-day notice.*

2. Cash, Investments, Assets management.

Please confirm: Cash investments policy if it was reviewed or not and if it was tabled to council or not and was there any resolution of council.

*Yes, there a Cash & Investment Policy and it was reviewed at Council 22/02/2017 (A1579). I have attached it for your information.*

3. Audit Committee

Please confirm: Appointment of the Audit committee, its members and the council resolution.

*We can confirm that the Audit Committee has been appointed however, you will have to refer your query to the Office of the MM for the Council Resolution, the members and dates of appointment.*

4. Credit control and debt Control.

Was the any debt management policy reviewal and served before the council? when was it served and what was the resolution? Was there any dept reported during this financial year.

*Yes, there is a Policy for Revenue Management, Credit Control & Collection. Council adopted the policy on 08/06/2016 (A1532) and the annual review was tabled on 31/05/2017 (A1631). No department has been handed over for credit control during the 16/17 financial year (refer to AFS Note 7 "Receivables from Exchange Transactions")*