

1. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE(MPAC): OVERSIGHT COVER REPORT FOR 2020/2021 FINANCIAL YEAR

(3/P)

Office of the Speaker

PURPOSE

1. To present a final draft oversight report to the MPAC committee on the Annual Report for 2020/2021 financial year together with the management responses on issues emanating from the strategic meetings held for approval.

2. INTRODUCTION

Municipal Public Accounts Committee is established in terms of Sections 33 and 79 of the Municipal Structures Act, 1998 as a statutory committee of Council in respect of those statutory duties delegated to it in terms of Section 59 of the Systems Act and as a committee of Council in respect to all other duties delegated to it by Council.

The Committee is mandated to draft and table an oversight report for the financial year 2020/2021. The Annual report under review was noted in Council 132 on the 28 January 2022, and the committee has within 60 days to complete the oversight report, however an extension was granted by Council on the 134 ordinary meeting on to 30th March 2022 to finalize the oversight report by the 30th April 2022.

The MPAC committee had a meeting where the office of the Auditor General and Audit committee provided a briefing on the analysis with regard to the annual report for 2020/2021 year. The committee also conducted Senior Management hearings which were held on 23rd and 24th March 2022.

3. BACKGROUND

According to the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 as well as Circular No. 63 of the National Treasury the committee has been mandated to perform oversight on public accounts of the municipality. The 2020/2021 oversight report is to be tabled before the Council in order to state its comments on the Annual Report. In line with the legal prescripts, section 129 (1) states that:

“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 no 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 rejected the annual report; or*
- (c) has referred the annual report back for revision of those components that can be revised.”*

The preparation of the draft oversight report was guided by the framework and the committee’s Terms of Reference. These documents serve as guidelines outlining the work of the committee.

4. DISCUSSION

During Council in its 132nd sitting held on 28th January 2022, it was inter alia resolved as follows:

THAT the Draft Annual Report referred to in (1) above be referred to the Municipal Public Accounts Committee for further scrutiny.”

Accompanying this report is the MPAC minutes of the meetings as Annexure “A” Summary of audit report findings for questions to management and responses as Annexure ‘B’, Presentation by Auditor General as Annexure “C”, Presentation by Treasury Circular 63 as Annexure “D” pages 1-20 and lastly a presentation by audit committee as Annexure “E”.

5. FINANCIAL IMPLICATIONS

None

6. LEGAL AND CONSTITUTIONAL IMPLICATIONS

- Constitution of the Republic of South Africa Act No. 108 of 1996
- Local Government: Municipal Structures Act No. 117 of 1998
- Local Government: Municipal Systems Act No. 32 of 2000
- Local Government: Municipal Finance Management Act No. 56 of 2003
- Local Government: Municipal Finance Management Act No. 56 of 2003, Circular 63.

7. ALIGNMENT TO COUNCIL STRATEGIES

This report is aligned to the following strategies of the municipality:

- Effective management of Council Business
- Strengthening oversight and accountability

8. CONCLUSION

According to the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 as well as circular No.63 of the National Treasury the committee has been mandated to perform an oversight role on public accounts of the municipality.

9. RECOMMENDED

It is therefore recommended:

1. THAT Municipal Public Accounts Committee (MPAC) recommends to Council to adopt the Annual Report with the following reservations.
2. THAT the conditional grants be utilized for the sole purpose of what they are intended for and a progress report on title deeds grant of about 13 million be submitted in the ordinary council before the end of June 2022.
3. THAT the municipality recover irregular salary of Section 57 employees and follow consequence management and progress report must be submitted to council on quarterly basis for MPAC to play its oversight.

4. THAT the reporting of Section 71 Monthly reports be consolidated and be presented to council on quarterly basis as required by the legislation and failure to do so consequence management must apply.
5. THAT it be hereby approved that reporting on the misconduct with regard to financial misappropriation/misconduct such as fraud and corruption be continuously submitted to Council on a quarterly basis.
6. THAT the Municipality adhere to Supply Chain Management policies and ensure that internal vetting takes place before awarding tenders and non-adherence to that consequence management must take place after due process have been followed.
7. THAT the Municipality do employees skills audit and redeploy employees to the correct positions and also explore the option of early retirement for employees that are over 55 years, in order to deal with the institution bloated staff and lastly physical warm bodies verification to avert ghost employees. The report must be submitted to council before end of 2021/22 financial year.
8. THAT the MPAC be afforded an opportunity to do probity auditing before an appointment of Section 56 and 57 employees.
9. THAT the 166 tablets that were purchased with HIV/AIDS conditional grant be distributed to Councillors and employees at a fee for utilization in order to recoup money back to the grant and a progress report be submitted in the next council for the 12 missing tablets.
10. THAT the Progress report for underperforming clusters namely: TIE, Finance and Corporate services be presented in the next council and consequence management must be implemented immediately after council resolution.
11. THAT the recommendations of Mokhari report findings implementation by administration be submitted to Council before end June 2022 for approval, including the recovery on irregular expenditure of Mafoko Security, Modau Attorneys, etc.
12. THAT the circular 63 issued by National Treasury be approved as a guiding document when the Annual Report compilation takes place.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT

2020/2021

SEDIBENG DISTRICT MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEMBERS

- Clr Mahomed .JY (ANC) **Chairperson**
- Clr Buthongo. T (ANC)
- Clr Sefatsa. S (ANC)
- Clr Khoza. T (ANC)
- Clr Tlhokwe. T (DA)
- Clr Ramongalo. T (DA)
- Clr Thithika. I (EFF)
- Clr Lubbe. R (VF PLUS)
- Clr Kantso. M (PAC)

- Clr. Moipone. M Speaker of the council, serving in ex-officio capacity

FOREWORD BY CHAIRPERSON

The 2020/21 financial year marks the first (1) year during the political term in the sixth administration which has started since 01 July 2021 and it is important for council to note that this report immediately after the Annual Report was tabled to Council in January, the report was referred to MPAC for further scrutiny and present the oversight report to council after sixty (60) days in terms of sec 129 of the Municipal Finance Management Act. The MPAC committee members were deployed to this important committee of council in the same Council of 26th of January 2022 with a clear mandate that this committee will play oversight over the executive in terms of its terms of references adopted by Sedibeng district Council.

The office of the Auditor General also presented its outcome and findings on the performance and the financial performance of the municipality on the 26 of January 2022. Sedibeng continue to receive the same outcome with slightly redress on matters of emphasis on the predetermined objectives/ performance and weaknesses on the three layers of assurance providers in playing oversight role over the executive. I must indicate to this august body that even though the committee was not fully capacitated and familiarised with its work, due to a level of commitment and dedication that has helped the committee to go down to the business of the day.

As this committee derive its mandate from the constitution of the republic of South Africa and other pieces of legislation, its sole purpose is that of enhancing democracy and create an environment in which accountability and transparency thrives. Democracy has its fundamental principles which are that government is responsible and must account to the public on its engagement in as far as service delivery and any matters of public interest. MPACs exist to assist Council to hold the executive or municipal entities to account, and to ensure the efficient and effective use of municipal resources and the public purse.

Functions of oversight committees are

- 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.
- 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.

Functions of accountability include amongst the following:

- To enable the public to judge the performance of the government by the government, giving account in public.
- 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.

Legal Framework

Every committee of Council 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 no 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 stakeholder meeting in a form of strategic session with the office of the Auditor General, Audit committee, Treasury were invited to present before the committee its findings as part of support to the committee. The three (3) days strategic session was convened from the 19- 20th March 2022 to solicit information on the findings in order to be able to work on the draft questions to senior management for 2020/21 financial year. It must be noted by council that indeed these engagements are a necessity as they deepen and shape our thinking and understanding our democracy and its challenges.

Committee Meetings

The MPAC convened a meeting on the 17th and 18th of February 2022, 23rd and 24th March 2022 and lastly 5th and 7th April 2022 to work on the preliminary oversight report draft and to develop a process plan as to how these meetings will be conducted and chapters as outlined in the Annual Report were assigned to individual councilors assisted by the staff on technical areas from the office of the Speaker.

Capacity Building

Members of the MPAC attended a nationwide local government training which took a week and the training was conducted by SALGA throughout the country from the 17th to 21st January 2022. We anticipate to receive other forms of training more special on how to interpret and analyze finances of the institution and conduct oversight on the performance of the municipality.

Unfunded Budget

The municipality has been approving unfunded budget for the past three conservative years and is faced with possible deficit of 22 million in this current financial year and this must be addressed with treasury by reviving the district powers and functions, developing a financial recovery plan and put austerity measures to prevent irregular, Fruitless and Wasteful Expenditure. Over and above Auditor General's findings are concurring from year to year without any correction measure been put on place.

Conclusion

The success in delivering a credible report to Council by the committee rest with the support given the office of the Speaker and the council. As the committee of council we did experience some challenges in relation to receiving some responses from management as the situation of the municipality has not been stable in relation to acting of senior managers and officials responsible for the responses.

Finally, I wish to congratulate the commitment, the unity and contribution made by the committee members and the support that we got from Speakers office.

Towards enhanced service delivery and financial accountability

Clr Y. Mohamed

MPAC Chairperson

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RECOMMENDATION

GLOSSARY

AFS	-	Annual Financial Statements
AG	-	Auditor General
ANC	-	African National Congress
APAC	-	Association of Public Accounts Committees
EFF	-	Economic Freedom Fighters
NH	-	New Horizon
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 2020/21 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 led by the acting Municipal Manager were invited before the committee as part of the committee's Terms of References adopted by the council and the dates for these meeting were held at Council chamber on the 07th and 08th of March 2022. 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 National and Provincial Treasury in assisting local government when performing its oversight work.

2 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 - Minutes of the meetings of the Municipal Public Accounts Committee
- Annexure B - Summary of Audit Report findings for Questions to Management and Responses
- Annexure C - Presentation by Auditor General
- Annexure D - Presentation by Treasury Circular 63
- Annexure E - Presentation by Audit Committee

3 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
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)(M SA)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	Attend meetings to respond to questions	S129(2)(a)	Accounting Officer	Complied

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Compliance
held to discuss the annual report	concerning		of municipality and entity	
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

The oversight report as attached contains the following key aspects:

4.1. Integrated Development Plan

Was the IDP tabled before the council? Yes

The Process Methodology

The current IDP 2020/21 was reviewed in line with the Sedibeng Growth and Development Strategy two (2) (SGDS 2), Five-year IDP 2022 /26 will be developed in line with the National Development Plan and Gauteng TMR.

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 2021/22. 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 2020/21 financial year as follows;

After the adoption of the IDP 2021/22 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 the Sedibeng IDP.

MEC COMMENTS	Response
<p>REGULATORY ENVIRONMENT</p> <p>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.</p> <p>This was confirmed earlier this by the Back to basics report produced by Gauteng COGTA .To address these challenges ,the provincial government has</p>	<p>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.</p> <p>The initiative by COGTA will assist SDM in finalizing the By- law promulgation for the region.</p>

<p>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>SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</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>GOOD GOVERNANCE</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</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</p>

<p>as well as evaluation.</p> <p>As advocated by the Gauteng Premier, Honorable Makhura and in line ideals of active citizenry, it is important the District Municipality of jurisdiction capacitates civil society structure within its respective area</p>	<p>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 and Mdvaal 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>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 Mdvaal Municipalities. SDM has effective policies and procedures that 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>SPATIAL PLANNING</p> <p>With regards to the District's spatial planning framework, it is worth highlighting that there is a need for greater</p>	<p>The SDM SDF that was approved in 2015 and which is currently in operation indicates cross boundary areas (integration zones). These</p>

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.

are areas which are shared by SDM and three neighboring municipalities namely Metsimaholo, Ekurhuleni and City of Johannesburg.

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.

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.

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.

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.

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 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.

The Sedibeng District Municipality is further urged to explore the applicability of other mechanisms for environmental management as outline in the (Gauteng

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>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 at 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"> - Does the municipality have Waste Management control e.g. dumping sites around cities and township? - The area is not protected from environmental and health damages caused by the big industrial companies in the area. - 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 	<ul style="list-style-type: none"> - Green Economy funding is available one can with business Plans they may not be perfect. - The Provincial Government has come up with the industrial revitalization program the program is starting with residential industrial site. - The Development of Sedibeng District's Illegal Dumping Management Strategy, recommended in the revised and updated Integrated Waste Management Plan (IWMIP version 2013/14) will address the issue around illegal dumping. The strategy focuses on the following; <ul style="list-style-type: none"> • Revise/update by-laws and implement punitive measures for transgressors • Create community awareness whereby a community watch

	<p>movement is implemented</p> <ul style="list-style-type: none"> • Provide accessible refuse skips at strategic locations Focus on illegal dumping hotspots mainly. <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"> • 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. • 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

	<p>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.</p> <ul style="list-style-type: none"> • 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. <p>The Sports Plan is 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"> • 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 • 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.

	<ul style="list-style-type: none"> • Gender and Women programmes facilitated, Men’s forum work hops held to highlight the scourge on Domestic violence was facilitated by Men Engage Sonke Gender Justice Network • Family Law trainings to educate on Inheritances, property issues, protection order, marriages, divorces, maintenances, child abuse are conducted.
<p>A concern Initiations Schools Programmes that operating within the government legislations and municipal by laws.</p>	<p>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</p>
<ul style="list-style-type: none"> - Criteria used for both Local and District Mayoral Awards and Bursaries funds allocations. - Dept of Education, Sedibeng East:- 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. 	<p>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.</p>
<p>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>	<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 achieve infrastructure targets, and mobilize public and private funding sources for capital and recurrent expenditure.</p>
<ul style="list-style-type: none"> - Spatial Planning: Sedibeng should develop a Master Plan that will link us with the Provincial corridors Provincial corridors - Time consuming on land use applications delays development 	<ul style="list-style-type: none"> - SDF is in line with Gauteng 2055 concept therefore addresses Southern corridor issues. Agro processing, agriculture, tourism, logistic hub etc. - SPLUMA implementation will address such issues through 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.
<p>EPWP & CWP are they a form of skill transfer or job</p>	<ul style="list-style-type: none"> - Sector departments where EPWP & CWP participants

<p>creation. Is there an exit strategy?</p>	<p>are training are requested to absorb them after termination of contract.</p> <ul style="list-style-type: none"> - EPWP & CWP are both temporary employment. - Sedibeng has considered a form of partnership with institutions like North West University for skills transfer
<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 & 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"> - A request should be submitted to Department of Arts & Culture for utilization of Boipatong Monument. Alfred Bitini Xuma in Wilberforce Institute -

<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"> - Tourism practitioners were involved through the stakeholder engagement meetings and were further referred to our sister cluster SRAC director. - In order to address the viability of Township Tourism an RTO was formulated to involve relevant stakeholders boost local Tourism. - Meetings have been held with the stakeholders and communities. Funding to be sourced for the monument. Design and implementation plan to follow.
<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 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>
<p>There have been a lot of robberies occurrences in Vereeniging and Vanderbijlpark areas and budget for safety needs to be a priority all spheres of government.</p> <p>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.</p>	<p>Effective joint planning initiatives to be undertaken towards deployment of resources and enhanced visible policing.</p> <p>Refer to the Integrated Waste Management Plan of the Sedibeng District which clearly describes the roles of the SDM and Local municipalities.</p> <p>The Boitsepi landfill site is a licensed site and needs to manage in</p>

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

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.

4.3 Service Tariffs

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

Only mirror tariffs such as parking fees, townhall rentals etc. forms part of the budget and are published.

4.4. Auditor General's Report

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Sedibeng District Municipality set out on pages 24 to 35, which comprise the appropriation statement, statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 04 of 2020 (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' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 35 to the financial statements, which indicates that the municipality incurred a net loss of R27 213 606 during the year ended 30 June 2021 and, as of that date the municipality's current liabilities exceeded its current assets by R225 305 145. As stated in note 35, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Significant uncertainties

10. With reference to note 33 to the financial statement, the municipality is the defendant in various lawsuits. The ultimate outcome of the matters cannot be presently determined and no provision for any liability that may result has been made in the financial statements.

Other matter

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

Unaudited disclosure notes

12. 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

13. 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 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.
14. 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 the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

17. In accordance with the Public Audit Act 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 key performance area presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.
18. I was engaged to evaluate 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 key performance area presented in the annual performance report of the municipality for the year ended 30 June 2021:

Key performance area	Pages in the annual performance report
KPA - Transport, Infrastructure and Environment	x – x

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance 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 on the usefulness and reliability of the performance information of the selected key performance area are as follows:

KPA - Transport, Infrastructure and Environment

Number of Regional Infrastructure Projects Monitored

21. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement for the indicator. This was due to a lack of measurement definitions and processes. I was unable to test whether the indicator was well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievement of monitored implementation of one regional infrastructure project and report bi-annually.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement 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 paragraph 22 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Transport, Infrastructure and Environment. As management subsequently corrected only some of the misstatements, I raised 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

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

26. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment, commitments and contingent assets identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Asset management

28. An effective system of internal control for assets including an asset register was not in place, as required by section 63(2)(c) of the MFMA.

Strategic planning and performance management

29. The performance management system and related controls were inadequate as it did not describe how the performance planning monitoring, measurement and reporting should be conducted, as required by municipal planning and performance management regulation 7(1).

Utilisation of conditional grants

30. Performance in respect of programmes funded by the schedule 5 grants were not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 4 of 2020).

Expenditure management

31. Reasonable steps were not taken to prevent irregular expenditure amounting to R38 006 980 as disclosed in note 39 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the Supply Chain Management processes.
32. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R22 238 633, as disclosed in note 37 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by inadequate budgeting processes.

Procurement and contract management

33. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by Supply Chain Management Regulation 17(1)(a) and (c).
34. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.
35. Some of the quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.
36. Sufficient appropriate audit evidence could not be obtained that some of the contracts were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

37. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
38. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.
39. Sufficient appropriate audit evidence could not be obtained that some of the contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5. Similar limitation was also reported in the prior year.
40. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
41. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Consequence management

42. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
43. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

44. 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 and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.
45. 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 on it.
46. 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 key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
47. When I do receive and read the report of the accounting officer, 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

48. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

49. The accounting officer did not exercise adequate oversight responsibility regarding financial reporting, performance reporting and compliance with laws and regulations and implementation of consequence management for poor performance and transgressions

50. Senior management did not ensure that adequate controls were in place over the preparation of accurate and complete financial, performance reporting and there was inadequate review of reports which resulted in repeat audit findings. In addition, action plans that were developed were not monitored regularly by management to ensure that they have been adequately implemented

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 key performance area 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 this 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 relating to events or conditions that may cast significant doubt on the ability of the Sedibeng District Municipality's 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 my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

4.5. 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 Mayors foreword will need to be filled in terms of the information. The draft annual report was tabled on time at the end of August 2022 as per the requirement. The format and the content were followed even though not to the latter. The draft Annual Report was tabled from the 31th August 2022 which the municipality did comply.

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 Report of the financial statements; Disclosure on government grants; as well as disclosure on councillors.

4.6. 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.

4.7. 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 31th August 2022 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.

4.8. 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.

4.9. CFO's response to Auditor General Report and corrective measures taken

The information will be filled once the findings of the Auditor General are out.

4.10. Municipal Bank Account

The council is using a main account which is NEDBANK and caller account with NEDBANK where the municipality uses it for savings and accumulation of interest.

4.11. Cash, Investments, and Asset Management

Cash investment policy was reviewed and tabled to council during Council 75 - 2014-05-28 as council resolution A1329 and A1330.

4.12. Debt Register

Debt register was taken care during the financial year 2021/22 financial year.

4.13. 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.

4.14. Audit Committee

Audit committee has been appointed, and in terms of their reports this committee is functional. The committee has the following members in place;

Members appointed are

-Mrs T. Jaxa

-Mr Sidwell Mofokeng

-Mrs. T. Mbja

-Mrs T. Socatsha

The Audit Committee has responsibly exercised its role to provide oversight on the Municipality's control, governance and risk management. Furthermore, the Committee has provided the Accounting Officer and Council with independent counsel, advice and direction. After the term has expired a new audit committee was appointed by the municipality to take over from the previous committee. The charter amongst others specifies measures with regard to risks and it also specifies the role of the internal audit committee. The audit committee is functional and its meetings are convened as per scheduled.

4.15. 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 take place 30 days after the end of the financial year.

4.16. Internal Audit Function

The Sedibeng district Municipality has established internal audit unit but employed a staff to coordinate and organise the day to day running and it has stopped outsourcing these services as it normally happened before. Reports are compiled and forwarded to Audit Committee and the office of the Municipal Manager.

4.17. Credit control and debt control

Debt Management Policy with Council Resolution A1329, taken 28 May 2014 at 75th Council meeting. No debt reported during the financial year under review.

4.18. Audit Queries

The committee will look beyond what the Auditor General will raise as a root cause and perform its oversight accordingly in improving and sustaining the current outcome expressed by the office of the Auditor General for the financial year

5. CONCLUSION

The Annual Report for the financial year 2021/22 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 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 advice the municipality to consider and implement the comments made by Provincial stakeholders as part of enhancing quality reporting. Inviting few clusters was as a result of improvements by other cluster which the committee applauds and wishes that all departments will follow suit in future.

RECOMMENDED

Municipal Public Accounts Committee (MPAC) recommends to Council to adopt the Annual Report with the following:

- a) THAT the conditional grants be utilized for the sole purpose of what they are intended for and a progress report on title deeds grant of about 13 million be submitted in the ordinary council before the end of June 2022.
- b) THAT the municipality recover irregular salary of Section 56 and 57 employees and follow consequence management and progress report must be submitted to council on quarterly basis for MPAC to play its oversight.
- c) THAT the reporting of Section 71 Monthly reports be consolidated and be presented to council on quarterly basis as required by the legislation and failure to do so consequence management must apply.
- d) THAT it be hereby approved that reporting on the misconduct with regard to financial misappropriation/misconduct such as fraud and corruption be continuously submitted to Council on a quarterly basis.
- e) THAT the Municipality adhere to Supply Chain Management policies and ensure that internal vetting takes place before awarding tenders and non-adherence to that consequence management must take place after due process have been followed.
- f) THAT the Municipality do employees skills audit and redeploy employees to the correct positions and also explore the option of early retirement for employees that are over 55 years, in order to deal with the institution bloated staff and lastly physical warm bodies verification to avert ghost employees. The report must be submitted to council before end of 2021/22 financial year.
- g) THAT the MPAC be afforded an opportunity to do probity auditing before an appointment of Section 56 and 57 employees.
- h) THAT the 166 tablets that were purchased with HIV/AIDS conditional grant be distributed to Councillors and employees at a fee for utilization in order to recoup money back to the grant and a progress report be submitted in the next council for the 12 missing tablets.
- i) THAT the Progress report for underperforming clusters namely: TIE, Finance and Corporate services be presented in the next council and consequence management must be implemented immediately after council resolution.
- j) THAT the recommendations of Mokhari report findings implementation by administration be submitted to Council before end June 2022 for approval, including the recovery on irregular expenditure of Mafoko Security, Modau Attorneys, etc.
- k) THAT the circular 63 issued by National Treasury be approved as a guiding document when the Annual Report compilation takes place.
- l) THAT the MPAC Draft Oversight Report be adopted by council without reservations.

