

EXTRACT OF THE MINUTES OF THE 115th COUNCIL MEETING HELD ON 29 MARCH 2019

"9.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): OVERSIGHT REPORT ON THE ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

(3/P)

Office of the Speaker

RESOLVED

1. 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.
2. THAT the Municipal Manager provides MPAC with the Action Plan for monitoring and Oversight purposes.
3. THAT the Quarterly Reporting to Council by Audit Committee (through Chairperson or delegated member of Committee) be a standard agenda item every quarter.
4. THAT the Senior Management be delegated to develop a policy on Allowances for VIP Protection members in order to address the Overtime remunerations and its financial implications to the municipality.
5. THAT the developed Overtime Policy for VIP Protectors be tabled before Council by end of May 2019, in the absence of the policy no overtime to be paid and Basic Conditions of Employment Act (BCEA) to take precedence.
6. THAT a Draft Reviewed Policy on the Sabbatical Leave be tabled before Council by the end of May 2019 for approval, in the absence of such policy no leave to be approved by Council.
7. THAT the Accounting Officer presents a progress report to address all unfunded mandates and their implications to the resources of the municipality by May 2019.
8. THAT the Executive and the Accounting Officer pursue the engagement with Gauteng Department of Transport and Local Municipalities to reach consensus on the Agency Fee paid to our Municipality and the state of our Licensing Offices, and present a final progress report by end of June 2019.
9. THAT the Executive Mayor table all quarterly Performance Reports to Council on time as per Section 52(d) and Section 54(1) of the Municipal Finance Management Act No 56 /2003 in compliance to the provisions of Sec 71 & Sec 72, failure to do so consequence management be enforced by Council.
10. THAT the Speaker and the Chairperson of the Municipal Public Accounts Committee (MPAC) meet to discuss the budget and the financial position of the said Committee."

* * * * *

It is hereby certified that this is a true extract from the minutes of a meeting of the Sedibeng District Municipality.

Council held on: 29/03/2019
Signed by: [Signature]
Designation: [Signature] Corporate Comm

8.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): OVERSIGHT REPORT ON THE ANNUAL REPORT FOR 2017/18 FINANCIAL YEAR

(3/P)

Office of the Speaker

1. PURPOSE

To present before Council, a draft oversight report on the Annual Report for 2017/18 Financial Year for adoption.

2. INTRODUCTION

The Council's oversight function is one of the cornerstones of democracy and an indicator of good governance. Oversight is a key function of governance that is aimed at ensuring that activities are implemented as planned by providing strategic direction to principal recipients, ensuring policies and procedures are met, instituting final controls (including independent audits), and following through with key recommendations. The oversight concept encompasses many aspects which include political, administrative, financial, ethical, legal and strategic elements. Therefore, the core function of oversight is to ensure that resources are used efficiently and effectively for the benefit of the country.

Legislatures exercise their oversight prerogative based upon the existence of a legal framework that guarantees their powers and independence within the political system. Oversight detects and prevents abuse, illegal and unconstitutional conduct by the executive authority and public agencies. At its core, the oversight function aims to protect the rights and liberty of citizens.

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 committee after interrogating and engaged with stakeholders resolved that **option (a) of the below mentioned statements as per legislation**. 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 is guided by the framework and the committee's Terms of Reference. These documents serve as guidelines in outlining the work of the committee. And also in the process of concluding this exercise a new reporting template issued by the National Treasury has been of great assistant.

4. DISCUSSIONS

The Annual Report Final Draft was tabled before Council on 31 January 2019 and after it was referred to MPAC for the Committee to play its oversight and submit the report after 60 days in terms of section 127/129 of the municipal finance management act. Stakeholders briefing was held on 21-22 February 2019 prior the two days strategic session with the provincial stakeholders such as; COGTA, Office of the Auditor General and Provincial Treasury.

The purpose of convening these meetings was to solicit information that will be useful towards developing an oversight report. From the 06 to 08 of March 2019, the Committee had interrogated different documents which led to the development of the draft oversight report. Municipal Public Account Committee invited the Municipal as Accounting Officer to clarify the Committee on areas of importance and other grey matters which were not part of the scope of the Auditor General. These issues were raised for the purpose of addressing few things on the Annual Report as the outcome came as clean with no matters.

5. FINANCIAL IMPLICATIONS

The activities of the MPAC were financed through the Speakers Vote Number: 31222260600EQP12ZZHO.

6. LEGAL AND CONSTITUTIONAL IMPLICATIONS

- Constitution of the Republic of South Africa, 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, and Circular 63.

7. ALIGNMENT WITH COUNCIL STRATEGIES

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

- Effective management of Council Business
- Strengthening oversight and accountability

8. CONCLUSION

When conducting oversight, oversight bodies should uphold the principles of cooperative governance and intergovernmental relations. Organs of state must perform their functions in a manner that does not encroach on the terrain and functional integrity of governance in another organ of state. The Local Government have evolved and grown tremendously in 20 years of democracy. Oversight structures are continuously monitored and revised as we learn from best practice, including our own experience over the last 20 years of democracy.

Public accountability and transparency are indispensable pillars of good governance which build public confidence.

9. RECOMMENDATIONS

It is therefore recommended that:

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

- 9.1 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.
- 9.2 THAT the Municipal Manager provides MPAC with the Action Plan for monitoring and Oversight purposes.
- 9.3 THAT the Quarterly Reporting to Council by Audit Committee (through Chairperson or delegated member of Committee) be a standard agenda item every quarter.
- 9.4 THAT during the coming Financial Budgeting process, MPAC be allocated a specific Vote number and budget that will enhance the work of the Committee.
- 9.5 THAT the Senior Management be delegated to develop a policy on Allowances for VIP Protection members in order to address the Overtime remunerations and its financial implications to the municipality.
- 9.6 THAT the developed Overtime Policy for VIP Protectors be tabled before Council by end of May 2019, in the absence of the policy no overtime to be paid and Basic Conditions of Employment Act (BCEA) to take precedence.
- 9.7 THAT a Draft Reviewed Policy on the Sabbatical Leave be tabled before Council by the end of May 2019 for approval, in the absence of such policy no leave to be approved by Council.
- 9.8 THAT the Accounting Officer presents a progress report to address all unfunded mandates and their implications to the resources of the municipality by May 2019.
- 9.9 THAT the Executive and the Accounting Officer pursue the engagement with Gauteng Department of Transport and Local Municipalities to reach consensus on the Agency Fee paid to our Municipality and the state of our Licensing Offices, and present a final progress report by end of June 2019.
- 9.10 THAT the Executive Mayor table all quarterly Performance Reports to Council on time as per Section 52(d) and Section 54(1) of the Municipal Finance Management Act No 56 /2003 in compliance to the provisions of Sec 71 & Sec 72, failure to do so consequence management be enforced by Council.

10. ANNEXURES

Attached to this report are the following Annexures:

- Annexure A - Questions compiled for the Senior Management
- Annexure B- Presentation by Treasury
- Annexure C- Presentation by COGTA
- Annexure D- Presentation by Audit Committee
- Annexure E- Management Responses
- Annexure F- AG's Report 2017/18

SEDIBENG DISTRICT MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT

2017/2018

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEMBERS

- Cllr Mochawe S (ANC) - **Chairperson**
- Cllr Mahlase K (ANC)
- Cllr Ntutu JV (ANC)
- Cllr Mkhwanazi O (ANC)
- Cllr Sinyanya SS (ANC)
- Cllr Machitje LM (EFF)
- Cllr Maraka TP (DA)
- Cllr Jones RF (DA)
- Cllr Masisa L (AIC)
- Cllr Hoffman JJ (VF+)

Gomba MM - Speaker of the council, serving in ex-officio capacity

FOREWORD BY CHAIRPERSON

The 2017/18 Financial Year marks the second Oversight Report during this political term which has started in August 2016, and it is important for Council to note that this report comes immediately after the office of the Auditor General has released the Findings on the Performance of the Institution. It is highly important to mention that the municipality received the same Performance Outcomes, namely Unqualified Opinion with matters of emphasis on the Predetermined Objectives. 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 Municipal Public Accounts Committee as a Committee of Council established in terms of Section 79(1)(a)(b) of the Municipal Structures Act (Act 117 of 1998) is intended to assist Council to hold the Executive and municipality Administration or municipal entities to account for their implementation of municipal policies and budget by ensuring the efficient and effective use of municipal resources. Therefore, MPAC becomes the most important Council Committee to Review the municipal Annual Report with specific focus on the report of the Auditor General, and to develop the Recommendations on improvement of municipal financial administration.

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 to those Council Committees when performing its oversight work. The annual oversight report 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 rejected 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, namely Corporative Governance and Traditional Affairs (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 2017/18 financial year convened on 20th -21st February 2019. These meetings afforded our stakeholders an opportunity to present their assessment, evaluations and recommendations 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 by Council that indeed these engagements are a necessity as they deepen our democracy by promoting good governance and accountability to the public, while empowering MPAC Members on technical knowledge they so highly need in performing their responsibilities.

Committee Meetings

The MPAC convened a Strategic Meeting in a form of Hearings on the 06th – 08th March 2019 to work on the Oversight Report, by first engaging the Senior Management by inviting the Members of Mayoral Committees and their Executive Directors through scheduled meetings.

Considering the audit findings and the relevant Clusters and Offices implicated, the Committee had thorough engagements with them through Questions presented to them before hand, their formal presentations in response to questions, and follow ups made during the sessions. The Offices of the Executive Mayor, the Municipal Manager, Audit Committee, Finance Department, Strategic Planning and Economic Development, Community Services, Corporate Services and Transport Infrastructure and Environment Clusters were the ones invited as most of the findings were talking to their functions. These are Clusters and Offices that have regressed in performance leading to overall regression of the Institution. The hearings also focused on the past findings and tracking of past Council resolutions which were not fully implemented, and recurring findings. The Committee then concluded the last day by convening a Committee sitting which looked into the compiled report, recommendations to Council and adoption of the Committee Report for tabling to Council.

Capacity Building

Municipal Public Accounts Committee on the 20th – 21st February 2019 convened a two day Strategic Session whereby our provincial Stakeholders namely, AG, COGTA and Treasury presented on the roles and functions of the Committee. It was an empowerment program 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 efficiently was as a result of the commitment of these dedicated members and Officials. As the committee of council under the guidance of the Speaker we 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 Office of the Speaker gave to this committee since from 2016.

Towards enhanced service delivery and financial accountability

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 2017/18 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, Community Services, TIE, Finance, SPED and Offices of the Municipal Manager, the Executive Mayor and Audit Committee were invited by the Committee as part of the Committee's Terms of References adopted by the Council. 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.

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, and Agendas of the Strategic Sessions convened
- Annexure B - Questions compiled for the Senior Management
- Annexure C- Presentation by Auditor General
- Annexure D- Presentation by Treasury
- Annexure E- Presentation by COGTA
- Annexure F- Presentation by Audit Committee
- Annexure G- Management Responses
- Annexure H- AG's Report 2016/17

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 | S131(1) | Municipal Manager. Mayor must ensure | Complied |

| Prescribed Dates | Actions | MFMA (MSA) | Responsibility of | Compliance |
|---|--|----------------------------|---|---|
| | and include these in annual report. Provide copy of report to Audit Committee | | compliance by municipality | |
| 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. |

| Prescribed Dates | Actions | MFMA (MSA) | Responsibility of | Compliance |
|---|---|-------------|---|---|
| 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 |

4. OVERSIGHT FRAMEWORK (report)

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 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 Audit Committee and Auditor General's reports that were presented before Council and how Clusters could not achieve targets set during the Financial Year 2017/18. 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 2017/18 financial year, the Sedibeng District Municipality submitted its five year IDP to the MEC for Local government for comments. Below are the comments from the MEC of Local Government and Housing on the Sedibeng IDP.

| MEC Comments | Municipal Departmental Response |
|--|---|
| <p>SPATIAL DEVELOPMENT PLANNING:-Nodal Priorities are identified inclusive of characteristics and guidelines for future development and investment. It should be indicated how areas that is suitable for affordable housing development is linked to these nodal priorities and LED .</p> | <ol style="list-style-type: none"> 1. SDF has delineated a conurbation area whereby infill developments and high density uses will be promoted. This is in aid of establishing Transit Oriented Developments that will trigger further development investments and consequently have a ripple effect on the economy of the region. 2. The conurbation is situated in-between the four (4)strategic nodes which are the Meyerton, Sebokeng, Vanderbijlpark and Vereeniging. There are currently social housing projects taking place in this area and the agglomeration of mixed use developments will ensure that the people are brought closer to economic and social opportunities. |
| <ol style="list-style-type: none"> 1. An Integrated Waste Management Plan is critical to address and manage issues including sewerage spillage and to provide for waste management services. 2. Biodiversity Plan is critical to protect the areas of importance, ecological support areas, irreplaceable areas and to protect red listed species, 3. It is further critical to protect places of natural conservation such-as the nature reserves (Suikerbosrand), ridges, | <p>The Municipality has developed Integrated Waste Management Plan in 2014 and also looking forward in leveraging resources to develop Bioregional Plan to address biodiversity matters.</p> <p>The Municipality is collaborating with DEA to develop the VTAPA AQMP. The Municipality with customise their own AQMP FROM VTAPA</p> |

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| <p>dolomite and wetlands.</p> <p>4. The Air Quality Management Plan is critical to help mitigate the effects of climate change and it is recommended that the District approach GDARD for assistance in monitoring emissions within the municipality.</p> <p>5. The District is also strongly encouraged to develop the following plans –</p> <ul style="list-style-type: none"> •Air Quality Management Plan, •Integrated Waste Management Plan and •Biodiversity Management Plan | <p>one.</p> |
| <p>FINANCIAL VIABILITY</p> <ul style="list-style-type: none"> ● The municipality has no cash-backed reserves in order to cover the cash shortfall. ● The cost coverage ratio of the municipality across the Medium Term Revenue Expenditure Framework (MTREF) is projected at 0.0 months for the budget year which indicates a severe negative liquidity position. ● For the 2017/18 final budget, the credibility of the budget was mostly negatively affected by the cash deficit budgeting which will require the District to undertake a short-term loan in the year to meet operational requirements. ● The budget therefore does not fully meet the requirements of Section 18 of the MFMA. ● Current revenue streams have been able to ensure the survival of the municipality. However, as a result of escalating employee costs (above CPI) and inadequate increases in the equitable share have resulted in the municipal reserves becoming depleted. <p>The total employee costs represent 65.6 percent of the total operational expenditure budget and 69.46 percent of the total operating revenue budget. It has been indicated in the budget narratives that the municipality has to cover part of the employee increase</p> | <p>The municipality is fully aware of their current restricted resources, and with the limited anticipated revenue streams forecast for 2018/2019, the municipality does not have the capability to turnaround the existing financial challenges within a single financial period. The municipality has stressed at several multilateral Organs of State forums that the existing municipal staff structure is currently consuming approximately 75% of the total municipal revenue.</p> <p>The municipality is consistently funding functions and service delivery programmes outside of the municipality’s Schedule 4 & 5 constitutional mandates with no cross-subsidization. Furthermore, the current equitable share formula does not adequately provide for the replacement of the former RSC Levies as the current formula does not take into account the annual CPI and collective bargaining escalations, which both have a contributory influence on the operational costs of the municipality.</p> <p>The municipality has earnestly begun applying the cost containment measures of MFMA Circular 82, however, with no real tangible changes in the core revenue-generating functions of the municipality through redressing the allocation of local government powers and functions as per section 84 of the Municipal</p> |

| | |
|--|--|
| requirements by reducing some expenditure. | Structures Act, 117 of 1998. The problem is further perpetuated by a burgeoning staff structure without the application of a scientific study into the existing capacity, skills and expertise of the municipal human resources. The municipality will need to seek out the support of provincial or national COGTA in undertaking a structural study and skills audit prior to addressing the capacity shortages of the municipality |
|--|--|

4.3. Service Tariffs

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

4.4. Auditor General's Report Opinion

Please refer to the attached Annexure "H"

4.5. Annual Report.

There was a general compliance with regard to Reporting Template even though there is still under reporting by other Clusters. The Draft Annual Report was tabled on time on the 29th August 2018 as per the requirement. The format and the content were followed.

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.

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 29th August 2018 was as a result of the integrated assessments by all clusters. It was identified by the current Senior Management that the challenge with the electronic performance management system used then was that it was not SMART in capturing the performance visa vie the SDBIPS adopted by Council, so a new performance system was adopted. It must be reported that the audit process found some grey areas in the system too and recommended to Management to improve it. According to Senior Management during their Retreat assisted by Cogta and inputs from AG's Office and Treasury the current system has been improved for immediate use moving forward. 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. Circulars 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 is attached as Annexure L

4.10. Municipal Bank Account

For the year 2017/18 Financial Year the municipality operated 2 Banking Accounts; 1 with Nedbank and 1 with Standard Bank. The details are on the AFS under Note 9 "Cash and Cash Equivalents".

4.11 Cash, Investment, Assets Management.

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

4.12. Debt Register

Debt register was taken care during the financial year 2017/18 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 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 2017/18 financial year;

Members appointed are:

-Mr. Johan Sitting – April 2014

-Mr. Haroun Pouchee – September 2014.

-Mr. S Mofokeng – has been acting as Chairperson from May 2014 to 2018

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 having internal controls to ensure that processes on procurements are undertaken properly, but due to the Audit Committee which was appointed late and that approved the Audit Plan very late, the controls were not effective in improving the performance.

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.

4.16. Internal Audit Function

The Internal Audit Committee is outsourced to a firm called Grant Thornton. The Sedibeng District Municipality did 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. The arrangement was found not to be effective in assisting the municipality to improve its

performance, and the Accounting Officer has confirmed the employment of Chief Accountant and future employment of support staff to man the Audit Unit and focus on audit challenges. The Reports will be compiled and forwarded to Audit Committee and the Office of the Municipal Manager, leading to Audit Committee presenting such reports to Council on quarterly basis as per Legislation and Audit Committee Charter.

4.17. Credit control and debt control

There is a Policy for Revenue Management, Credit Control & Collection. Council adopted the policy on 08th June 2016 as per Resolution A1532. The annual review was tabled on the 31st May 2017 as per Resolution A1631. The current Policy must be reviewed in order to address the interest the institution loses by not charging such.

4.18. Audit Queries

The Committee will have to look beyond what the Auditor General has raised as root causes and perform its Oversight accordingly through quarterly engagements with the Executive and Administration on the institutional performance in improving and sustaining the current outcome expressed by the office of the Audit General for the financial year 2017/18

5. CONCLUSION

The Annual Report for the Financial Year 2017/18 complied with tabling of the Annual Report. 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, the Senior Managers (ED's) and the MMC's 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:

1. 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.
2. THAT the Municipal Manager provide MPAC with the Action Plan for monitoring and Oversight purposes.

3. THAT the Quarterly Reporting to Council by Audit Committee (through Chairperson or delegated member of Committee) be a standard agenda item every quarter.
4. THAT during the coming Financial Budgeting process, MPAC be allocated a specific Vote number and budget that will enhance the work of the Committee.
5. THAT the Senior Management be delegated to develop a policy on Allowances for VIP Protection members in order to address the Overtime remunerations and its financial implications to the municipality.
6. THAT the developed Overtime Policy for VIP Protectors be tabled before Council by end of May 2019, in the absence of the policy no overtime to be paid and Basic Conditions of Employment Act (BCEA) to take precedence.
7. THAT a Draft Reviewed Policy on the Sabbatical Leave be tabled before Council by the end of May 2019 for approval, in the absence of such policy no Leave to be approved by Council.
8. THAT the Accounting Officer present a progress report to address all unfunded mandates and their implications to the resources of the municipality by May 2019.
9. THAT the Executive and the Accounting Officer pursue the engagement with Gauteng Department of Transport and Local Municipalities to reach consensus on the Agency Fee paid to our Municipality and the state of our Licensing Offices, and present a final progress report by end of June 2019.
10. THAT the Executive Mayor table all quarterly Performance Reports to Council on time as per Section 52(d) and Section 54(1) of the Municipal Finance Management Act No 56 /2003 in compliance to the provisions of Sec 71 & Sec 72, failure to do so consequence management be enforced by Council.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: QUESTIONS AND FOLLOW UP TO
SENIOR MANAGEMENT

A. OFFICE OF THE MAYOR

1. The Committee realises that the performance of the office is dropping yearly ,77% 1n 2016/17 and 60% in 2017/18 Financial year.
2. Identify and confirm the areas that you didn't perform well during 2017/18
 - Provide reasons for non-achievements of the hose matters/plans
 - Provide proof of consequence management considered and implemented to correct the situation.
 - Provide proof on non-corrective action taken for 2016/17 non achievements and the areas not achieved during that financial year.
3. According to the financial statements presented to AG's office for audit, the liquidity state of the institution is highly:
 - What plan does the institution have to address the challenge? Provide evidence
 - Present to MPAC your IGR interaction schedules adopted for 2017/18 if any for implementation at Sedibeng District level as a coordinating structure
 - Provide evidence of IGR interaction meetings that sat and resolutions that taken at such meetings
 - If no was adopted and no sittings taken place, provide reasons and future plan to correct the situation.

On separation of powers and Functions

Provide evidence if any of the intervention mechanism your office has implemented or considered to ensure a speedy and positive implementation of the powers and functions to the district as the possible future finance generation mechanism?

On the municipality priorities mentioned is made that out of the list indicated that the municipality intend to attract more investors for the institution, please provide update on the progress made.

The following clusters are not performing well as expected and their performance is regressing. year in year out .what is your plan to change the situation?

| <u>Cluster</u> | <u>Year 2018/19</u> | <u>Year</u> |
|-----------------------|----------------------------|--------------------|
| <u>2017/18</u> | | |
| Office of the MM | 88% | 82% |
| Corporate Services | 86% | 63% |
| Community Services | 80% | 68% |
| TIE | 66% | 64% |

| | | |
|--|------------|------------|
| SPED | 100% | 82% |
| TOTAL INSTITUTIONAL PERFORMANCE | 84% | 79% |

According to finances of the institution there are more funds going in towards VIP Protectors and this need proper effective management.

What is your office plan to reduce the high amounts going towards overtime in your office?

In instances where the claim is above the regulated one by BCEA due to their Salary levels, what do you suggest for compliance purposes?

B. AUDIT COMMITTEE

- How many members are currently serving in the committee?
- If there was any resignation(s) please indicate and provide reasons?

Provide your comments on the following findings by the auditor

- The audit committee did not approve internal audit plan and monitor the performance of the internal auditors. Provide evidence to substantiate your response.
- This resulted in the internal audit not carrying out significant internal audit work and did not assist management to strengthen the control environment .This resulted in the repeat Audit findings identified by the external audit. Provide evidence to substantiate your response.
- Also inefficiencies were experienced during the audit committee meeting to review the financial statements and the annual performance report which led to several in committees with the municipal manager. What were the inefficiencies experienced their root cause and suggested solutions?
- Some documents which should have been submitted to committee members before the meeting was only submitted during the meeting which led to audit committee being ineffective in providing guidance on rectifying internal control deficiencies and providing the necessary level of oversight who was supposed to provide the relevant information to Audit Committee and why was it not provided on time not to affect the work of the committee?
- The financial sustainability of the municipality remains a challenge; provide the Audit committee views on the finding above and possible remedial actions to be considered?
- Does the Audit committee have any other matters to bring under the attention of MPAC?

Questions to MM emanating from previous engagements as per annual resolution of 3110/2018 and Audit findings

As per resolution 8.1, acting in Higher positions be terminated or appointment to be made on or before December 2018 in consideration of the institutional financial implications. Provide the evidence of terminated acting in higher position if it happed, if not why?

- Provide evidence of appointments after termination of acting that happened by December 2018 if any, or why not?
- Provide financial implications associated with termination and non-termination

As per resolution 8.2 Overtime payments except in strategic Political Offices be terminated and other alternatives means of compensation be considered minimising the financial implications to the institution.

- Was an overtime payment terminated, if any what was the financial benefit to the institution?
- If it was not terminated or partly terminated, why and the financial implications to the institution?
- The strategic political offices namely, the office of the Speaker and the office of the Executive mayor were reported as the main overtime paying offices which was unsustainable
- Provide turn around strategy /Plan Adopted and implemented as of October 2018 after MPAC and senior management engagements.
- As per resolution 8.3 A detailed report with financial implications to the institution on the matter of Mr Petlane be submitted to MPAC for oversight by end of November 2018
- Why was the report not submitted to MPAC as per the resolution?
- What is Mr Petlane's status now?

As per Council resolution 9.3 on debt recovery on contract agreement Mr B Ngobese "That the accounting officer present quarterly reports of payment to MPAC until the amount is fully settled "

- Why the report was not submitted to MPAC and provides the evidence of progress made to ensure recovering of the debt?

As per Council resolution on report by MPAC on Unauthorised, Irregular Fruitless, Wasteful Expenditure 215/16, 2016/17

Resolution 7.2 "That the sum of R3 566,121.52 irregular expenditure as at 30 June 2018, be written off by council as irrecoverable.

- Was the report and council resolution submitted to treasury for consideration? If yes, provide the evidence and the feed back from the Treasury.
- If no provide reasons for not doing so?
- Provide evidence of all Unauthorised, Irregular, Fruitless Wasteful expenditure incurred during 2017/18 Financial year
- Provide Treasury responses on reported matters if any ?
- Provide any consequence management effected if any or reason for not acting against any cluster or individual concern.
- Mainly the work force expenditure; Annual report component "D" page 108
- The Municipality did not dispose off of staff whose function went to the local municipalities during relocation of powers and function.

- Which functions were relocated to local municipality and which municipalities?
- How many employees were involved?
- In monetary terms how much of fee functions was relocated?
- How much did Sedibeng continue to pay to those employees with relocated responsibilities and attach the MOU if any?
- Prove the evidence to proof attempts made to have employees transferred to the local municipalities as per the relocation of functions.
- Any plans to recover the cost resulting from such transfers of functions?
- “The challenges the municipality is facing ,is that of unfunded mandate where the municipality is carrying out the provincial functions without compensation, ie Communication Centre, Heritage sites and sports”. Provide a plan in place to resolve this..... and recover the loss from the relevant provincial departments.
- Pg 97 Cluster performance some information is with Executive Mayor.

C. Corporate Services

- The auditor general made the following findings under utilities management “there was no clear and logical link between the indicator and the target. The indicator focused on number of national code of Good Practice elements Implemented at the Fresh Produce market ,while the target aimed to achieve project re-birth code of good Practice pillars implemented by fresh Produce Market”
- Provide clarity on this inconsistency with evidence of what will be done to address such in future.

“We identified material misstatements in the annual performance report submitted for audit” Subsequently some were corrected ,and those that were not corrected were included in the basis for qualified opinion paragraphs

- Which ones could not be corrected?
- Why they were not corrected?
- Any progress in correcting such and provide evidence?

PG 43 PROVIDE REASONS FOR UNDER REPORTING ON THE FOLLOWING

- Report on cases of disciplinary cases
- Report on litigations against the municipal council and how the municipality plans to address and resolve on cases and litigations

Provide detailed report on the above matters

- The municipality did not report on the sitting frequency of the Intergovernmental relations where policies and related issues are discussed of concern that this was also a finding in the previous financial year’s assessment and was again not addressed.
- Provide reason for not adequately reporting and evidence of resolutions taken where such meetings took place

- The Cluster performance has regressed from 86% in 2016/17 to 63% in 2017/18 financial year
- Present to the committee all the targets not achieved, any corrective measures taken after establishing the root cause and the proposed plan to avoid repetition in future.

D. Community Services

The Cluster has regressed in performance from 80% in 2016/17 to 68% in 2017/18 Considering that the cluster is divided into 2 directorates namely SRACH & Public Safety and Health & Social development.

- Provide the root cause and the corrective measures taken after establishing the root cause.
- Provide plans to avoid recurrence of such in future
- How many CCTV were installed by SDM in the entire region?
- Provide the statistics of the functional and non-functional CCTV's
- Provide evidence on how was budgeted for repairs and maintenance for CCTV cameras for 2016/17 and 2017/18 financial year
- Provide narrative report on how the budget was spent ?
- Provide evidence on success made in reducing crime our region through CCTV cameras
- Is there any plan to further roll out the CCTV cameras in the region?
- If yes provide plan and budget implications, If no give reasons

E. TRANSPORT INFRASTRUCTURE AND ENVIRONMENT

According to Auditor Generals findings it is clear that TIE cluster has regressed from 66% in 2016/17 to 64% in 2017/18 financial years. It is also confirmed by the institutional performance report on pg 97

- Provide and confirm all the non achieved targets
- Provide reasons for non-achievement and the down spiral experienced
- What remedial measures were put into place for addressing the current challenge and possible future recurrence?

It was reported that a report on the status of our licensing offices was served to council during 2016/17 financial year, outline the licensing building challenges.

- Provide the improvements if any, if not why and what is being done to change the situation?
- What is the attitude of the Provincial departments of transport to intervene and ensure safety of our employees?

- How far is the reviewal of the MOU between the Provincial departments, Local municipality and SDM to address the challenges?
- Provide the detailed report on the internal Investigations on the alleged fraud and corruption at our licensing offices, taking into account that institutional disciplinary code and procedures
- Provide progress report on Boipatong testing station to address its usability challenges.

F. SRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

According to Annual performance report and the Auditor General's findings your cluster performance has regressed from 100% in 2016/17 to 82% in 2017/18 financial year.

- Provide detailed information on the non-achieved targets, the corrective measures put in place after establishing the root cause and the plan to avoid recurrence

Council resolution of 31/10/2018 under 8.8 "The strategic planning and economic development cluster to provide a detailed progress report on the Bio-digest Project to MPAC by end of November 2018"

- Why was this Council resolution not implemented?
- Is there any plan to roll out this programme or not?
- If yes, present a plan with allocated budget and if not, Why?

GAUTENG PROVINCIAL TREASURY

MFMA CIRCULAR 32 – THE OVERSIGHT REPORT



Table of Content

- Purpose
- Background
- Provincial Status on Tabling of Annual Reports
- Municipal Accountability Cycle
- Checklist for considering the Annual Report
- Conclusion

Purpose

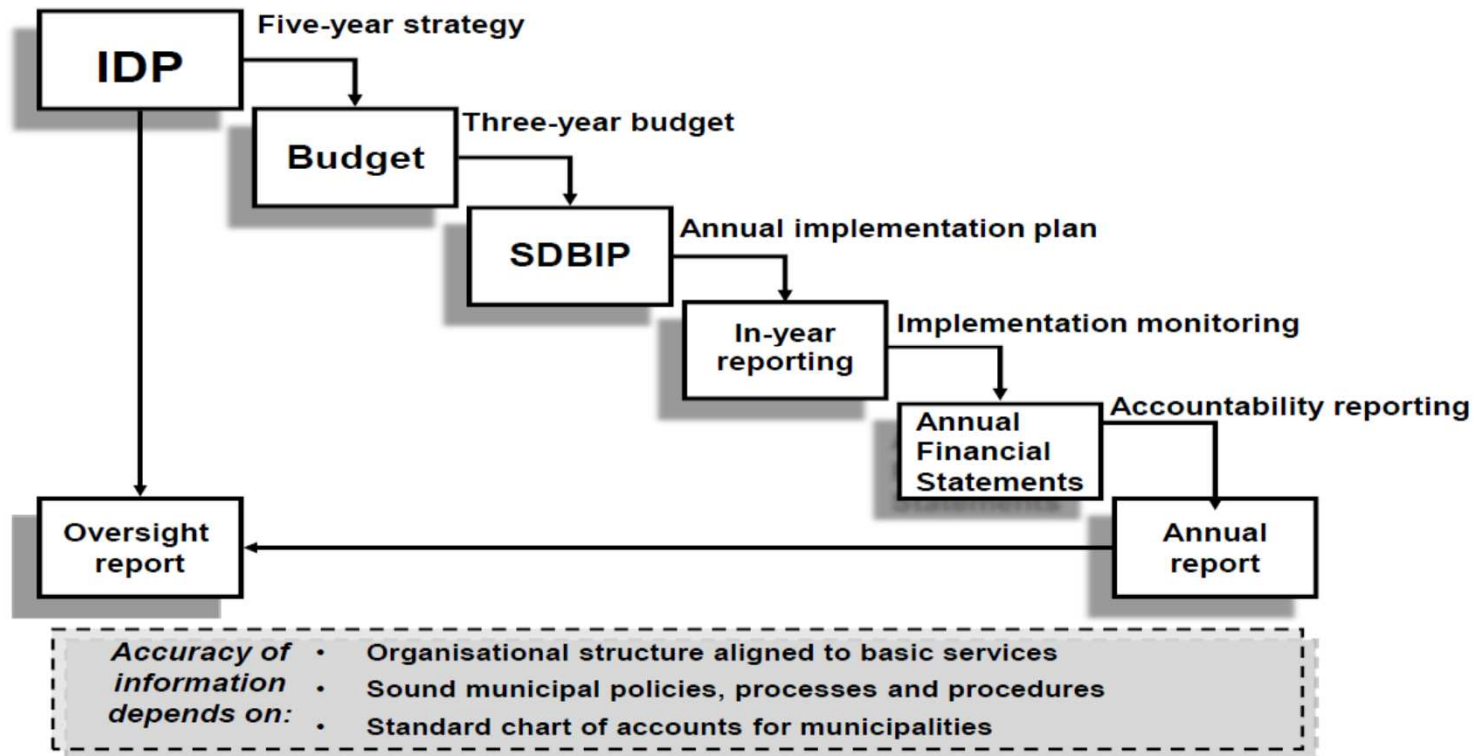
- To highlight some of the critical aspects in dealing with the oversight report
- To outline key processes and guidelines in dealing with the oversight report process (i.e. MFMA Circular 32)
- To provide a Checklist for considering the Annual Report and preparation of oversight report
- Provide Councilors with the necessary practical guidance and knowledge so that they may improve their oversight roles.

Background

- Each municipality and each municipal entity must prepare an annual report for each financial year in accordance with the MFMA and MSA.
- The purpose of the annual report is:
 - To provide a record of the activities of the municipality or entity;
 - To provide a report on performance in service delivery and against the budget;
 - To provide information that supports the revenue and expenditure decisions made; and
 - To promote accountability to the local community for decisions made.

Municipal Accountability Cycle

Municipal Accountability Cycle



Format of Annual Report

| Chapter | Issues to be considered |
|---|--|
| Chapter 1: Mayor's Foreword and Executive summary | <ul style="list-style-type: none"> • Provide key decisions made by the municipality- both at political and admin level • Overview of functions, geographical area and brief performance of the municipality |
| Chapter 2: Governance | <ul style="list-style-type: none"> • Governance Structures • Intergovernmental Relations • Public Accountability and Participation • Corporate governance (Risk Management, Anti Corruption and Fraud, SCM, By-Laws, Websites, IA and AC) • Implementation of Financial Misconduct Regulations • Monitoring of FMCMM |
| Chapter 3: Service Delivery Performance | <ul style="list-style-type: none"> • IDP • SDBIPs • Senior Management Contracts and • PMS |

Format of Annual Report

| Chapter | Issues to be considered |
|---|--|
| Chapter 4: Organizational Development Performance | <ul style="list-style-type: none"> • Managing Municipal Work Force • Capacitating Municipal Workforce • Managing Municipal Workforce expenditure • Compliance with Minimum competency levels |
| Chapter 5: Financial performance | <ul style="list-style-type: none"> • Sources and use of financial resources • How municipality finances activities and meets cash flow requirements • Financial position of the municipality • Spending against capital budget |
| Chapter 6: AG Findings | <ul style="list-style-type: none"> • Detail of issues raised during the financial year and remedial action taken to address the issues. • Actions to address UIFW expenditure |
| Appendix | <ul style="list-style-type: none"> • Are all required appendix included |

Checklist for considering the Annual Report

| Information to be included in the AR | Financial reporting matters to be considered |
|---|---|
| <p>The AFS as submitted to the AG</p> | <p>The AFS should be in a form as required by applicable standards;</p> <ul style="list-style-type: none"> • Have the required standards been met?(Refer to the audit report and report of audit committee for views on this) |
| <p>The AG’s report on the financial statements of the municipality and the entities</p> | <p>Taking into account the audit report, audit opinion and the views of the audit committee, council should consider:</p> <ul style="list-style-type: none"> • To what extent does the report indicate serious or minor financial issues? • To what extent are the same issues repeated from previous audits? • Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? • Has a schedule of action to be taken been included in the annual report, with appropriate due dates? |
| | |

Checklist for considering the Annual Report

| Information to be included in the AR (Allocations received & made) | Financial reporting matters to be considered |
|---|--|
| <p>Recommendations of the Audit Committee in relation to the AFS and audit reports of the municipality and its entities</p> | <ul style="list-style-type: none"> • Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity? • What actions need to be taken in terms of these recommendations? • Conclusions on these recommendations and the actions required should be incorporated in the oversight report. |
| <p>Allocations received by and made to the municipality & municipal entities</p> | <ul style="list-style-type: none"> • Have these allocations been received and made? • Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? • Does the audit report or the audit committee recommend any action? |

Checklist for considering the Annual Report

| Information to be included in the AR | Financial reporting matters to be considered |
|--|--|
| <p>Information relating to benefits paid by municipality and entity to councilors, directors and officials</p> | <p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ul style="list-style-type: none"> • salaries, allowances and benefits of political office bearers, councilors and boards of directors, whether financial or in kind; • any arrears owed by individual councilors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councilors; • salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager. |

Checklist for considering the Annual Report

| Information to be included in the AR (Municipal Performance) | Considerations |
|--|---|
| <p>The annual performance reports of the municipality and entities</p> | <p>Questions that may be considered are :</p> <ul style="list-style-type: none"> • Has the performance report been included in the annual report? • Have all the performance targets set in the budgets, SDBIP, service agreements etc., been included in the report? • Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? • Are conditional grants used effectively and what was the spending levels |

Checklist for considering the Annual Report

| Information to be included in the AR | The following general information is required to be disclosed in the annual report. |
|--|--|
| <p>Service delivery performance on key services provided</p> | <ul style="list-style-type: none"> • This may be a high-level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. • Overall results on the strategic functions and services should be summarized. • This should cover all services whether provided by the municipality, entities or external mechanisms. • Council may draw conclusions on the overall performance of the municipality. • This information may be found in an executive summary section of the annual report and or in statistical tables. |

Checklist for considering the Annual Report

| Information to be included in the AR | The following general information is required to be disclosed in the annual report. |
|--|---|
| Information on long-term contracts | <ul style="list-style-type: none"> • Details of all long-term contracts including levels of liability to the municipality should be included. • Council should ensure all information is correctly supplied. |
| Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations | <ul style="list-style-type: none"> • Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. • Details of any future IT proposals should be summarized. • Council should comment and draw conclusions on the information provided. |

Checklist for considering the Annual Report

| Information to be included in the AR | The following general information is required to be disclosed in the annual report. |
|--|--|
| Timing of reports | <ul style="list-style-type: none"> • Was the report tabled in the time prescribed? • Has a schedule for consideration of the report been adopted? |
| Oversight committee or other mechanism | <ul style="list-style-type: none"> • What mechanisms have been put in place to prepare the oversight report? • Has a schedule for its completion and tabling been adopted? |

Conclusion

- Having sound processes in dealing with oversight report will promote good governance, transparency and accountability on the use of municipal resources.
- Oversight is about roles and responsibilities. It is only when understanding roles and responsibilities that oversight can be exercised effectively.
- Municipalities must always ensure that members of oversight committees are continually empowered with the necessary skills, knowledge and information needed to execute the oversight function effectively so as to enhance good governance and ultimately the performance of the municipality.
- The functionality of the internal governance arrangements in a municipality is determined by the effectiveness of its committee system and oversight in the municipality.

COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

SEDIBENG DM MPAC RETREAT

21 February 2019

Gauteng CoGTA



Table of Contents

- Performance report on:
 - Chapter 1: Governance
 - Chapter 3: Health and Social Development
 - Chapter 3: LED
 - Chapter 3: Transport Infrastructure and Environment
 - Chapter 4: Appointment of Senior Managers
 - Unauthorised, Irregular, Fruitless and Wasteful Expenditure
- Conclusion a

Chapter 2 - Governance

| Page No. | Table and Graph No. | Findings | Comments |
|----------|---------------------|---|--|
| 39 | T.2.3 | Intergovernmental relations: non-reporting on Provincial Structure sittings | <p>The municipality did not indicate the sitting frequency of the Provincial structure i.e. (quarterly, bi-monthly or annual). For example, the number of meetings where policies and related issues are discussed.</p> <p>Of concern that this was also a finding in previous two financial years' assessments and was again not addressed.</p> |

Chapter 2 - Governance

| Page No. | Table and Graph No. | Findings | Comments |
|----------|---------------------|---|---|
| 44 | T 2.7 | Non-reporting on management of Fraud and Corruption cases | <ul style="list-style-type: none"> The municipality is advised to report status of disciplinary cases. The municipality is also encouraged to consider the effectiveness of these interventions and report accordingly. Municipality is advised to report on the number of fraud and corruption cases reported and resolved: in this area, the municipality has to give provide details in terms of listing the types of transgressions for example, theft of electricity, bribery etc. |

Chapter 2 - Governance

Overall Comments and additional information that must be reported on in the Governance Key Focus Area

Municipality is also advised to report on the following:

- Report status of disciplinary cases;
- Report on the frequency of Provincial Structure sittings;
- Tables indicating the number of petitions received and resolved, fraud and corruption cases received and resolved (if any), community complaints and litigation against the municipal Council; and
- How the municipality plans to address and resolve petitions received, community complains, fraud and corruption cases and resolving litigation brought against the municipal Council.

Chapter 3 – Health and Social Development

| Page No. | Table and Graph No. | Findings | Comments |
|----------|---------------------|---|--|
| 175 | T 3.16 | SDBIP targets not achieved and reasons are not provided for under achievement | <ul style="list-style-type: none"> • SDBIP reflected 25 External students supported vs Annual report reflected 26 External students Supported and achieved target of only 18 External students Supported. • SDBIP reflected 3 PHC Programmes vs Annual report reflected 2 PHC Programmes. • SDPBIP reflected 4 ECD Programmes implemented vs no target reported in the Annual Report on ECD Programmes implemented. |

Chapter 3 – LED

| Page | Table & Graph No. | Findings | Comments |
|------|-------------------|--|--|
| 54 | T 3.13 | Non-alignment of reporting on Local Economic Development initiatives | <ul style="list-style-type: none"> ● The municipality over achieved the EPWP target of 100 by creating 147 jobs. ● However; the SDBIPs targets on the following IDP strategies could not be linked to the Annual Report: <ol style="list-style-type: none"> 1. Ensure BBBEE and SMME Development; 2. Promote and Develop Agricultural Sector; 3. Promote and Develop Tourism |

Chapter 3 – Transport Infrastructure and Environment

| Page | Table & Graph No. | Findings | Comments |
|------|-------------------|--|--|
| 51 | T 3.8 | Non-alignment of reporting on Transport Infrastructure and Environment | <ul style="list-style-type: none"> Performance on the SDBIP targets for this cluster were under reported. The Annual Report does not provide a record of activities performed for the year under review on issues relating to Transport Infrastructure and Environment. |

Chapter 4 – Appointment of Senior Managers

When a senior manager is appointed in the municipality, Council/ MPAC should ensure that the report contains the following documents as stipulated in Regulation 17(4)(a-o):

- (a) Details of the advertisement, including date of issue and the name of newspapers in which the advert was published, and proof of the advertisement or a copy thereof;*
- (b) A list of all applicants;*
- (c) A report contemplated in regulation 14(2) on the screening process and the outcome thereof;*
- (d) The municipal council resolution approving the selection panel and the shortlisted candidates*
- (e) Competency assessment results;*
- (f) The minutes of the shortlisting meeting;*
- (g) The minutes of interviews, including scoring;*
- (h) The recommendations of the selection panel submitted to the municipal council*

Chapter 4 – Appointment of Senior Managers

- (k) The municipal council resolution approving the appointment of the successful candidate;*
- (l) The application form, curriculum vitae, proof of qualifications and other supporting documentation of the successful candidate;*
- (m) A written confirmation by the successful candidate that he or she does not hold political office as contemplated in section 56A of the Act, as at the date of appointment;*
- (n) The of employment of the senior manager; and letter of appointment, outlining the term of contract, remuneration (upper limits of SM) and conditions*
- (o) Other information relevant to the appointment.*

Chapter 4 – Appointment of Senior Managers

Regulation 14(2) referred to above requires that screening of candidates be to take place within 21 days of the finalisation of the shortlisting and it must contain the following:

- (a) Proof that the municipality conducted necessary checks;*
- (b) Contacting candidates current or previous employer;*
- (c) Determining the validity of a candidates qualifications; and*
- (d) Verifying whether a candidate has been dismissed previously for misconduct or poor performance by another employer.*

Regulation 14(2) requires a written report on the outcome of the screening process which must be compiled by the Mayor in the case of the municipal manager, or the municipal manager in the case of the manager directly accountable to the municipal manager, before the interviews take place. It must dated and signed.

Unauthorised, Irregular, Fruitless and Wasteful Expenditure

- **The Oversight Report compiled by MPAC should indicate whether investigations on UIFW were carried out, if so:**
 - Is there proof that the municipality reported the UIFW expenditure to the MEC and the Office of the AGSA during the financial year i.t.o section 32 of the MFMA?. If no, provide reasons why there was non-compliance;
 - Any person identified as responsible for the UIFW expenditure. If yes, was the MFMA section 32 complied with? If no, provide reasons as to why no one identified as responsible for the UIFW expenditure;
 - Steps taken to recover or rectify such UIFW expenditure. If yes, provide a report of corrective actions. If no, provide reasons for not taking any action taken;
 - Steps taken to prevent recurrence of such UIFW expenditure. provide a report of corrective actions; and
 - Where the UIFW expenditure is deemed irrecoverable, has the municipality reported the matter to National Treasury to write-off the expenditure?

Conclusion

- The assessment provided above is to assist members of the MPAC to execute their legal mandate on the annual report process.
- MPAC is requested to assess the annual report in detail taking into account the oversight functions carried out by the committee on quarterly basis to provide a comprehensive report on the record of activities that the municipality has performed for the year under review.

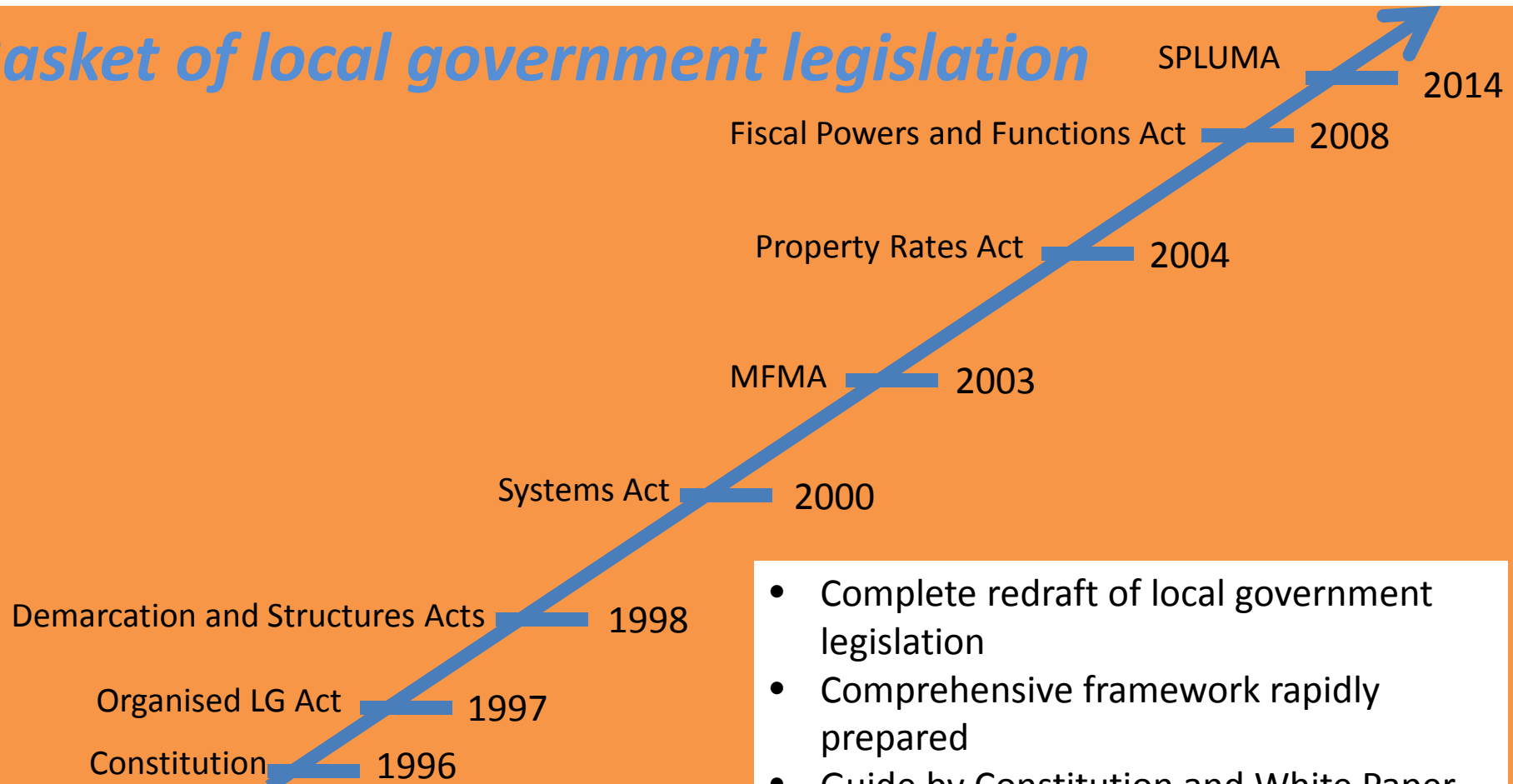
Thank You



**Presentation to MPAC Lekgotla
by
Mr Sidwell Mofokeng
Deputy Chairperson of the Audit Committee
6th March 2019**

POLICY & LEGISLATIVE TRAJECTORY SINCE 1994

Basket of local government legislation



- Complete redraft of local government legislation
- Comprehensive framework rapidly prepared
- Guide by Constitution and White Paper

PURPOSE OF AC & IA

- The AC is an independent advisory body which provide an **assurance service** to the Municipal Council, the Political Office-Bearers, the Municipal Manager and members of the SMT of the Municipality.
- It is primarily responsible for oversight of the organisation's governance, legislative compliance, internal accounting controls, ICT and risk management processes.

LEGAL MANDATE cont..

- compliance with the Act, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- any other issues referred to it by the municipality

b) review the annual financial statements to provide the Council of the municipality of the with an **authoritative and credible view** of the

financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall **level of compliance with this Act, the annual DORA and any other applicable legislation;**

c) **respond to the council on any issues raised by the Auditor-General in the audit report;**

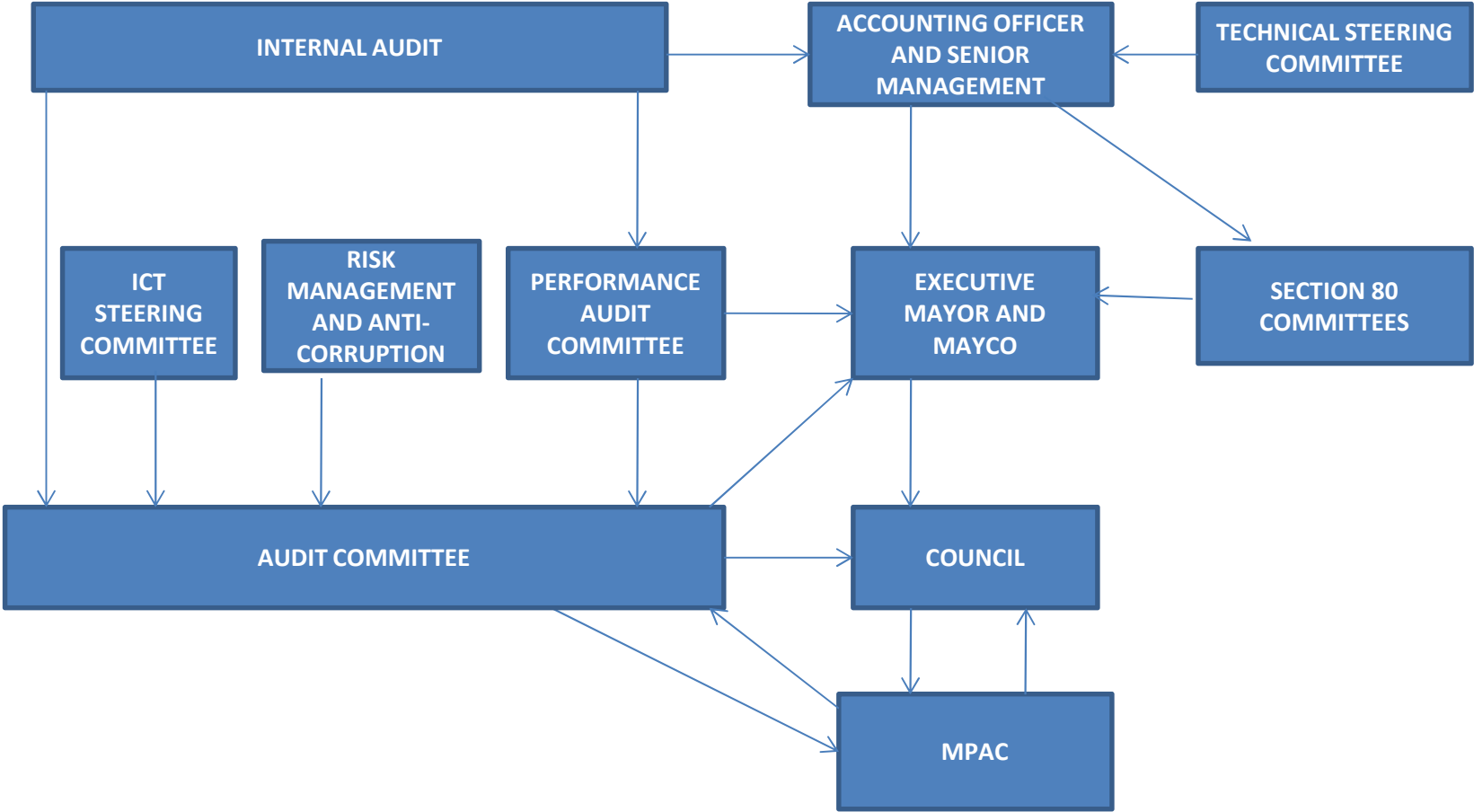
d) **carry out such investigations into the financial** affairs of the municipality as the Council may request and

e) perform such other functions as may be prescribed.

ADDITIONAL RESPONSIBILITIES PER THE COUNCIL APPROVED CHARTER

- Oversee Annual/integrated reporting;
- Ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities; ie Council, Mayco, MPAC, Accounting Officer, Senior mgt, External and Internal Audit through **Key commitments and Dash Board**

GOVERNANCE STRUCTURES



AUDIT COMMITTEE ASSURANCE TO MAYCO AND COUNCIL

| Area | Audit committee should report to Council | Mayco and Council should ask Audit Committee |
|--------------------------------|--|--|
| <p>Risk and Control</p> | <p>Summary of the key risks facing per the Strategic Risk Strategy the municipality and how these are being addressed</p> <p>Effectiveness of internal controls and any additional measures that should be implemented to address identified Strategic Risks including Legal Law suits facing the Municipality.</p> <p>Report on the Development and implementation of Consequences Management Framework by management.</p> | <p>Is the Audit Committee satisfied that these key risks have been adequately addressed?</p> <p>What key control breakdowns have taken place?</p> <p>Is the Audit Committee satisfied that these have been adequately dealt with and will they be prevented in future?</p> |

AUDIT COMMITTEE ASSURANCE TO MAYCO AND COUNCIL cont..

| Area | Audit committee should report to Council | Mayco and Council should ask Audit Committee |
|------------------|---|---|
| Assurance | <p>Significant AG Audit findings, recommendations and updated status thereof significant internal audit findings, recommendations and updated status thereof are implemented by management and monitor and evaluated by Mayco and Council.</p> <p>Report to Council the level of the functionality of ITC governance including major IT initiatives like mSCOA and IT risks facing the municipality</p> | <p style="color: red;">Is the Audit Committee satisfied that the Auditor General management letter exceptions and audit report findings are adequately dealt by management with and is the risk of repeat findings which could impact the audit opinions managed effectively?</p> <p style="color: red;">If there was a negative audit opinion, is the Audit Committee satisfied that effective measures have been put in place to achieve a “clean administration and clean audit”?</p> <p style="color: red;">Is the Audit Committee satisfied that these ITC key risks have been adequately addressed?</p> |

AUDIT COMMITTEE ASSURANCE TO MAYCO AND COUNCIL cont..

| Area | Audit committee should report to Council | Mayco Council should ask Audit Committee |
|--------------------------|--|---|
| <p>Compliance</p> | <p>Any areas of non-compliance with the MFMA, DORA and any other applicable legislation.</p> <p>Any non- compliance to the delegations systems (eg. Circular 73 AS CIRCULATED), Council policies & resolutions and Compliance Register to be reported to Council on quarterly basis</p> | <p>How did the areas of non-compliance arise and what is going to be done to prevent them from happening in future?</p> |

AUDIT COMMITTEE ASSURANCE TO MAYCO AND COUNCIL cont..

| Area | Audit committee should report to Council | Mayco and Council should ask Audit Committee |
|-----------------------|--|--|
| <p>Finance</p> | <p>Recommendations of draft section 72 report, Budget Adjustment and Financial Statements to the Council for approval.</p> <p>The Audit Committee’s credible and authoritative view on the financial position including the functionality of the Turnaround Strategy of the municipality.</p> | <p>Is the Audit Committee satisfied with financial governance including the skills and competence of the finance function and the processes around the finance reporting?</p> <p>Is the Audit Committee satisfied with the appropriateness of the accounting policies used in the preparation of those financial statements?</p> <p>Is the Audit Committee satisfied with the financial position of the municipality?</p> <p>If not, what could be done to improve the financial position of the municipality?</p> |

AUDIT COMMITTEE ASSURANCE TO MAYCO AND COUNCIL cont

| Area | Audit committee should report to Council | Mayco and Council should ask Audit Committee |
|------------------------|--|--|
| Performance Management | Audit committee’s findings and recommendations in line with integrated development plans and service delivery and budget implementation plan. | What are the main areas within performance management that the Audit Committee is concerned about and how can these be addressed? |
| General | <p>Results of any Audit Committee and Internal Audit evaluations that have been conducted.</p> <p>Progress with any specific investigations delegated to the Audit Committee and their outcomes.</p> | <p>Is the Audit Committee satisfied with its performance and that of Internal Audit and its Independence thereof?</p> <p>What external advice did the Audit Committee take in coming to its conclusions?</p> |

ROLE OF AC OVER IA

- Approve the Internal Audit Charter that sets out the purpose, authority, responsibility and reporting relationships of IA;
- Ensure that the IA function has appropriate standing in the organisation and concur in the appointment, replacement, re-assignment or dismissal of the CAE; per NT Circular 65
- Regularly review the functional and administrative reporting lines of the internal audit cluster to ensure that the organizational structure is consistent with the principles of independence and accountability;
- Approve the five year strategic audit plan and the risk based annual audit plan;
- Resolve disputes between the CAE and management.
- Evaluate the independence of the IA Cluster in terms of organisational structure and audit reviews conducted. Advise the municipality on the resources allocated to give effect on the work output of the internal audit cluster;

Role of the Internal Auditor

- A Catalyst
- An Interface Between Different Groups
- An Advisor
- A Reporter of Fact(s)



ROLE OF IA PER LEGISLATIVE REQUIREMENTS

Section 62 of the MFMA requires amongst others, that the accounting officer of a **municipality must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent** systems of internal audit operating in accordance with any **prescribed norms and standards**.

Section 165 of the MFMA prescribes the establishment of the internal audit activity. Internal audit is an important component of internal control, risk management and corporate governance and provides the necessary assurance and advisory services to the organisation

CODE OF ETHICS/CONDUCT



CODE OF CONDUCT

The **code of conduct** for internal auditors states that Internal Auditors shall:

- ✧ Engage only in those services for which they have the necessary knowledge, skills and experience.
- ✧ Perform Internal Auditing services in accordance with the standard for the professional practice of Internal Auditing
- ✧ Continually improve the proficiency and the effectiveness and quality of their service.

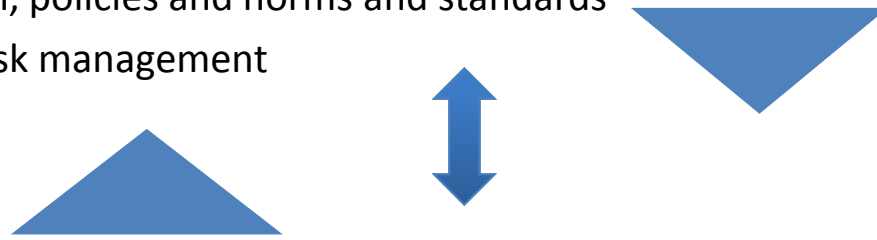
CLEAN ADMINISTRATION AND GOVERNANCE

Governance

- ✧ Process Champion-(Leadership: -Council, Mayco, EM, Mgt and Staff)
- ✧ Strategy-(IDP, SDBIP, Policies and procedures)
- ✧ Monitoring, evaluation & oversight-Risk mgt, PMS
- ✧ Reporting – Accountability, Quarterly and Annual reports
- ✧ Legislation, policies and norms and standards
- ✧ Risk and risk management
- ✧ Assurance

Service Delivery

- ✧ Section 152 Constitution - Public interest and protection
- ✧ Basic Services



OUR REALITY FROM AN AUDIT PERSPECTIVE

➤ **External Audit Findings reflect our stuck reality of :-**

- ✧ Omissions
- ✧ Commissions
- ✧ Non compliance
- ✧ Systemic failures of leadership & Oversight

➤ **Internal Audit Findings Our Early Warning System :-**

- ✧ Leadership paralysis
- ✧ Lack of consequence management
- ✧ All the issues raised by AGSA

ASSURANCE SERVICE – KEY COMMITMENTS

Key Commitments

Internal Audit gives assurance to Senior Management in tracking the commitments and initiative's by various Assurance

- Providers which is Senior Management, Accounting Officer, Executive Mayor, Mayco, Speaker, Audit Committee, MPAC, Municipal Council and Coordinating Institutions. (Prov Govt)

KEY COMMITMENTS – Objectives

- Is to ensure that there is adequate analysis of the root causes resulting in significant instances of non- implementation of internal controls.
- is to give stakeholders the opportunity to proactively fix areas of concern before year end audit.
- to discuss drivers of audit outcomes and solicit stakeholder commitments to address these.
- To provide constant communication and feedback with key stakeholders

Key Commitment – Role Players

- Executive Mayor
- Municipal Manager
- Senior Management
- Audit Committee
- Internal Audit
- Speaker
- MPAC

DRIVERS OF KEY CONTROLS – AG DASHBOARD

- IA facilitate and evaluate the A process of in-year reviews of Key Controls by management and oversight structures and provide assurance in this process fast track the clean audit outcome.
- IA commits to working closely with management towards sustainably clean administration and visible service delivery.

DRIVERS OF KEY CONTROLS – AG DASHBOARD

IA facilitate and evaluate the Key Controls and provide assurance in this process fast track the clean audit outcome.

KEY INTERNAL CONTROLS

The assessment that is performed on a quarterly basis is limited to an understanding of the internal controls in place over:

- Leadership
- financial and performance reporting and
- compliance with laws and regulations
- Governance process

LEADERSHIP

- Establish culture of honesty, ethical business practices
- Exercise oversight responsibilities
- Ensure effective human resources practices
- Implement appropriate policies and procedures
- Approve and monitor the implementation of action plans to address internal control deficiencies
- Approve appropriate information technology governance framework

Financial and Performance Management

- Ensure proper record keeping of all transaction
- Maintain effective controls daily and monthly processing and reconciling of transactions
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
- Review and monitor compliance with applicable laws and regulations
- Design and implement formal controls to mitigate ICT systems risks

Governance

- Ensure that risks are periodically identified, assessed and effectively mitigated
- Maintain an adequately resourced and functioning internal audit unit
- Maintain an audit committee and risk management that performs its legislated duties and promote accountability and service delivery

Tone at the top is everything

**“Attitude of an organization's senior leadership towards Good Governance,
Accountability & Oversight”**

**The starting point for setting the tone begins with the municipal council
(municipal leadership)**

Leadership must: Walk the talk and have their ears & eyes on the ground!

“The tone at the top sets an organization’s guiding values and ethical climate”

AND

“People behave in the way they are rewarded to behave.”

**Council, its committees &
Communities**

**Executive Leadership
and management**

**Internal Assurance
Providers & Good Policies**

External Assurance

**Good Governance: 4 Pillars
MPAC**

Good Governance requires Oversight

Watchful, strategic and Structured scrutiny exercised by Municipal Council over the Executive and administration in respect of implementation of service delivery programmes, use of budget and strict adherence to Policies, Legislation and Constitution

- Insight on strategic and operational matters
- Ability to ask the right and tough questions

MPAC QUESTIONS

- How many members are currently serving in the Committee?-3
- If there was any resignation(s) please indicate and provide reasons
 - Reasons for resignations as per resignation letters were provided and accepted by Council (new working conditions do not allow employee serving on SDM AC and new additional work responsibilities and increased travelling not enabling time to serve, respectively)
 - Additional factors include poor appetite by management to implement the recommendations of AC
 - Failure to recognise the strategic assurance role of AC
- Provide your comments on the following Findings by the Auditor General
- “The Audit Committee did not approve Internal Audit Plan and monitor the performance of the Internal Auditors”. Provide evidence to substantiate your response.
 - (AC came into office in November i.e 5 month into the financial year while IA commenced executing audits from beginning of the year – July.

MPAC QUESTIONS..contd

“This resulted in the Internal Audit not carrying out significant internal audit work and did not assist management to strengthen the control environment. This resulted in the repeat Audit Findings identified by the external audit”. Provide evidence to substantiate your response.

- The IA is assurance providers whereas management is charged with the responsibility to design and implement system of Internal Control.
- Indeed limited work of IA means effectiveness of the system of controls designed and implemented by management has not been tested for efficiency and effectiveness by an independent body.
- Management remains responsible to design and implement the system of internal controls regardless of the function of IA to test effectiveness of the system employed.

Also inefficiencies were experienced during the Audit Committee meeting to review the Financial Statements and the Annual Performance Report which led to several In- Committee with the Municipal Manager”. What were the inefficiencies experienced, their root cause and suggested solutions?

- Late submission of documents and meeting logistics not as expected by AC. This was due to no warm body identified to take responsibilities of the CAE

MPAC QUESTIONS..contd 2

“Some documents which should have been submitted to Committee Members before the meeting was only submitted during the meeting which led to Audit Committee being ineffective in providing guidance on rectifying internal control deficiencies and providing the necessary level of oversight”.

- Who was supposed to provide the relevant information to Audit Committee and why was it not provided on time not to affect the work of the Committee?

“The financial sustainability of the municipality remains a challenge”.

- Provide the Audit Committee views on the finding above and possible remedial actions to be considered?
- Does the Audit committee have any other matters to bring under the attention of MPAC?
- To improve on the recruitment and other financial management of the municipality

Quality Control:

A procedure or set of procedures intended to ensure that a performed service adheres to defined set of quality criteria or specifications



CONSEQUENCE MANAGEMENT

ACCOUNTABILITY FOR AND REMEDIES TO ADDRESS, TRANSGRESSIONS AND POOR PERFORMANCE

Introduction

- The MFMA consolidated and provincial general reports summarise the findings in the audit reports of municipalities and municipal entities, additional findings reported to the municipal managers and senior management as well as critical matters reported in their financial statements.
- Some of the matters in the general reports are indicators of transgressions or poor performance by officials, municipal managers, mayors, councillors and even suppliers that do business with the municipalities and their entities.

CONSEQUENCE MANAGEMENT

ACCOUNTABILITY FOR AND REMEDIES TO ADDRESS, TRANSGRESSIONS AND POOR PERFORMANCE/.2

- Political leaders and municipal officials that deliberately or negligently ignore their duties and disobey legislation should be decisively dealt with through performance management and by enforcing the legislated consequences for transgressions. Role players in local government often say that they do not know what remedies to apply to deal with transgressions.
- The purpose of this section of the booklet is to highlight these remedies and the role players that are responsible for implementing them. This section summarises transgressions and performance matters, lists the applicable legislation, and highlights the responsibilities of each role player, while the annexure includes extracts from the legislation for easy reference.

Does your MPAC walk in tandem with other assurance providers?

With an effective **INTERNAL AUDIT** unit the administration will most likely comply with the law, ensure operational efficacy and be just and prudent with finances, the **AUDIT COMMITTEE** will most likely find it easy to advise the council and provide effective technical support to **MPAC** to augment its report to the **COUNCIL** and ultimately the Council will hold the executive to account and collectively the **MUNICIPALITY** will demonstrate public value to the people and thus build or enhance the required confidence to the **SECTOR**.

THANK YOU



Municipal Public Accounts Committee: Questions and follow up to Senior Management for Oversight purposes.

Office of the Mayor

1. The Municipal Public Accounts Committee realised that the performance of the Office of the Mayor is dropping yearly, from 77% in 2016/17 and now on 60% in 2017/18 Financial year.

Identify and confirm the areas that you didn't perform well during 2017/18?

- Provide reasons for non-achievements of those matters/plans?

Response:

- i. 2017/18 was a year of transition where senior managers were appointed in the middle of the financial year.
 - ii. The Director responsible for Performance Management in the Office of the Municipal Manager Resigned and did not do any handing over of information when the Director was appointed.
 - iii. The SDBIP that was found was unrealistic and did not meet a SMART criteria, hence the new template was developed in November 2017.
 - iv. The targets were revised in order to apply a SMART (Specific Measurable, Achievable, Realistic, and Time-bound) criteria however KPIs cannot be changed in the middle of year management had to proceed until the end of the financial year.
 - v. Resistance to change by employees was a contributing factor
- Provide proof of consequence management considered and implemented to correct the situation.

Response:

- i. Based on the reasons above we could not find grounds to hold management accountable for the regression.
- Provide proof of corrective action taken for 2016/17 non achievements and the areas not achieved during that financial year.

Response:

- i. The review of the KPI's and Targets in order to meet the SMART Criteria
 - ii. The review of the SDBIP Template in order to align with that of the Performance Management Reporting Template.
2. According to the Financial Statements presented to AG's office for audit, the liquidity state of the institution is high:
 - What plan does the institution have to address the challenge? Provide evidence
 - Present to MPAC your IGR interaction schedules adopted for 2017/18 if any for implementation at Sedibeng District level (involving Local Municipalities under our District) as a coordinating structure

- Provide evidence of IGR interaction meetings that set and resolutions which were taken at such meetings
- If no resolutions adopted and no sittings took place, provide reasons and future plan to correct the situation.
- Since 2015/16 MPAC Recommendations to Council on the appalling and life threatening state of our Licensing Offices, and Facilities Department Report on those buildings nothing has been done. What did the Mayor’s Office do about the implementation of the Council Resolutions on this matter?

On separation of powers and Functions

Without consideration of Section 84(1) of the Municipal Structures Act 117 of 1998 as amended, our municipality will not be sustainable in the absence of the review of powers and functions.

Any challenges and future proposals to fast track the process?

Provide evidence if any of the intervention mechanism your office has implemented or considered to ensure a speedy and positive implementation of the powers and functions to the District as the possible future finance generation mechanism?

On the municipality priorities mentioned is made that out of the list indicated that the municipality intend to attract more investors for the institution. Please provide update on the progress made.

The following clusters are not performing well as expected and their performance is regressing year in year out. What is the plan to change the situation?

| Cluster | 2016/17 FY | 2017/18 FY |
|--|------------|------------|
| Office of the MM | 88% | 82% |
| Corporate Services | 86% | 63% |
| Community Services | 80% | 68% |
| TIE | 66% | 64% |
| SPED | 100% | 82% |
| TOTAL INSTITUTIONAL PERFORMANCE | 84% | 79% |

According to finances of the institution there are more funds going towards VIP Protectors and this need proper effective management.

What is your office plan to reduce the high amounts going towards overtime in your office?

In instances where the individual claims are above the regulated one by BCEA (Basic Conditions of Employment Act) due to their Salary levels, what do you suggest for compliance purposes?

AUDIT COMMITTEE

- How many members are currently serving in the Committee?
The Audit Committee has three members currently. Two members resigned.
- If there was any resignation(s) please indicate and provide reasons?

Response:

- i. Mr Brian Kgomo resigned because he got employed by the state (Telkom) therefore he was conflicted.
- ii. Ms Hazel Masedi resigned due to other commitments (refer to the attached resignation letters)

Provide your comments on the following Findings by the Auditor General

- “The Audit Committee did not approve Internal Audit Plan and monitor the performance of the Internal Auditors”. Provide evidence to substantiate your response.

Response:

- The finding is incorrect. The Approved internal Audit Plan is attached.
- The contract of the previous audit committee had expired. Audit Committee was appointed in December 2018.

- “This resulted in the Internal Audit not carrying out significant internal audit work and did not assist management to strengthen the control environment. This resulted in the repeat Audit Findings identified by the external audit”. Provide evidence to substantiate your response.

Response:

- The Approved internal Audit Plan is attached.
- The contract of the previous audit committee had expired. Audit Committee was appointed in December 2018.

- “Also inefficiencies were experienced during the Audit Committee meeting to review the Financial Statements and the Annual Performance Report which led to several In-Committee with the Municipal Manager”. What were the inefficiencies experienced, their root cause and suggested solutions?

Response:

Management did not agree to this finding. Audit Committee did review the Annual Financial Statements and Annual Performance Report.

- “Some documents which should have been submitted to Committee Members before the meeting was only submitted during the meeting which led to Audit Committee being ineffective in providing guidance on rectifying internal control deficiencies and providing the necessary level of oversight”.

Who was supposed to provide the relevant information to Audit Committee and why was it not provided on time not to affect the work of the Committee?

Response:

The Law requires that the Internal Audit be led by a Chief Audit Executive (CAE) who then becomes a Secretariat to the Committee. The municipality did not have one due to Affordability. However this has been addressed. The CAE started working on 01 Feb 2019

- “The financial sustainability of the municipality remains a challenge”.
Provide the Audit Committee views on the finding above and possible remedial actions to be considered?

Response:

Audit Committee always recommend for the municipality to have alternative sources of funds meanwhile the issue of Powers and Functions is still being pursued.

- Does the Audit committee have any other matters to bring under the attention of MPAC?

Questions to the Municipal Manager emanating from previous engagements as per Council Resolutions of 31/10/2018, and Audit Findings.

- As per resolution 8.1, Acting in Higher positions be terminated or appointment to be made on or before December 2018 in consideration of the institutional financial implications”.
Provide the evidence of terminated acting in higher position if it happened, if not why?
- Provide evidence of appointments after termination of acting that happened by December 2018 if any, if not why not?
- Provide financial implications associated with termination and non-termination

- As per resolution 8.2, “Overtime payments except in strategic Political Offices be terminated and other alternative means of compensation be considered for minimising of the financial implications to the institution”.
- Was overtime payment terminated, if any what was the financial benefit to the institution?

- If it was not terminated or partly terminated, why and the financial implications to the institution?
- The Strategic Political Offices namely, the Office of the Speaker and the Office of the Executive Mayor were reported as the main overtime paying offices which was unsustainable.
- Provide turnaround strategy /Plan Adopted and implemented as of October 2018 after MPAC and senior management engagements.
- As per resolution 8.3, “A detailed report with financial implications to the institution on the matter of Mr Petlane be submitted to MPAC for oversight by end of November 2018”.
- Why was the report not submitted to MPAC as per the Resolution?
- What is Mr Petlane’s status with the institution now?
- As per Council Resolution 9.3, under Debt Recovery on Contract Agreement: Mr B Ngobese “That the accounting officer present quarterly reports of payment to MPAC until the amount is fully settled “
- Why was the Report not submitted to MPAC and provide the evidence of progress made to ensure recovering of the debt?
- As per Council Resolution under “Report by MPAC on Unauthorised, Irregular, Fruitless and Wasteful Expenditure 215/16, 2016/17”.

Resolution 7.2 “That the sum of R3 566,121.52 Irregular Expenditure as at 30 June 2018, be Written Off by Council as Irrecoverable”.

- Was the Report and Council Resolution submitted to Treasury for consideration?
- If yes, provide the evidence and the feedback from the Treasury.
- If no provide reasons for not doing so?
- Provide evidence of all Unauthorised, Irregular, Fruitless and Wasteful Expenditure incurred during 2017/18 Financial year
- Provide Treasury responses on reported matters if any?
- Provide any consequence management effected if any or reason for not acting against any cluster or individual concern.
- Managing the Work Force Expenditure: Annual Report Component “D” Page 108. “The Municipality did not dispose of staff whose function went to the Local Municipalities during relocation of Powers and Function.
- Which functions were relocated to Local Municipality and which municipalities are those?

Response:

NDPG funding was reallocated to Emfuleni Local Municipality

- How many employees were involved?
Response:
Two employees (Mr. S. Maetso & Ms. M. Kgang)
- In monetary terms how much funds were relocated?
Response:
R37, 849 000
- How much did Sedibeng continue to pay to those employees with relocated responsibilities and attach the MOU if any?
Response:
R 700 969, 32 for Mr. S. Maetso
R 286 789, 00 for Ms. T. Kgang
This equals R 1 260 442, 11 cost to Council
- Provide evidence to proof attempts made to have employees transferred to the Local Municipalities as per the relocation of functions.
Response:
The transfer of these employees were agreed upon by both SDM & ELM Municipal Managers
- Any plans to recover the cost resulting from such transfers of functions?
Response:
No, as the process will have to be restarted again with Emfuleni Local Municipality
- “Other challenges the municipality is facing, is that of unfunded mandate where the municipality is carrying out the provincial functions without compensation, i.e. Communication Centre, Heritage sites and sports”.
Provide a plan put in place to resolve this challenge and recover the loss from the relevant Provincial Departments.
Response:
The Emergency Communication Centre (ECC) is a division within the Emergency Management Services, with a responsibility of call-taking and despatching of all emergency related calls from members of communities faced with emergencies or disasters.

The Centre for years, was taking Ambulance calls also on behalf of the Provincial Department of Health: Emergency Medical Services, as part of the decentralization of the service to the local authority. With provincialisation of EMS, the centre continued to take calls for EMS and such was controlled by a signed MOA (as attached) between Sedibeng and Province. The Memorandum of Agreement between the two parties was then ceased by Province with effect from 01 February 2016 (correspondence attached). Verification has been made with Sedibeng Finance to check if there are any outstanding monies owed to Sedibeng, as per the MOA and Finance confirmed that there are no outstanding payments.

With regard to unfunded mandate for Disaster Management, Schedules 4 and 5 of the Constitution list functions which must be performed by the different spheres of government. These are delineated into national and provincial functions as well as local government functions. Provision is further made by the Constitution that, if decentralization of a function will facilitate better service delivery, then the function must be decentralised.

In addition to the above, National and Provincial government may delegate or assign functions to Local Government. Delegation of functions occurs in circumstances where the delegating authority (National or Provincial Government) gives a sphere of government the responsibility to implement functions within their authority and such is done when a function is completely entrusted through legislation. In the case of Disaster Management, the responsibilities are outlined in Chapter 5 of the Disaster Management Act (act 57 of 2002, as amended).

- It was indicated that amongst “Other challenges we facing as the municipality is the lack of skills within our municipal workers to be able to perform their duties adequately, noting that the municipality does not have sufficient funds for training and development, is the municipality utilising the services of the local government SETA for training of officials and councillors?

If yes provide evidence indicating number of trained Officials and Councillors, costs and areas of skills training.

Response:

Yes, report is attached

- Was there any progress report emanating from Occupational Health and Safety Committee and Facilities on Buildings presented to council during 2017/18 Financial Year highlighting challenges and possible solutions around Occupational Health and Safety matters?

Response:

Occupational Health and Safety, assisted by Emfuleni Local Municipality and Department of Labour; conducted inspection of municipality’s buildings.

The report relating to the state of the building is being prepared, it will however, not have an assessment of the structures due to lack of funding for external service provider (structural engineer).

- If yes, what was the resolution of council?

Response:

The report is yet to be tabled to Council

The report will serve in the next Sec 80 Committee for Corporate Services, enroute to Council for adoption

- If no, does that mean there were no Occupational Safety incidents experienced by the institution throughout the financial year?

Response:

We have had no permanent disabling occupational health and safety incidents (2 requiring basic medical attention and 1 total temporary disablement (43days); All of these incidents, for the period under review, were due to human error and poor judgment and no occupational hazards

Periodic Occupational Health and Safety awareness campaigns for all staff members

Corporate Services

The Auditor General made the following Findings under Utilities Management “: “There was no clear and logical link between the indicator and the target. The indicator focused on number of National Code of Good Practice elements Implemented at the Fresh Produce Market, while the target aimed to achieve Project Re-Birth Code of Good Practice Pillars implemented by fresh Produce Market”.

- Provide clarity on this inconsistency with evidence of what will be done to address such in future.

Response:

There was serious mistake and oversight; which could not be corrected in time before the SDBIP was approved by Council. In fact, the Target was supposed to talk to the Indicator in that it was supposed to say: “Number of National Code of Good Practice elements were implemented”.

We then continue to report based on the Indicator and not the Target.

This was corrected as the Unit has been transferred to SPED (Council approved)

- “We identified material misstatements in the Annual Performance Report submitted for audit. Subsequently some were corrected, and those that were not corrected were included in the basis for qualified opinion paragraphs”.

- Which ones could not be corrected?

Response:

- Maintenance of 12 taxi ranks
- Number of Municipal Buildings and sites repaired and maintained.
- Number of General Maintenance and Repairs plans Approved by council
- Number of Municipal vehicles managed,
- serviced and repaired

- Four (4) Reports on the installation,
- maintenance and monitoring of Wi-Fi Hotspots identified.
- Why they were not corrected?
Response:
All these were corrected with the 2018/2019 SDBIP where indicators and targets are aligned
- Any progress in correcting such and provide evidence?
Response:
Despite explanations given to A-G and the submission of the corrected Annual Performance Report by the Office of the Municipal Manager, A-G still felt that the findings would stay.

PROVIDE REASONS FOR UNDER REPORTING ON THE FOLLOWING

- Report on status of Disciplinary cases
Response:
The Dashboard was discussed extensively and comprehensively at the MANCO Strategic Session on the 14&15 February and the decisions as reflected in the report were agreed to by MANCO
- Report on litigations against the Municipal Council and how the municipality plans to address and resolve on cases and litigations
Response:
This was probably corrected as the Unit has been transferred to Municipality Manager Office (Council approved)
Provide detailed report on the above matters.
Reports are attached
- The municipality did not report on the sitting frequency of the Intergovernmental Relations where policies and related issues are discussed and of concern is that this was also a finding in the previous two financial year's assessment and was again not addressed.
- Provide reason for not adequately reporting and evidence of resolutions taken where such meetings took place.
Response:
The IGR sittings were reported; however we did not report on progress made in implementation of the resolutions; although some of the were implemented such as those from SALGA, Organisational Development, Records Management, GPG e-Government cooperative governance IGR
We will ensure that we implement the resolutions of these forums

- The Cluster performance has regressed from 86% in 2016/17 to 63% in 2017/18 Financial Year.
- Present to the Committee all the targets not achieved, any corrective measures taken after establishing the root cause and the proposed plan to avoid repetition in future.

Response:

Targets not achieved- Ten (10) Human Resources Management Policies developed, reviewed and approved by Council

Root cause- The policies were awaiting LLF consultation; which didn't sit because of either unavailability of Union members and/or MMCs.

Corrective measures- The policies were subsequently approved by Council in the 1st Q of 2018/2019

Targets not achieved- One (1) Staff Audit conducted and report approved by Council

Root cause- This was not done due to capacity in the Human Resources Department

Corrective measures- The project will be undertaken on monthly basis through Salary advices signatures vs Finance signatures

Targets not achieved- Three (3) Non- PDP training programmes conducted:

- Customer Relations;

- Batho-Pele

- Disciplinary Procedure

Root causes- This target was not achieved due to financial constraints

Corrective measures- The project will be undertaken as and when there is availability of funds

Targets not achieved- 100% of Employees' Jobs evaluated

Root causes- The process of Job Evaluation was delayed by SALGA "Job Evaluation Training" to the Job Evaluation Committee; which has now been scheduled for March 2019

Corrective measures- Training will take place in March 2019

Targets not achieved- Four (4) Reports on the installation, maintenance and monitoring of Wi-Fi hotspots identified.

Root causes- The project couldn't be undertaken due to financial constraints

Corrective measures- The district needs to engage with Local Municipalities to determine the number of hotspots where they want Wi-Fi to be installed and depending on the availability of funds, the project will resume

Targets not achieved- Four quarterly (4) ICT related shared services Reports

Root causes- Midvaal pulled out of ICT shared services and Emfuleni ICT is managed by Sedibeng Staff. Lesedi is still to sign the ICT Shared Services MOU with Sedibeng District Municipality

Corrective measures- Owing to financial position of SDM and the non-payment by Emfuleni for SDM staff working in their area of jurisdiction; a decision was taken that Emfuleni absorb/take-over IT staff. This has never happened as SDM is still facing resistance from Emfuleni to take over IT staff permanently

Targets not achieved-Four quarterly (4) Mobile Communication Reports

Root causes- The district is still pondering the National Transversal tender as opposed to local service providers for reasons such as local economy, proximity in cases of crises etc.

Corrective measures- We will go on tender in the current financial year

Targets not achieved- Four (4) newsletters issued to employees and Councilors

Root causes- Despite providing newsletters for Q, 1, 2 & 3, it was not ready by the last quarter of the period under review

Corrective measures- We will ensure that we complete the newsletter well on time to avoid these problems

Targets not achieved- Implement Fresh Produce Market Project Re-Birth Code of Good Practice and report to council quarterly.

Root causes- The target was wrongly worded, although we still achieved the target

Corrective measures- This was corrected as the Unit has been transferred to SPED (Council approved).

Targets not achieved- Four (4) Reports regarding Airport Strategy

Root causes- The Strategy was approved but was put on hold due to non-appointment for the Transaction advisor

Corrective measures- This will be pursued, using a different approach, as the Unit has been transferred to Transport, Environment and Transport (Council approved)

Targets not achieved- Maintain Twelve Regional (12) Regional Taxi Ranks and report quarterly

Root causes- This was a misunderstanding during adjustment as the original SDBIP 2017/2018 talks about "12 monitoring reports on 5 Taxi ranks submitted"

Corrective measures- This target has been removed in the new SDBIP and the Unit has been transferred to Transport, Environment and Transport (Council approved)

Targets not achieved- Two (2) amended legislation and legal transcripts relevant to local government tabled at the Council

Root causes- No new amended legislation were promulgated by National Parliament

Corrective measures- This indicator and target is removed as the Unit has been transferred to the Municipal Manager Office (Council Approved)

Community Services

The Cluster has regressed in performance from 80% in 2016/17 to 68% in 2017/18 Considering that the cluster is divided into 2 Directorates namely SRACH & Public Safety and Health & Social Development. Confirm all areas of non-achievement for the entire Cluster

- Provide the root cause and the corrective measures taken after establishing the root cause.

Response:

- Most of the findings were related to HIV/AIDS Ward Based Door to Door Programme targets...

- Grant Thornton was appointed through the office of the MM to perform audit relating to the door to door programme, Root cause was identified and Audit action plan have been developed.

-The other audit finding was related to the implementation of the community safety programmes, whereby it was indicated that some of the information provided within the annual performance reports was not compliant to the FMPPI requirements as a result of inaccuracy, invalidity and completeness.

- Provide plans to avoid recurrence of such in future

Response:

- An audit was conducted on the implementation of the above-mentioned programme, and Action plan has been developed.

- Targets were reviewed to ensure that they are realistic

- How many CCTV were installed by SDM in the entire region?

Response:

- 96 cameras

- Provide the statistics of the functional and non-functional CCTV's and why others are non- functional?

Response:

| Functional | Non-Functional | Reason for Non-Functionality |
|-------------------------------|-----------------------|---|
| 24 x Cameras (Vereeniging) | 07 cameras | Cable theft from the Distribution Boxes (DBs) |
| 04 x Cameras | - | - |

| | | |
|---------------|---|--|
| (Sharpeville) | | |
| - | 06 x Cameras) | <p>Too much interference on wireless link because of the distance.</p> <p>Tried to engage private business people who have installed cameras in Heidelberg CBD to integrate our cameras within their system, whilst they were still based at the Police Station. But they relocated from the Police Station to a private site, and as a result; there was a breakdown in negotiations because they wanted us to finance some of their cameras.</p> |
| - | <p>25 x Cameras (Vanderbijlpark)</p> <p>05 Cameras (Bedworthpark)</p> | <p>Fibre cable linking these cameras with the Surveillance Centre was damaged at the Vanderbijlpark Cemetery.</p> <p>The delay in fixing the cable was caused by the Insurance Company. They had to re-appoint the Loss Adjuster to conduct the</p> |

| | | |
|---|--------------------------------|---|
| | | <p>assessment after finding out that their previous Loss Adjuster did not perform such function.</p> <p>The matter has been resolved and the contractor will finish fixing the cable within the next two weeks.</p> |
| - | 12 x Cameras (Sebokeng&Evaton) | Wireless radio link at Mphatlalatsane is down. The building is also unsafe, as a result; these wireless radios are being relocated to Langrand Hill to restore the link. |

- Provide evidence of how much was budgeted for repairs and maintenance for CCTV cameras for 2016/17 and 2017/18 financial year

Response:

 - 2016/17 (R1 631 580.00)
 - 2017/18 (R2 000 000.00)
- Provide narrative report on how the budget was spent?

Response:

 - Council has a maintenance and repairs contract with the external service provider. The budget was therefore; spend on monthly maintenance fees and ad-hoc repairs conducted on the CCTV system as per the service level agreement.
- Provide evidence of successes made if any in reducing crime in our region through CCTV cameras

Response:

 - Cameras are helping SAPS with identifying criminal activities and to be aware of different modus operando.
 - SAPS investigation unit are utilizing the system when investigating cases.
 - We have helped to profile a number of suspects in the CBD.

- Is there any plan to further roll out the CCTV cameras in the region?
Response:
 - No, the current financial position of the municipality does not allow further expansion in the medium term.
- If yes provide plan and budget implications, If no give reasons

FINANCE

(Source: 2017/18 Audited Financial Statements)

Resolution 7.2: It was resolved that the sum of R3 566 121.52 irregular Expenditure as at 30 June 2018, be written off by Council as irrecoverable.

- Was the report and council resolution submitted to Treasury for consideration
- If yes, provide the evidence and the feedback from the Treasury
- If no, provide, provide reasons for not doing so?

Response:

The irregular expenditure was indeed condoned by the Council in October 2018. However, no report has been submitted to Treasury. The municipal manager has instructed the Finance Cluster to make a submission to his office so that the submission can be effected to Treasury.

- Provide evidence of all unauthorized, Irregular and, Fruitless and Wasteful expenditure incurred during 2018/19

Response:

Table 1 and 2 below provides the details of Irregular and, Fruitless and Wasteful Expenditure incurred during 2017/18.

| <u>DESCRIPTION</u> | <u>AMOUNT</u> | <u>DESCRIPTION</u> | <u>REMARK</u> |
|---|-----------------------|--|--|
| <u>MM's Salary above threshold</u> | <u>380,491</u> | <u>Based on Gazette amount the municipality is a grade 4 and the MM is currently receiving a higher salary than the amount as specified</u> | <u>Reported in the 2017/18 audited financial statements. The MM to provide further information to MPAC if needs be.</u> |

| <u>DESCRIPTION</u> | <u>AMOUNT</u> | <u>DESCRIPTION</u> | <u>REMARK</u> |
|---|------------------|---|--|
| | | | |
| <u>Tax clearance invalid</u> | <u>65,487</u> | <u>The service provider submits a tax clearance from SARS but on CSD it was shown as non-compliant. The municipality has accepted the tax clearance from SARS but AG indicate that CSD must be the source utilize for procurement</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>SCM - Reduction in time</u> | <u>693,648</u> | <u>One competitive bid with a value of R693 648 was awarded through competitive bidding process that was not adjudicated by the bid adjudication committee.</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>SCM - Competitive bid committees</u> | <u>526,364</u> | <u>The BAC was not properly constituted with an appointment of a service provider in June 2017</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>SCM - Wrong supplier BEE certificate</u> | <u>134,900</u> | <u>Copies of BEE certificates was submitted but not certified and therefore could not be used as valid certificates. This has an impact on the scoring which resulted in a wrong appointment</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>Mafoko contract exceed</u> | <u>1,478,106</u> | <u>The tender awarded was above the tender price which is in contravention of general condition of contract</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>ED's Salaries above threshold</u> | <u>334,913</u> | <u>Based on Gazette amount the municipality is a grade 4 and the ED's is currently receiving a</u> | <u>Reported in the 2017/18 Financial</u> |

| <u>DESCRIPTION</u> | <u>AMOUNT</u> | <u>DESCRIPTION</u> | <u>REMARK</u> |
|--|------------------|---|--|
| | | <u>higher salary than the amount as specified</u> | <u>Statements.</u> |
| <u>People in Service of the state</u> | <u>243,308</u> | <u>Awards were made to people in the service of the state which is prohibited</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>Director in MM's Office appointment</u> | <u>654,258</u> | <u>HR processes not done with the appointment</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>G Modise attorneys</u> | <u>1,150,000</u> | <u>Forensic investigation where it was impractical and the expense was reported to Council as a deviation from supply chain processes</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>G Modise Attorneys</u> | <u>1,250,000</u> | <u>Forensic investigation where it was impractical and the expense was reported to Council as a deviation from supply chain processes</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>TaffaAttorney</u> | <u>1,250,000</u> | <u>Forensic investigation where it was impractical and the expense was reported to Council as a deviation from supply chain processes</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>LethebaMakgato and Associates</u> | <u>1,250,000</u> | <u>Forensic investigation where it was impractical and the expense was reported to Council as a deviation from supply chain processes</u> | <u>Reported in the 2017/18 Financial Statements.</u> |
| <u>Total Amount</u> | <u>9,411,475</u> | | |

TABLE 1: Details of Irregular Expenditure

DETAILS OF F RUITLESS & WASTEFUL EXPENDITURE

| EMPLOYEE NAME | CLOSING BALANCE 30 JUNE 2018 | CLOSING BALANCE 30 JUNE 2019 | Amount owing 2018/19 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | REMARK |
|-------------------------------|------------------------------|------------------------------|----------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|----------|
| MOLEBATS MD | 0,00 | 4 229,19 | 10 150,00 | 845,83 | 845,83 | 845,83 | 845,83 | 845,83 | 845,83 | 845,83 | Training |
| MOKOARI VT | 933,35 | 0,04 | | 133,33 | 133,33 | 133,33 | 133,33 | 133,33 | 133,33 | 133,33 | Training |
| THEKISO MF | 0,00 | 5 628,65 | 13 508,76 | 1 125,73 | 1 125,73 | 1 125,73 | 1 125,73 | 1 125,73 | 1 125,73 | 1 125,73 | Training |
| NGOBESI I | 595 539,81 | 529 368,73 | | | | | 16 542,77 | 16 542,77 | 16 542,77 | 16 542,77 | Salary |
| MAGALEFA MS | 122,46 | 734,96 | 1 470,00 | 122,50 | 122,50 | 122,50 | 122,50 | 122,50 | 122,50 | 122,50 | Training |
| MBONGO KS | 13 566,67 | 4 933,36 | | 1 233,33 | 1 233,33 | 1 233,33 | 1 233,33 | 1 233,33 | 1 233,33 | 1 233,33 | Training |
| NKOLI GL | 8 569,20 | 0,08 | | 1 224,16 | 1 224,16 | 1 224,16 | 1 224,16 | 1 224,16 | 1 224,16 | 1 224,16 | Training |
| KGASWANE SK | 0,00 | 7 638,05 | 18 329,92 | 1 527,41 | 1 527,41 | 1 527,41 | 1 527,41 | 1 527,41 | 1 527,41 | 1 527,41 | Training |
| MUTLANENG T | 0,12 | 0,12 | | | | | | | | | Training |
| MALEPE ME | 0,00 | 3 764,56 | 9 035,00 | 752,92 | 752,92 | 752,92 | 752,92 | 752,92 | 752,92 | 752,92 | Training |
| MAJOLA JZ | 0,00 | 3 999,98 | 8 000,00 | | 666,67 | 666,67 | 666,67 | 666,67 | 666,67 | 666,67 | Training |
| MORIFI MC | 0,00 | 0,00 | 3 669,68 | | | 1 834,84 | 1 834,84 | | | | Training |
| Total Amount Officials | 618 731,61 | 560 297,72 | 64 163,36 | 6 965,21 | 7 631,88 | 9 466,72 | 26 009,49 | 24 174,65 | 24 174,65 | 24 174,65 | |

Table 2: Details of Fruitless and Wasteful Expenditure (Source: Financial System)

In respect of amounts identified as Fruitless and Wasteful as tabulated in table 2, monthly deductions are being made from the implicated employees' salaries.

TRANSPORT INFRASTRUCTURE AND ENVIRONMENT

According to Auditor General's Findings it is clear that TIE cluster has regressed from 66% in 2016/17 to 64% in 2017/18 financial years. It is also confirmed by the institutional performance report on pg. 97

- Provide and confirm all the non-achieved targets
- Provide reasons for non-achievement and the down spiral experienced
- What remedial measures were put into place for addressing the current challenge and possible future recurrence?

Response:

Target not achieved- Integrated Transport Plan

Root causes- Gauteng Department of Roads and Transport appointed a service provider to assist with the development of the ITP .There was a period of project stagnation due payment issues. SDM could not therefore report.

Corrective measures-GDRT was engaged to fast-track the project, to date the first ITP draft is available.The final step is to have one-on-one presentation/discussion of the LITP documents with each of the Local Municipalities.

Target not achieved- Regional Sewer

Root causes- Community unrest

Corrective measures- Attendance of Technical steering committee

Target not achieved- Vaal logistic hub

Root causes- Funding

Corrective measures- The key performance indicator was removed from the SDBIP.

Target not achieved- Air quality by-laws

Root causes- Budget constraints, Public participation

Corrective measures- Due to budget constraints, the department is exploring the option of conducting the public participation in-house in consultation and collaboration with the Speaker's Office. The in-house option will only be realized once the beefing up of Air quality Management department has been concluded.

It was reported that a report on the status of our Licensing Offices was served to Council during 2016/17 financial year, outlining the Licensing Buildings challenges.

- Provide the improvements if any, if not why and what is being done to change the situation?

Response:

Management focused on the quick wins for all centres due to financial constraints as reflected the attached **Annexure A**

Vereeniging Driver's License Renewal section has been refurbished including repairing of the ceiling, tiling of the floor and painting of walls.

The process started at Vereeniging DLTC because of a collapsed ceiling. A lot still needs to be done and as guided by the revitalisation compiled by Price Waterhouse Coopers on how to improve licensing service delivery.

There has been a task team established. It is composed of GDRT, Treasury, Sedibeng District Municipality and West Rand District Municipality convened by DDG Mashele. MM will elaborate on the matter.

- What is the attitude of the Provincial Departments of Transport to intervene and ensure safety of our employees?

Response:

The attitude is encouraging and positive and show willingness to consider the increase from 20% to 50 %.

- How far is the review of the MOU between the Provincial departments, Local Municipalities and SDM to address the challenges?

Response:

The Service Level Agreement between the Gauteng Provincial government and Sedibeng district Municipality has been extended till December 2019. However, whilst the agreement is being reviewed by both parties, clause 3 of the SLA attached as **Annexure B** (addendum **02**) has been amended.

The addendum extends the lease agreements with Emfuleni-, Midvaal- and Lesedi Local Municipalities on a month to month basis.

- Provide the detailed report on the Internal Investigations on the alleged fraud and corruption at our Licensing Offices, taking into account the institutional Disciplinary Code and Procedures

Response:

Please refer to annexure C

- Provide progress report on Boipatong testing station to address its usability challenges.

Response:

Vanderbijlpark Testing Station (Boipatong testing station) is still not functional due to non -availability of electricity. Electricity cables feeding the station were stolen and the substation vandalised. Emfuleni Local Municipality is unable to repair and supply electricity to the testing station. Province was engaged for assistance and they advised the municipality to beef up security at the testing station before they assist.

STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

According to Annual Performance Report and the Auditor General's Findings your Cluster performance has regressed from 100% in 2016/17 to 82% in 2017/18 financial year.

- Provide detailed information on the non-achieved targets, the corrective measures put in place after establishing the root cause and the plan to avoid recurrence

Response:

Some of the deliverables were beyond our control while some were based on coordination of IGR forums.

Targets not achieved-Coordinate meetings and provide one (1) technical assistance to the company (RTO)

Root causes- • SPED had no control of the seating of the RTO board. The board also took a while to seat as they needed political buy-in

Corrective measures- The deliverable has been removed

Targets not achieved- Monitor and coordinate the implementation of housing and urban renewal programmes and report

Root causes- The performance relied on the seating of the IGR forum that consisted of our locals and provincial departments. Non seating of the forums meant no performance

Corrective measures- Deliverable recrafted. Monitoring reports to Section 80 and council are now set as performance

Council resolution of 31/10/2018 under 8.8 “The Strategic Planning and Economic Development Cluster to provide a detailed progress report on the Bio-digest Project to MPAC by end of November 2018”

- Why was this Council resolution not implemented?

Response:

The project has stalled due to the contractor moving out of site before completion and claimed full project value. Sedibeng could not process payment of this claim as the project was not complete. The contractor was engaged and requested to complete the project before any pay-out. The matter was referred to the legal department

- Is there any plan to roll out this programme or not?

Response:

The area where bio-digest project was undertaken has recently been converted to a technical school. No planning for this kind of project at this stage

- If yes, present a plan with allocated budget and if not, Why?
- EPWP Project targeted creation of 100 jobs but ended up with 147 jobs achieved, which is commended. How was that possible and what were the financial implications if any?

Response:

There was enough budget allocation to increase our target. There were no financial implications

| | CODE | | | | JUL | AUG | SEP | OCT | NOV | DEC | JAN | TOTAL | |
|-------|----------------------|--------|---|----------|------------|------------|------------|------------|------------|------------|------------|--------------|------------------|
| 00058 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 12,402.79 | 11,203.04 | 7,698.50 | 4,423.77 | 0.00 | 25,648.50 | 0.00 | 61,376.60 | MR TJ MAGUBANE |
| 00059 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 0.00 | 0.00 | 0.00 | 0.00 | 10,533.03 | 0.00 | 0.00 | 10,533.03 | MR MN MABULA |
| 00633 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 42,308.26 | 28,959.55 | 41,735.52 | 35,548.30 | 9,430.59 | 14,245.73 | 19,677.12 | 191,905.07 | MR SA MASUDUBELE |
| 00737 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 5,839.92 | 6,526.80 | 6,893.93 | 0.00 | 6,812.35 | 0.00 | 0.00 | 26,073.00 | MR TL NGUBENI |
| 00776 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 5,839.92 | 6,526.80 | 6,893.93 | 0.00 | 6,812.35 | 0.00 | 0.00 | 26,073.00 | MR MV THOKOA |
| 00852 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 35,578.72 | 32,040.57 | 33,975.63 | 32,974.05 | 7,386.99 | 11,158.70 | 15,413.12 | 168,527.78 | MRS DJ TEBA |
| 00853 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 30,278.34 | 30,485.64 | 22,811.88 | 26,952.76 | 21,718.63 | 22,222.37 | 18,886.28 | 173,355.90 | MR BI MTHEMBU |
| 00854 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 51,872.83 | 55,813.67 | 51,684.56 | 55,082.88 | 46,141.79 | 44,727.30 | 30,616.83 | 335,939.86 | MR BH MOLEBATS |
| 01041 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 4,228.56 | 4,524.84 | 4,524.84 | 4,006.75 | 3,676.43 | 1,668.54 | 2,318.98 | 24,948.94 | MR JM NGONELO |
| 01086 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 55,114.05 | 57,879.07 | 61,894.65 | 62,020.80 | 47,451.17 | 42,468.48 | 43,519.68 | 370,347.90 | MR MI THISO |
| 01087 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 55,114.05 | 57,879.07 | 61,894.65 | 62,020.80 | 47,451.17 | 42,468.48 | 43,519.68 | 370,347.90 | MR SB LETHEA |
| 01095 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 28,578.90 | 39,456.15 | 27,756.58 | 29,562.81 | 18,443.64 | 17,424.12 | 29,982.65 | 191,204.85 | MR TJ MOTSI |
| 01108 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 2,607.66 | 4,633.07 | 5,978.16 | 5,293.66 | 4,857.26 | 2,204.45 | 3,063.81 | 28,638.07 | MR JM MOKOENA |
| 01110 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 5,586.84 | 5,978.16 | 5,978.16 | 6,684.08 | 6,144.06 | 20,242.08 | 26,528.81 | 77,142.19 | MR M GASENEWE |
| 01111 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 5,586.84 | 5,978.16 | 5,978.16 | 6,684.08 | 6,588.43 | 3,997.90 | 4,723.75 | 39,537.32 | MR EM MTHIMKULU |
| 01153 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 0.00 | 0.00 | 0.00 | 15,624.62 | 21,931.69 | 18,432.11 | 37,259.94 | 93,248.36 | MR MUTLOANE K |
| 10876 | 34452110380EQMRCZZHO | 440405 | 5 | OVERTIME | 27,036.34 | 32,818.46 | 29,475.64 | 27,772.71 | 25,629.10 | 22,459.52 | 14,906.02 | 180,097.79 | MR LE MABIZELA |
| | VIP Overtime Totals | | | | 367,974.02 | 380,703.05 | 375,174.79 | 374,652.07 | 291,008.68 | 289,368.28 | 290,416.67 | 2,369,297.56 | |

| CODE | JUL | AUG | SEP | OCT | NOV | DEC | JAN | TOTAL |
|--|------------|------------|------------|------------|-----------|------------|-----------|------------|
| 01092 31512110010EQMRCZZHO 410501 1 ACTING | 6,992.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,992.40 |
| 01075 33212110010EQMRCZZHO 430201 1 ACTING | 17,029.11 | 18,772.16 | 18,772.16 | 16,212.32 | 19,625.44 | 18,772.16 | 11,945.92 | 121,129.27 |
| 00867 33312110010EQMRCZZHO 430301 1 ACTING | 3,831.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,831.66 |
| 80342 34112110010EQMRCZZHO 480201 1 ACTING | 3,322.20 | 3,725.70 | 3,725.70 | 3,217.65 | 3,895.05 | 3,725.70 | 0.00 | 21,612.00 |
| 00441 34212110010EQMRCZZHO 440201 1 ACTING | 4,204.76 | 7,069.92 | 6,748.56 | 4,820.40 | 5,141.76 | 6,748.56 | 0.00 | 34,733.96 |
| 13445 34212110010EQMRCZZHO 440201 1 ACTING | 5,403.93 | 0.00 | 0.00 | 0.00 | 2,753.30 | 0.00 | 0.00 | 8,157.23 |
| 00604 34322110010EQMRCZZHO 440302 1 ACTING | 0.00 | 5,661.26 | 6,057.26 | 5,231.27 | 0.00 | 0.00 | 0.00 | 16,949.79 |
| 01011 34332110010EQMRCZZHO 440303 1 ACTING | 6,975.36 | 7,818.80 | 7,818.80 | 6,752.60 | 8,174.20 | 7,818.80 | 4,975.60 | 50,334.16 |
| 00567 34412110010EQMRCZZHO 440401 1 ACTING | 3,322.20 | 3,725.70 | 3,725.70 | 3,217.65 | 3,556.35 | 3,725.70 | 0.00 | 21,273.30 |
| T0033 34412110010EQMRCZZHO 450201 1 ACTING | 4,270.98 | 4,788.08 | 4,788.08 | 4,135.16 | 0.00 | 9,244.80 | 2,054.40 | 29,281.50 |
| 00408 34952110010EQMRCZZHO 442101 1 ACTING | 0.00 | 2,573.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,573.30 |
| 00278 35412110010EQMRCZZWD 450401 1 ACTING | 2,937.48 | 3,292.74 | 3,143.07 | 2,843.78 | 0.00 | 6,735.15 | 2,095.38 | 21,047.60 |
| 00203 35422110010EQMRCZZWD 450402 1 ACTING | 0.00 | 7,818.80 | 5,686.40 | 4,975.60 | 8,174.20 | 6,397.20 | 4,975.60 | 38,027.80 |
| 00342 35422110010EQMRCZZWD 450402 1 ACTING | 6,643.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,643.20 |
| 00248 35432110010EQMRCZZWD 450403 1 ACTING | 3,323.46 | 3,725.70 | 3,725.70 | 3,217.65 | 3,895.05 | 3,725.70 | 2,370.90 | 23,984.16 |
| 00608 35442110010EQMRCZZWD 450404 1 ACTING | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,330.85 | 0.00 | 5,330.85 |
| 00610 35442110010EQMRCZZWD 450404 1 ACTING | 2,466.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,466.48 |
| 00221 35452110010EQMRCZZWD 450405 1 ACTING | 6,975.36 | 7,818.80 | 7,486.64 | 6,397.20 | 5,400.72 | 7,108.00 | 3,554.00 | 44,740.72 |
| 00472 35452110010EQMRCZZWD 450405 1 ACTING | 8,150.73 | 9,136.60 | 9,136.60 | 7,890.70 | 0.00 | 17,012.00 | 4,153.00 | 55,479.63 |
| 00782 36112110010EQMRCZZHO 460101 1 ACTING | 2,247.84 | 2,519.66 | 2,519.66 | 2,176.07 | 2,290.60 | 2,519.66 | 1,603.42 | 15,876.91 |
| 00652 36342110010EQMRCZZWD 460304 1 ACTING | 3,256.89 | 3,650.68 | 3,650.68 | 3,152.86 | 3,318.80 | 3,650.68 | 2,323.16 | 23,003.75 |
| 00931 36342110010EQMRCZZWD 460304 1 ACTING | 0.00 | 0.00 | 0.00 | 4,622.89 | 0.00 | 0.00 | 0.00 | 4,622.89 |
| 80280 36342110010EQMRCZZWD 460304 1 ACTING | 0.00 | 0.00 | 4,249.90 | 0.00 | 0.00 | 0.00 | 0.00 | 4,249.90 |
| 00928 36512110010EQMRCZZWD 480401 1 ACTING | 12,779.55 | 14,324.64 | 14,324.64 | 12,371.28 | 14,975.76 | 11,069.04 | 3,255.60 | 83,100.51 |
| 00862 36532110010EQMRCZZWD 480403 1 ACTING | 0.00 | 0.00 | 732.02 | 861.20 | 0.00 | 0.00 | 0.00 | 1,593.22 |
| 00180 36632110010EQMRCZZWD 480503 1 ACTING | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,099.88 | 0.00 | 5,099.88 |
| 01015 36642110010EQMRCZZWD 480504 1 ACTING | 0.00 | 0.00 | 0.00 | 9,640.75 | 11,670.43 | 11,163.02 | 7,103.74 | 39,577.94 |
| Total | 104,133.59 | 106,422.54 | 106,291.57 | 101,737.03 | 92,871.66 | 129,846.90 | 50,410.72 | 691,714.01 |



*Copy 1711
Be Done Dr B
Personal File*

Sedibeng District Municipality
Corner Leslie and Beaconsfield Avenue, Vereeniging
PO Box 471, Vereeniging, 1930
Gauteng, Republic of South Africa
Tel: +27 16 450 3200
Fax: +27 16 422 2311
Email: info@sedibeng.gov.za
Website: www.sedibeng.gov.za

Human Resources

Sedibeng District Municipality

Our Ref: Pule Modimoeng
File No: Personal File

01 October 2018

Mr. Bheki Ngobese
Pay Number: 00622
445 Jangroentjie Street
Randvaal
Daleside
1840

*00622
19/10/2018*

Dear Mr. Bheki Ngobese

RE-STATEMENT OF PAYMENT ON YOUR ACKNOWLEDGED DEBT ON SALARY OVERPAYMENT

The Municipality wishes to welcome you back from Sabbatical leave. However, reference is made to the written acknowledgement of debt between yourself and the Sedibeng District Municipality, signed on 31 October 2016 (the copy herewith attached).

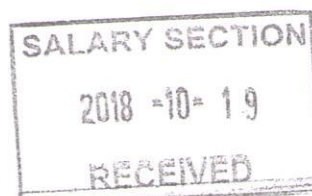
Your reinstatement back to the municipality is with effect from 09 October 2018. You are hereby reminded that you owe the Municipality an amount of R 595 539. 81; which amount you were supposed to have paid in twelve (12) months period, however, the Municipality is prepared to allow you to pay an equal amount of R16 542.77 for a period of thirty six (36) months. You are advised to communicate with the Department of Finance: Revenue section to make proper arrangements for payment.

The Municipality herewith re-instates the said written acknowledgement and wish to further encourage you to fulfill the commitment you made in the agreement/acknowledgement; with effect from 25 October 2018.

We hope that you will respond promptly to this reminder so as to put this matter to rest.

Yours sincerely,

S KHANYILE
MUNICIPAL MANAGER



Earnings

Empl.Code: 00622 [M M 03 40501]
 NGOBESE I MR
 1A.Annual Salary 592224.00

| | Fixed(1) | Amount(2) | X |
|--------------|----------|-----------|---|
| 1. ACTING | | | |
| 2. SUBSISTAN | | | |
| 3. BACKPAY | | | |
| 4. METIRN LE | | | |
| 5. COUNCIL T | | | |
| 6. ARBITRATI | | | |
| 7. TEL.COST | | | |
| 8. GRAT ONCE | | | |
| 9. LEAVE NO | | | |
| A. PERFORMAN | | | |
| B. UNIFORM | | | |
| C. GRAT LEAV | | | |
| D. TRAVEL CL | | | |
| E. TRAVEL NT | | | |

Totals
 Earnings: 51211.77
 Deductions: 37036.16
 Net Salary: 14175.61

Deductions

| | Auto(1) | Amount(2) | Times | Balance |
|--------------|---------|-----------|-------|---------|
| F. SUNDRY DE | | | | |
| G. DEBTOR AC | | | | |
| H. HOUSING | | | | |
| I. PRIVATE C | | | | |
| J. CLR SASRI | | | | |
| K. ANC | | | | |
| L. ADVANCE | | | | |
| M. CELL EXCE | | | | |
| N. CELL LOAN | | | | |
| O. EFF CONT. | | | | |
| P. | | | | |
| Q. S/CORRECT | | 16542.77 | 36 | |
| R. | | | | |
| S. | | | | |
| T. INSURANCE | | | | |
| U. | | | | |
| V. | | | | |
| W. IMATU | | | | |
| X. | | | | |
| Y. DIR. TAX | | | | |
| Z. SKILLS LE | | | | |

Taxable: 48465.41 Perks Tax: 11895.57 Co. Contrib. 12668.63

Enter Selection

Options Engaged Employee
 Engaged or Terminated Employee



MIM PETLANE - ARBITRATION

| Date | Annual Salary | Monthly Package | Cel Phone Allowance | Interest % | Date paid | Days | | |
|--------------------|---------------|---------------------|---------------------|------------|-----------|------|--------|-----------------|
| | | | | | | 9% | 15.50% | Interest Amount |
| Jul-12 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Aug-12 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Sep-12 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Oct-12 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Nov-12 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Dec-12 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Jan-13 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Feb-13 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Mar-13 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Apr-13 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| May-13 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Jun-13 | 1,005,922.89 | 83,826.91 | 1,780.00 | | | | | |
| Jul-13 | 1,069,296.03 | 89,108.00 | 1,780.00 | | | | | |
| Aug-13 | 1,069,296.03 | 89,108.00 | 1,780.00 | | | | | |
| Sep-13 | 1,069,296.03 | 89,108.00 | 1,780.00 | | | | | |
| Oct-13 | 1,069,296.03 | 89,108.00 | 1,780.00 | | | | | |
| Nov-13 | 1,069,296.03 | 89,108.00 | 1,780.00 | | | | | |
| Dec-13 | 1,069,296.03 | 89,108.00 | 1,780.00 | | | | | |
| Arbitration | | 1,540,570.92 | 32,040.00 | | 11-08-15 | 375 | 181 | 266,288.27 |
| Jan-14 | 1,069,296.03 | 89,108.00 | 1,780.00 | 15.50% | 11-08-15 | 375 | 181 | 15,389.95 |
| Feb-14 | 1,069,296.03 | 89,108.00 | 1,780.00 | 15.50% | 11-08-15 | 375 | 153 | 14,309.26 |
| Mar-14 | 1,069,296.03 | 89,108.00 | 1,780.00 | 15.50% | 11-08-15 | 375 | 122 | 13,112.77 |
| Apr-14 | 1,069,296.03 | 89,108.00 | 1,780.00 | 15.50% | 11-08-15 | 375 | 92 | 11,954.88 |
| May-14 | 1,069,296.03 | 89,108.00 | 1,780.00 | 15.50% | 11-08-15 | 375 | 61 | 10,758.40 |
| Jun-14 | 1,069,296.03 | 89,108.00 | 1,780.00 | 15.50% | 11-08-15 | 375 | 31 | 9,600.51 |
| Jul-14 | 1,141,901.23 | 95,158.44 | 1,780.00 | 15.50% | 11-08-15 | 375 | 0 | 8,963.49 |
| Aug-14 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 344 | 0 | 8,222.50 |
| Sep-14 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 314 | 0 | 7,505.43 |
| Oct-14 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 283 | 0 | 6,764.44 |

MIM PETLANE - ARBITRATION

| Date | Annual Salary | Monthly Package | Cel Phone Allowance | Interest % | Date paid | Days | | Interest Amount |
|---------------------|---------------|---------------------|---------------------|------------|-----------|------|--------|---------------------|
| | | | | | | 9% | 15.50% | |
| Nov-14 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 253 | 0 | 6,047.37 |
| Dec-14 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 222 | 0 | 5,306.38 |
| Jan-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 191 | 0 | 4,565.40 |
| Feb-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 163 | 0 | 3,896.13 |
| Mar-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 132 | 0 | 3,155.15 |
| Apr-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 102 | 0 | 2,438.07 |
| May-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 71 | 0 | 1,697.09 |
| Jun-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 41 | 0 | 980.01 |
| Jul-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 10 | 0 | 239.03 |
| Aug-15 | 1,141,901.23 | 95,158.44 | 1,780.00 | 9% | 11-08-15 | 0 | 0 | 0.00 |
| Sub-Total | | 1,866,866.16 | 35,600.00 | | | | | |
| TOTAL | | 3,407,437.08 | 67,640.00 | | | | | 401,194.53 |
| Total Amount | | | | | | | | 3,876,271.61 |

| | |
|----------|---------------|
| Paid | R2,826,045.38 |
| Variance | R1,050,226.23 |

Annexure "A"

SETTLEMENT AGREEMENT

between

SEDIBENG DISTRICT MUNICIPALITY

(Hereinafter referred to as "the Employer")

and

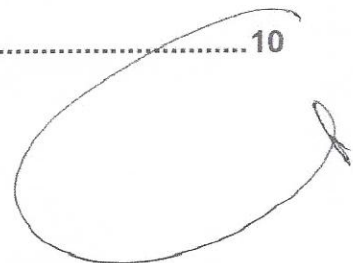
MOABI MOSOTHO PETLANE

(Hereinafter referred to as "the Employee")

C
MM

TABLE OF CONTENTS

| | | |
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| 13. | SIGNATURE..... | 10 |

A large, stylized handwritten signature in black ink, consisting of a large loop and a trailing flourish.

MM

WHEREBY THE PARTIES AGREE AS FOLLOWS –

1 PARTIES

1.1 The Parties to this Agreement are:

1.1.1 **MOABI MOSOTHO PETLANE**; and

1.1.2 **SEDIBENG DISTRICT MUNICIPALITY**

2 INTERPRETATION

2.1 The head notes to the clauses of this Agreement are inserted for reference purposes only and shall in no way govern or affect the interpretation hereof.

2.2 Unless inconsistent with the contents, the expression set forth below shall bear the following meanings:

2.2.1 "**Agreement**" means this settlement agreement entered into between the Parties;

2.2.2 "**Applicant**" means Moabi Mosotho Petlane an adult male who was employed in the position of a Executive Director: Corporate Services of the Respondent as from the 1st day of April 2009.

A large, handwritten signature in black ink is written over the bottom right portion of the text. Below the signature, the initials "MM" are written in a similar hand.

2.2.3 **"Respondent"** means the Sedibeng District Municipality, a Municipal Council established and constituted in terms of local Government: Municipal Structures Act 117 of 1998;

2.2.4 **"Parties"** means the parties to this Agreement, namely the Respondent and the Applicant; and

2.2.5 **"Signature Date"** means the last day of signature of this agreement by either of the parties.

3 **RECORDAL**

3.1 The settlement agreement is mutual and the Parties record that they have not been coerced to enter into this agreement.

3.2 The parties further record that they have been authorised to enter into this agreement by both the Employee and the Employer.

3.3 The above agreement shall be made an order of court and shall have the ordinary effect of a contractual agreement.

3.3.1 Parties' records and note that the Labour Court under case: J898/14 had issued a judgment in favour of the Applicant reinstating the Applicant to his original position.

MM

3.3.2 The Court had further confirmed or the parties are by agreement agreeing to an alternative position for the Applicant as contained in clause 7 herein. The alternative position shall operate from date of agreement on such alternative position.

3.3.3 Both the Applicant and the Respondent enters into this agreement to:

3.3.3.1 avoid further legal costs;

3.3.3.2 bring certainty and end protracted litigation;

3.3.3.3 each of the parties enters into this agreement without accepting liability.

3.4 It is recorded that the Respondent has paid the Applicant the following amounts as ordered by the court:

3.4.1 Payments made on Arbitration back pay was R3,876,271.61

3.4.2 Performance bonus payment was R182,596.72

mm

4 SETTLEMENT AGREEMENT

4.1 The settlement agreement is mutual and the Parties record that they have not been coerced to enter into this agreement.

4.2 It is agreed that the Settlement agreement will take place subject to the following condition –

4.2.1 The Respondent shall contribute to the legal costs of the Applicant in respect of the costs of litigation.

5 LEGAL COSTS

5.1 The Respondent shall contribute an amount of **R890 000.00 (eight hundred and ninety thousand rands only)** toward the legal cost of the Applicant, which shall be payable directly into the Account of the Attorney representing the Applicant, and the said amount shall be payable as follows:

5.1.1 The amount of **R490 000.00 (four hundred and ninety thousand rands only)** will be payable on Thursday, the 12th day of November 2015.

5.1.2 The remaining balance of **R500 000.00 (five hundred thousand rands only)** will be payable on the 03rd day of December 2015.

MM

5.2 The amount above shall attract interest at a rate of **15.5% (fifteen. five per cent)** from due date to date of payment.

6 SPECIAL LEAVE

6.1 The parties record and agree that the Applicant shall remain on special leave up and until a settlement has been reached in respect of an alternative position as contemplated in clause 7 herein.

7 ALTERNATIVE POSITION

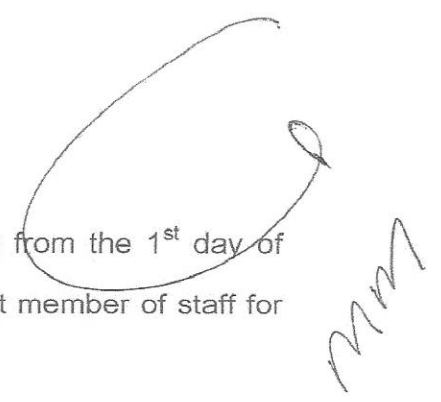
7.1 The parties agree that the Applicant shall be placed in an alternative position of equivalent or higher status.

7.2 The position referred to in paragraph 7.1 above shall be payable at a salary level of an Executive Director, less 1 % (one per cent) thereof.

7.3 The Applicant shall be entitled to any other benefits commensurate with the alternative position.

8 STATUS OF THE APPLICANT

8.1 The parties record and specifically agree that as from the 1st day of November 2015 the Applicant is now a permanent member of staff for

A large, handwritten signature in black ink is written over the text of clause 8.1. To the right of the signature, the initials 'MM' are written vertically in a similar hand.

the Respondent.

- 8.2 The Respondent is at liberty to deploy the Applicant to any position to the extent that the position thereof is by agreement and is consistent with clause 7 herein.

9 BREACH

- 9.1 Should either Party commit a breach of this Agreement, the aggrieved party shall without prejudice to any other rights it may have under law, institute action against the defaulting party to claim specific performance in terms of this Agreement alternatively damages.

- 9.2 Insofar as the Respondent breaches any of the provisions of this Agreement and without prejudice to the Applicant's rights as stated above, the Applicant would be entitled to recover from the Respondent as genuine pre-estimated damages, the amounts agreed in terms of clause 5 of this Agreement.

10 NON-VARIATION

- 10.1 No variation, modification or waiver of any of the provisions of this Agreement or consent to any departure there from shall in any manner be of any force or effect unless confirmed in writing and signed by the Parties and such variation, modification, waiver or consent shall be

MM

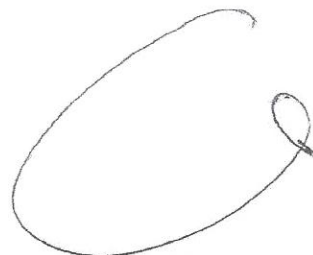
effective only in the specific instance and for the specific purpose and to the extent for which it was made or given.

10.2 No failure, delay, relaxation or indulgence on the part of either Party in exercising any power or right conferred on such Party in terms of this Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any such power or right preclude any other or further exercises thereof or the exercise of any power or right under this Agreement.

10.3 The Applicant shall further be entitled to damages to be determined by Arbitration in an event that the Respondent fails to honour Clause 7.3 herein above, and the said damage shall not be limited to the limits as set out in the Labour Relations Act.

11 NOTICES AND DOMICILIA

11.1 Each Party chooses the address set out opposite its name below as its address to which all notices, legal processes and other communications must be delivered for the purposes of this Agreement.

A large, stylized handwritten signature in black ink, possibly representing the letter 'C'.Handwritten initials in black ink, appearing to be 'MM'.

| <u>The Respondent</u> | <u>Physical Address</u> | <u>Telephone</u> |
|-----------------------------------|--|------------------|
| Sedibeng District Municipality | Beaconfield Avenue, Vereeniging, 1930 | |

Marked for the attention of:

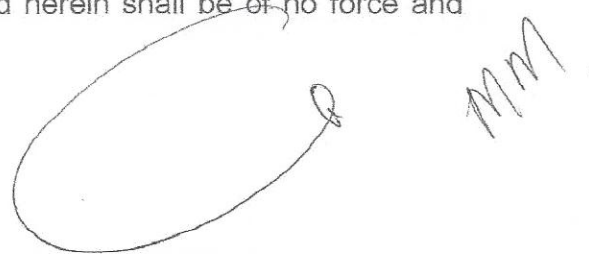
| <u>The Applicant</u> | <u>Physical Address</u> | <u>Telephone</u> |
|------------------------------|--|------------------|
| Mr. Moabi Mosotho Petlane | 39 Fish Eagle Drive, Three Rivers East, Vereeniging. | 084 440 1941 |

11.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing and delivered by hand.

11.3 Any party may by written notice to the other party change its chosen address to any physical address, provided that the change shall become effective on the 14th day after the receipt of the notice by the addressee.

12 GENERAL

12.1 This Agreement constitutes the sole agreement between the Parties and any representation not contained herein shall be of no force and effect between the Parties.

A large, handwritten signature in black ink is written over the text of clause 12.1. To the right of the signature, the initials 'MM' are written in a similar style.


12.2 This agreement shall be made an Order of Court and the Respondent shall be responsible for the cost thereof.

13 SIGNATURE

13.1 Signed on behalf of the Parties, each signatory hereto warranting that has due authority to do so.

SIGNED at Ver eeniging on _____ 2015.

For and on behalf of
Moabi Mosotho Petlane



Signature

Mosotho Petlane

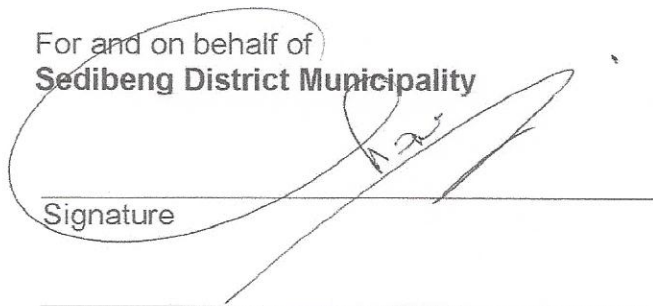
Name of Signatory

SIGNED at _____

on _____ 2015.

Applicant.
Designation of Signatory

For and on behalf of
Sedibeng District Municipality



Signature

Name of Signatory

Designation of Signatory



Sedibeng District Municipality
 Corner Leslie and Beaconsfield Avenue, Vereeniging
 PO Box 471, Vereeniging, 1930
 Gauteng, Republic of South Africa
 Tel: +27 16 450 3000
 Fax: +27 16 455 2573
 Email: info@sedibeng.gov.za
 Website: www.sedibeng.gov.za

Office of the Municipal Manager

Sedibeng District Municipality

Mr MM Petlane
 Pay No.: 00901

09 February 2017

Dear Mr Petlane,

IMPLEMENTATION OF THE SETTLEMENT AGREEMENT: SEDIBENG DISTRICT MUNICIPALITY//MM PETLANE

We have on several occasions discussed the position on which the Sedibeng District Municipality should place you pursuant to the Settlement Agreement you entered into with it.

On 18 January 2017 in a meeting between you, myself and the Municipal Manager of Emfuleni Local Municipality we agreed that:

1. The Sedibeng District Municipality will create a position designated as Chief Director: Auxiliary Services;
2. You will be placed in the position referred to in (1) above;
3. The Sedibeng District Municipality will furnish you with a letter of appointment in that position;
4. You will stop representing employees of Emfuleni Local Municipality in the labour relations matters between themselves and the said municipality.

Pursuant to the above agreement find attached hereto the letter of appointment.

You are instructed to report for duty on Monday, 13 February 2017 in the Office of the Municipal Manager.

Secondly you are further instructed to stop representing the employees of Emfuleni Local Municipality as agreed upon on 18 January 2017.

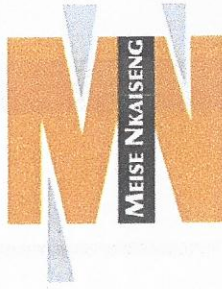
We are looking forward to a healthy working relationship with you.

Hope you find the above in order.

Yours faithfully

TL MKAZA
ACTING MUNICIPAL MANAGER

Annexure "C"



Our Ref / Ons Verw :

53625/HERMAN VAN WYK/evw

Your Ref / U Verw

MR SIHUNU

PLEASE QUOTE THIS REFERENCE NUMBER
WITH ALL CORRESPONDENCE

19 May 2017

SIHUNU ATTORNEYS

BY E-MAIL: lithasihunu@gmail.com

Copies for info to:

THE EXECUTIVE MAYOR, CLLR B J MODISAKENG
MMC CLLR S MAPHALLA
THE ACTING CHIEF OPERATIONS OFFICER, MR M MATHE
THE ACTING DIRECTOR LEGAL AND SUPPORT, ADV S MALOKA

Dear Sir

**IMPLEMENTATION OF SETTLEMENT AGREEMENT: SEDIBENG DISTRICT
MUNICIPALITY / M M PETLANE**

1. We refer to previous correspondence and note that your client has not yet responded to our letter dated the 22nd February 2017 nor has he reported for duty as requested. A copy of the letter is attached for easy reference.
2. Our client has instructed us to demand that your client reports for duty at the office of the Acting Chief Operations Officer (Mr Mathe) by not later than 8:00 on Thursday, 1 June 2017, failing which your client will be regarded as being absent without leave, alternatively, that he has absconded.
3. All our client's rights remain strictly reserved.

4. Kindly acknowledge receipt.

Yours faithfully



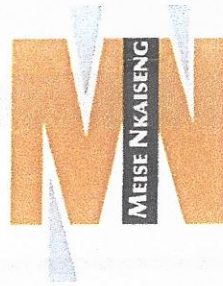
HERMAN VAN WYK
MEISE NKAISENG INCORPORATED [VANDERBIJLPARK BRANCH]
[E-mail : elouisevw@mnlaw.co.za]
[Direct Telefax : 086 508 5114]

ATTORNEYS NOTARIES AND CONVEYANCERS

MEISE NKAISENG INC. Reg No: 1999/004176/21; Vat No: 4880179777
POSTAL ADDRESS: P.O. Box 435, Docex 18, Vereeniging, 1930
DIRECTORS: S Meise; AJ van Wyk; Z Saloojee; A Grimbeek
ASSOCIATE: H van Wyk; **OFFICE MANAGER:** L Labuschagne
VANDERBIJLPARK OFFICE: 1st Floor, 1 Fish River Street (cnr Hendrik van Eck Boulevard), Vanderbijlpark;
Tel: (016) 420 2600; Fax: (016) 932 2418
VEREENIGING OFFICE: 153 General Hertzog Street, Three Rivers, Vereeniging
Tel: (016) 420 2500; Fax: (016) 454 0370



COPY



22 February '17
M Petlane

Received
Timpi Petlane

Our Ref / Ons Verw :

Your Ref / U Verw

HERMAN VAN WYK/evw/53625
PLEASE QUOTE THIS REFERENCE NUMBER
WITH ALL CORRESPONDENCE

22 February 2017

ADV MOSOTHU PETLANE
39 FISH EAGLE STREET
THREE RIVERS EAST
VEREENIGING

E-mail: mosotho@edinmoor.co.za
Fax: 0865 565 1988

By hand

Copies for info to: THE ACTING MUNICIPAL MANAGER, MR T L MKAZA
THE EXECUTIVE MAYOR, CLLR B J MODISAKENG

Dear Sir

RE: IMPLEMENTATION OF SETTLEMENT AGREEMENT: SEDIBENG DISTRICT MUNICIPALITY

1. We act on behalf of the Sedibeng District Municipality ("SDM") and refer to the recent correspondence between the Acting Municipal Manager and yourselves, in particular your letter dated 13 February 2017.
2. We are instructed that there is a misunderstanding about the implementation of the Settlement agreement which was made an award by the CCMA on 26 July 2016.
3. With regard to the latter, we are instructed that paragraph 5 thereof has been implemented as follows:

- 3.1 SDM created a position of Chief Director: Auxiliary Services in the office of the Municipal Manager. This is a permanent post at the same or higher level on the organogram than an Executive Director appointed in terms of sections 56 and 57 of the Systems Act. In your case the appointment is not subject to a fixed term contract but a permanent position.
- 3.2 The position to which you have been appointed has staff and budget. The confusion probably arose as a result of the suggestion that you will be seconded by the SDM to the position of CEO of the RTO for 3 – 5 years, the terms whereof are still to be finalised by the Board of the RTO, in conjunction with the SDM. This secondment will mean that you remain an employee of SDM. The draft budget and organogram which you proposed is applicable to the RTO and not SDM although the proposals will certainly be considered by the SDM and the RTO once the secondment has been finalised.
- 3.3 You are and remain an employee of SDM and your secondment and subsequent involvement with the RTO must be seen as a separate project. The increments in salary have been and will be implemented as per the award.
- 3.4 The applicable bonus has been and will in future be implemented as per the settlement.
- 3.5 The compensation agreed to has been paid.
4. Our client is therefore of the view that all the stipulations of the settlement agreement and/or award have been addressed and implemented.
5. Our client's letters of the 3rd and 9th February 2017 were never intended to amend and/or alter the agreements which have been reached.

6. Our client will appreciate it if you can report for duty on Monday, 27 February 2017 at 8:00 at the office of the Acting Municipal Manager.
7. We trust that you will find this in order.

Yours faithfully



HERMAN VAN WYK
MEISE NKAISENG INCORPORATED VANDERBIJLPARK
[E-mail : elousevw@mnlaw.co.za]
[Direct Telefax : 086 508 5114]

ATTORNEYS NOTARIES AND CONVEYANCERS

MEISE NKAISENG INC. Reg No: 1999/004176/21; Vat No: 4880179777
POSTAL ADDRESS: P.O. Box 435, Docex 18, Vereeniging, 1930
DIRECTORS: S Meise; AJ van Wyk; Z Saloojee; A Grimbeek
ASSOCIATE: H van Wyk **OFFICE MANAGER:** L Labuschagne
VANDERBIJLPARK OFFICE: 1st Floor, 1 Fish River Street (cnr Hendrik van Eck Boulevard), Vanderbijlpark
Tel: (016) 420 2500; Fax: (016) 932 2418
VEREENIGING OFFICE: 153 General Hertzog Road, Three Rivers, Vereeniging;
Tel: (016) 420 2500; Fax: (016) 454 0370





Sedibeng District Municipality
Corner Leslie and Beaconsfield Avenue, Vereeniging
PO Box 471, Vereeniging, 1930
Gauteng, Republic of South Africa
Tel: +27 16 450 3000
Fax: +27 16 455 2573
Email: info@sedibeng.gov.za
Website: www.sedibeng.gov.za

Office of the Municipal Manager

Sedibeng District Municipality

19 September 2017

Our Ref: Caroline Serame

Mr. Moabi Mosotho Petlane
Pay Number: 00901
39 Fish Eagle Drive
Three Rivers East
VEREENIGING
1930

Dear Mr. Petlane,

**IMPLEMENTATION OF THE SETTLEMENT AGREEMENT: SEDIBENG DISTRICT MUNICIPALITY/MM
PETLANE**

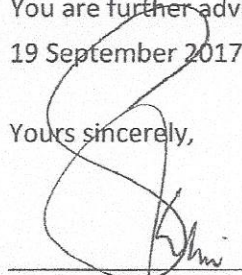
The previous correspondence and engagements regarding the above stated matter, bears reference.

Sedibeng District Municipality has created a position designated as Chief Director: Auxiliary Services, where you will be placed as part of the settlement agreement. Role and responsibilities of this position will be discussed further with the Municipal Manager.

Pursuant to the above, you are therefore instructed to report for duty on Monday, 02 October 2017 in the Office of the Municipal Manager.

You are further advised to cease doing any remuneration work with immediate effect on this day, 19 September 2017 until your reporting date at Sedibeng District Municipality.

Yours sincerely,



STANLEY KHANYILE
MUNICIPAL MANAGER

Date: 19/09/2017

39 Fish Eagle Street

Three Rivers

Vereeniging

1941

Tel: 084 440 1941

Fax: 0865 565 1988

Email: mosotho@edinmoor.co.za

01 March 2018

Mr. Stanley Khanyile

Sedibeng District Municipality

Cnr Leslie & Beaconsfield Street

Vereeniging

1930

Tel: 016 450 3000

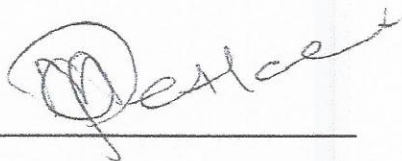
Dear Sir

RESIGNATION: MM PETLANE// SEDIBENG DISTRICT MUNICIPALITY

1. I refer to the previous correspondence in this regard and particularly to the correspondence between the municipal manager and myself prior to my resumption of duties on the 11th December 2017.
2. The situation between the 11th day of December 2017 to date has become extremely unbearable and generally difficult to operate in, For example:

- 2.1 I have no Computer or Laptop.
 - 2.2 I have no operational office phone.
 - 2.3 I have no access to internet or any facilities.
 - 2.4 Do not have stationary to perform my work.
 - 2.5 The above and any other reasons have forced me to tender my resignation with effected from the 31st of March 2018.
3. The fact that Sedibeng District Municipality has taken away the budget that was made to kick start the Tourism entity is a clear indication that the is absolutely no intention to incubate or capacitate the Tourism organization.
 4. After serious consideration of the above issues, I am left with no option but to tender my resignation as I hereby do.

Yours faithfully



Mosotho Petlane


CC: Mr. B Majola



INTERNAL AUDIT

2017/2018 ANNUAL AUDIT PLAN

SEDIBENG DISTRICT MUNICIPALITY



Page 1 of 7

1. INTRODUCTION AND BACKGROUND

Sedibeng District Municipality completed its risk assessment review for the 2017/2018 financial year as required by the Municipal Finance Management Act, 56 of 2003. Subsequently, an internal audit plan has been developed for approval by the Audit Committee and implementation by Internal Audit Unit in the 2017/18 financial year.

2. TERMS OF REFERENCE

The terms of reference of Sedibeng District Municipality's Internal Audit Unit are prescribed in Section 165 (2) (b) Municipal Finance Management Act as follows:

- Internal control;
- Accounting procedures and practices;
- Risk Assessment and risk management;
- Performance management;
- Loss Control; and
- Compliance with Municipal Finance Management Act, 56 of 2003, Division of Revenue Act and any other applicable reporting requirements

3. RISK-BASED INTERNAL AUDIT PLAN

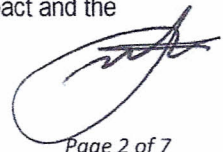
- a) The internal audit plan is based on the results of the risk assessment process conducted for the 2017/18 financial year.
- b) Monitoring and management of risks is primarily a responsibility of management and as such, management is responsible to ensure that risks are properly identified, managed and monitored.
- c) Internal audit acknowledges that not all risks identified will be audited and/ or are auditable however implementation of mitigation measures will be monitored by risk management unit.
- d) The internal audit plan is prepared on the following assumptions and conditions:
 - ✓ Management requests and ad hoc assignments have been excluded; however, such audit can be implemented subject to approval by the Audit Committee Chairperson
 - ✓ The impact of such work on the approved internal audit plan will, if necessary, be discussed and agreed with management and/ or the Audit Committee.
 - ✓ Internal audit will have timely access to management and staff, documents (manual and electronic) and records as will be required for the execution of internal audit work.

4. EXECUTION PHILOSOPHY OF THE INTERNAL AUDIT PLAN

The plan is intended to be executed quarterly by the Internal Audit Unit. This means that each quarter has standard allocated hours and corresponding internal audit projects. During execution of the plan, the Internal Audit Unit will comply with the approved Internal Audit Policies and Procedures (Methodology) which is in line with the Internal Audit Standards. This will assist in measuring the effectiveness of the Internal Audit Unit as well as adherence to the Standards for Quality Assurance Review.

5. REPORTING

Communication, particularly through reports, is an essential element of the internal audit process. Reports will clearly demonstrate the control and operational concerns arising from our visits, the potential impact and the practical, reasoned recommendations for change. The reports will be structured as follows:



Section A : an executive summary documenting the scope of work, sources of information and a summary of significant findings.

Section B : detailed internal control findings and recommendations on operational enhancements.

The approach to communications and reporting recognises the need to keep Sedibeng District Municipality management informed of significant issues as they arise. This is accomplished by:

- Active pre-planning meetings;
- Frequent communication during the audit;
- Immediate communication of significant findings to appropriate levels of management; and
- Immediate escalation of disputes/non-co operation

Formal reporting will take place at the end of each audit and will be addressed to the Municipal Manager. The communications with the Audit Committee will include feedback on significant findings, results of follow-up reviews and progress against the internal audit plan.

6. QUALITY AND CONTINUOUS IMPROVEMENT PLAN

It is important for an Internal Audit to monitor both the extent and quality of the internal audit service provided to Sedibeng District Municipality on an on-going basis. This will be ensured by completion of a client satisfaction checklist during and at the end of each internal audit performed by clients and review of auditor's performance in terms of the standards by the Manager.

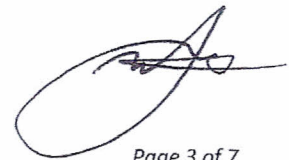
7. CO-ORDINATION AND CO-OPERATION

It is accepted that the co-operation and availability of Sedibeng District Municipality personnel plays a significant role in impacting the effectiveness and efficiency of the internal audit service. Every effort will be made to explain the purpose of internal audit, being an extension of management, to obtain the complete co-operation of departmental management. To emphasise on the co-operation, planning memorandums will be prepared for each section to be audited and signed by the Municipal Manager as evidence of commitment and avoid staff unavailability during the audit.

8. INTERNAL AUDIT TEAM AND ROLES

Sedibeng District Municipality has a co-sourced internal audit arrangement with 2 X Internal Audit staff and Grant Thornton (service provider) with full staff complement.

| ROLES |
|-----------------------|
| Internal Auditor |
| Internal Audit Intern |




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9. SUBMISSION

This is to request approval of Sedibeng District Municipality Annual Internal Audit Plan 2017/2018 by the Audit Committee herewith attached as "ANNEXURE A"

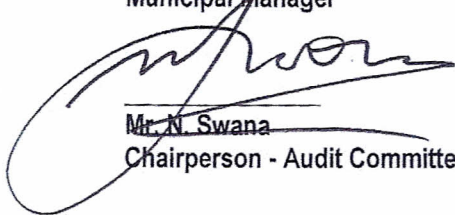
10. APPROVAL OF THE ANNUAL PLAN

Recommended by:

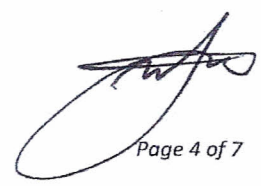

Mr. S. Khanyile
Municipal Manager

14 / 05 / 2018
Date

Approved by:


Mr. N. Swana
Chairperson - Audit Committee

17 / 05 / 2018
Date


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ANNEXURE A

OPERATIONAL RISK BASED PLAN FOR 2017/2018 FINANCIAL YEAR

| No. | Focus area | Audit/ Project/Process | AUDIT OBJECTIVE | Implementation Period | Budgeted Hours |
|-----|-------------------------|---|---|-----------------------|----------------|
| 1. | Performance Information | Review of 4 th Quarter (Co-source) (Project Rolled over from the previous 2016_17 IA Plan) | To evaluate and review effectiveness of Performance Management System of the municipality. Test the accuracy of the Performance report. | Quarter 1 | 60 |
| 2. | Supply Chain Management | Supply Chain Management Audit (Co-source) (Project Rolled over from the previous 2016_17 IA Plan) | To evaluate the adequacy and effectiveness of internal controls over SCM processes. | Quarter 1 | 120 |
| 3. | Financial Process | Financial Discipline Review (Co-source) (Project Rolled over from the previous 2016_17 IA Plan) | To evaluate the adequacy and effectiveness of internal controls over the finance processes. | Quarter 1 | 120 |
| 4. | Follow – up | Follow up Audit – Corporate Governance, Human Resource, Payroll and Risk Management (Co-source) (Project Rolled over from the previous 2016_17 IA Plan) | To ensure implementation of internal audit recommendations and Management action plans | Quarter 1 | 120 |
| 5. | Financial Reporting | Review of Annual Financial Statements (co-source) | Ascertain whether the AFS are accurate and are compliant to GRAP, MFMA and relative prescripts | Quarter 1 | 80 |
| | Performance Information | Review of 1 st Quarter Performance Information | Evaluate and review effectiveness of Performance. Test the accuracy of the Performance report. | Quarter 2 | 50 |

| No. | Focus area | Audit/ Project/Process | AUDIT OBJECTIVE | Implementation Period | Budgeted Hours |
|-----------------------------|-----------------------------------|---|---|-----------------------|-----------------|
| 7. | Performance Information | Review of Midyear Performance Information (In-house) | To evaluate and review effectiveness of Performance Management System of the municipality. Test the accuracy of the report. | Quarter 3 | 100 |
| 8. | Audit Action Plan | Follow -up on Implementation Audit Action Plan (In-house) | Follow up on commitments made by management to address Auditor General Findings | Quarter 3 | 80 |
| 9. | Performance Information | Review of Quarter 3 Performance Information (In-house) | To evaluate and review effectiveness of Performance Management System of the municipality. Test the accuracy of the report. | Quarter 4 | 50 |
| 10. | Supply Chain Management | Follow-up on Supply Chain Management Audit (Co-source) | Review the adequacy and effectiveness of Risk Management processes | Quarter 4 | 120 |
| 11. | Integrated Development Plan (IDP) | Review of Draft IDP (Co-source) | Review the accuracy and credibility and alignment of the municipal IDP | Quarter 4 | 60 |
| 12. | Assets | Asset Management Review (Co-source) | To test the completeness of Asset Register and test the adequacy of internal controls. | Quarter 4 | 120 |
| TOTAL BUDGETED HOURS | | | | | 1 180HRS |

8.3 DEBT RECOVERY ON CONTRACT AGREEMENT: MR B NGOBESE

(3/P)

Office of the Speaker

1. PURPOSE

To present to Council a progress report on the debt recovery investigation of Mr. B Ngobese's matter for consideration.

2. INTRODUCTION

Municipal Public Accounts Committee in carrying out its Council mandated received reports through the internal audit committee, as a finding by the Auditor General and also as a matter raised at Gauteng Provincial Legislature level that an employee of Sedibeng District Municipality by the name of Mr. B Ngobese while on sabbatical leave unduly received salary payments from September 2015 to September 2016 from the Sedibeng District Municipality

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.

In terms of Clauses 5.4 and 5.5 of the Mandate and Terms of Reference of the Municipal Public Accounts Committee as adopted by the Council, MPAC is mandated to;

“5.4 *Promote good governance, transparency and accountability on the use of Council resources; and*

5.5 *Undertake any investigation on reported / referred financial irregularities, before or after reviewing any investigation reported already undertaken by Council or the Audit Committee.”*

4. DISCUSSION

Municipal Public Accounts Committee based on the information at its disposal, invited the Senior Management to its sitting on the 04th October 2018. Before that sitting, the Committee agreed on a number of questions to Management which management was engaged on and responded as indicated on Annexure “A”.

The discussion with Senior Management confirmed that Mr. B Ngobese was the employee of Sedibeng District Municipality and arranged for sabbatical leave. After his release from Sedibeng District Municipality the necessary information sharing within the institution never effectively took place including himself informing Finance Department about his release. He continued to receive the salary even when he was not rendering any services to the institution. After the matter was discovered through audit process and him being approached he acknowledged the debt through admitting erroneously receiving the salary he was not entitled to.

On the 31st October 2016 he signed a 'Written Acknowledgement of Debt', acknowledged that he was indebted to Sedibeng District Municipality ("hereinafter referred to as "Creditor") in the amount of R772 003.26 (hereinafter referred to as "the Capital") being the gross amount of salary which was erroneously paid to him for the period September 2015 to September 2016. Clause 7 of the said agreement says the following:

1. That the pension money wrongfully paid over in the amount of R145 782.99 be recovered directly from the pension fund.
2. That the overpayment of UIF, taxes and bargaining council payments be recovered directly which amount to R30 680.46.
3. That the remaining amount of R595 539.81 be paid back in 12 equal monthly installments.

The committee also noted with great concern that the previous senior management failed to enforce the agreement and recover the debt as agreed, and nothing has been paid back as yet resulting in a new agreement by the new senior management

5. FINANCIAL IMPLICATIONS

The institution has lost R772 003.26 with the possibility of future legal costs to recover the long outstanding debt if the recent agreement is not strictly adhered.

6. LEGAL AND CONSTITUTIONAL IMPLICATIONS

- Public Finance Management Act No.1 Of 1999
- 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

The Committee noted with great disappointment how the Senior Management is handling the matter especially not considering the financial situation the institution is experiencing, and the failure by Mr Ngobese to treat the matter with the urgency it deserves as it flows from 2015/2016 Financial Year. It is matter that reflects negatively on the audit findings of the institution. It took him five (5) months after the initial agreement of 2016 to make a representation for the amendment of the agreement to lesser conditions while no attempts were made to make any payment.

Even after his request was considered on the 12th May 2017 for extension of the initial 12 months to thirty-six (36) months, no payment was received. The current Senior Management has entered into another agreement effective from October 2018 with him under the same conditions as the second agreement with the previous management.

9. **RECOMMENDATIONS**

- 9.1 THAT the Accounting Officer ensures that there is strict future adherence to institutional Debt Recovery Policy, and where unwarranted deviation is made, management be held personally liable for the institutional loss.
- 9.2 THAT the Contract Agreement pertaining to this matter be tabled before Council for noting, and future monitoring and legal proceedings to be pursued in case of breach of payments.
- 9.3 THAT the Accounting Officer presents quarterly reports of payment to MPAC until the amount is fully settled.
- 9.4 THAT the Sabbatical Leave Policy to be reviewed as discussed during Senior Management and MPAC engagements, staff and Councillors be work-shopped after reviewable.

10. **ANNEXURE**

- * Annexure "A" -Management response to Municipal Public Accounts Committee.



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA



National Agricultural
Marketing Council
Promoting market access for South African agriculture



Codes of Best Practice (COBP) for National Fresh Produce Markets

as it pertains to market managers, market agents,
producers, labour and service providers

Codes of Best Practice (COBP) for National Fresh Produce Markets

as it pertains to market managers, market agents,
producers, labour and service providers

2015

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ACRONYMS

| | |
|---------|--|
| APAC: | Agricultural Produce Agent Council |
| CAPEX: | Capital Expenditure |
| DAFF: | Department of Agriculture Forestry and Fisheries |
| EHP: | Employee Health Program |
| GAP: | Good Agricultural Practice |
| IT: | Information Technology |
| ICT: | Information and Communication Technology |
| NFPMs : | National Fresh Produce Markets |
| OPEX: | Operational Expenditure |
| PPECB: | Perishable Products Export Control Board |
| SLA: | Service Level Agreement |
| SOP: | Standard Operating Procedures |

1. REGULATORY ENVIRONMENT

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|---|--|---|--|---------------------|--|
| 1 | Regulatory environment | Strategic Outcome 1: Provide an enabling environment at the National Fresh Produce Markets (NFPMs) | | | | |
| 1.1 | Agricultural Produce Agents Act 12 of 1992 amended by Agricultural Produce Agents Amendment Act, No. 47 of 2003 | Regulates the conduct of Market Agents | Registration with APAC Compliance to Act and its regulations Review of the Act when necessary | Fidelity fund certificate Compliance to rules and regulations | All times | APAC Market agents DAFF Producers |
| 1.2 | Updated market by-laws. | To ensure that by-laws, rules and regulations are reviewed and updated regularly and upheld by stakeholders. | Regular review of Market By-Laws. | Promulgated market by-laws in the government gazette by councils. | After every 5 years | Municipal Councils Market management. Market agents. Organised labour |
| 1.3 | Occupational Health and Safety | To ensure compliance to Act | Develop and implement an Occupational Health and Safety Plan. | Occupational Health and Safety Plan in the market. | 2015 | Market agents. Market management Department of Health Labour |
| 1.4 | Agricultural Products Standard Act (Act 119 of 1990) | Provide regulations relating to grading, packaging and marketing of produce intended for sale in RSA | Inspect compliance and Act. Generate reports and feedback to producers. Discard non-compliant products. | Containers marked as follows: Product, Name of producer, Class of produce, Net mass of contents, Cultivar, Date code and Country of Origin | All times | Producers Market Management Quality control officers DAFF |
| 1.5 | PPECB Act | Ensure compliance to export regulations in terms of the Act | Inspection of produce for compliance. | PPECB export certificate | All times | PPECB inspectors Export Market management Market agents Producers |

2. COMMUNICATION/STAKEHOLDER ENGAGEMENT

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|-----|--|---|---|---|------------|--|
| 2 | Communication/ stakeholder engagement | Strategic Outcome 2: Proper communication among stakeholders in the NFPMs | | | | |
| 2.1 | Communication/ Stakeholder engagements | To ensure regular communication among market management, producers, agents, council and organised labour in order to set attainable common goals and objectives | Establishment of the market stakeholder engagement forum. Regular forum meetings and Feedback sessions | Farmers visit reports. Minutes of Stakeholder engagement forum meetings | Monthly | Market management Market agents. Producers Organised labour Municipal management |
| 2.2 | Service Level Agreements | To manage relationships between Markets, Market Agents, Producers, service providers and labour | SLA needs to be developed among the parties | SLA between the following: Municipality and market managers Producers and market agents Producers and market management. Market management and agents. Market management and service providers Market management and labour. Lease agreement with tenant | 2014–2015 | Market management Municipality Market agents Labour Service providers Tenants Market staff |
| 2.3 | Communicate the APA Act to producers, market agents and market managers. | To create awareness and understanding of the application of the ACT and its regulations | Undertake awareness campaign on the Act. | Records and minutes of awareness campaign | All times | APAC Producer bodies Market agents Market management |

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|-------|--|---|--|---|--------------------------|--|
| 2 | Communication/ stakeholder engagement | Strategic Outcome 2: Proper communication among stakeholders in the NFPMs | | | | |
| 2.4 | Customer covenant by the market. | The value proposition offered by the markets and agents must be concretized to confirm their commitment to their principal clients, the producers and buyers | Development and adoption of the customer covenant | Outlay of the value proposition of the respective market authorities Published document by each market authority | | Market Management Market agents Organised labour |
| 2.5 | Producer and agent: during marketing and off-season | | | | | |
| 2.5.1 | A daily assessment of the “temperature” of the markets | The producer must be informed of or understand the following: what is happening with prices, volumes, stock, Sales progress, Prices received, Plan of incoming loads for the issuing days, Quality and grading requirements | Daily update to producers on market conditions | Daily assessment reports | All times | Producers Market agents |
| 2.5.2 | Daily producer sales report | Inform producers daily on produce sold / stock levels | Development and transmission of daily sales reports | Sales reports | All times | Producers Market agents |
| 2.5.3 | Feedback from producers on sales report | To allow a farmer to provide his/her view on sales report from the agent and reflect on past season | Develop and transmit feedback report to sales person | Feedback report from farmer A once off meeting with agents during off-season | All times | Producers Market agents |
| 2.5.4 | Regular visits to market floors | Benchmark own quality against other producers. Build relationships with buyers and agents. Increase understanding of the market | Market visits | Visits to market floor at least once a season Comments of the producer in comment book | At least once per season | Producers Market agents |

3. CONSIGNMENT CONTROL

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|--|--|--|--|------------|--|
| 3 | Consignment control | Strategic Outcome 3: Efficient management of stock flows and standardisation of quality in the markets | | | | |
| 3.1 | Consignment Control | To ensure correct stock management on the trading floors, establish transparency and undertake trend analysis | Stock taking by Consignment Control Officers | Stock audit report | Daily | Market agents Market management |
| 3.2 | Stock Consignment: Standard Operating Procedures (SOP) | To ensure that correct procedures are followed to deliver the right stock to the market agent from the moment the produce enters the market premises | Register all stock on the official system at the entrance gate Implement the SOP on stock consignment | Delivery note at the entrance gate and gate number on stock | Daily | Market agents Market management |
| 3.3 | Consignment Inspections | Inspect fresh produce for quality standards | Conduct regular inspection on produce quality Collect samples for analysis | Inspection reports. Analytical results from laboratory. | Daily | Quality control inspectors Market agents Market managers Producers Food control laboratory |
| 3.4 | Stock Audit Policy: SOP | To ensure correct stock management on the trading floor | Regular consignment audit. | Stock audit report | Daily | Market agents Market management |
| 3.5 | Late Sales Policy: SOP | To ensure that correct procedures are followed with late sales | Regular consignment control and financial audits | Consignment control audit | Daily | Market management |
| 3.6 | Condemned Stock: SOP | To ensure that products unfit for sales and for human consumptions are removed correctly off the sales floors and trading system | Regular condemned product removal | Condemned stock removal report | Daily | Quality control inspectors Market management |

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|------------------------------------|---|---|---|------------------------|--|
| 3 | Consignment control | Strategic Outcome 3: Efficient management of stock flows and standardisation of quality in the markets | | | | |
| 3.7 | SOP: Lost, stolen and shortage | To ensure that stock shortages are correctly removed from the system | Regular consignment audits | Consignments financial audits and IT System reports | Daily | Market agents Market management |
| 3.8 | SOP: Removal of products purchased | To ensure that the stock being removed from the trading floor is duly sold and booked out through the correct documentation and procedures | Stock booked out through official IT system | IT System Consignment Control Policy | Daily | Market agents Market management |
| 3.9 | Stock Consignment Policy | Ensuring that produce dispatched by producer is captured by agent as per consignment Ensuring that produce consigned to specific agent is received by the relevant agent Ensuring that produce delivered to markets is assigned to market agents and not to resident wholesalers on markets bypassing the market system | Implement the provision of the stock consignment policy | Approved stock consignment policy | 2014–2015 All times | Market management Market agents APAC |
| 3.10 | Stock Audit Policy | | | | | |
| 3.10.1 | Regular stock audits | Ensuring that stock appearing on Agent's stock sheets is indeed on the trading floors | Conducting regular stock reports in line with policy | Stock audits reports | All times | Marketmanagement Market agents. APAC |
| 3.10.2 | Stock removal protocols | Ensuring that produce removed from the trading floors has been captured through the official sales processing system | Implement the stock removal protocol | Stock removal reports/receipts | All times | Market agents Market management APAC |
| 3.11 | Late Sales and credit policies | | | | | |

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|-----------------------------|--|---|---|------------------------|---|
| 3 | Consignment control | Strategic Outcome 3: Efficient management of stock flows and standardisation of quality in the markets | | | | |
| 3.11.1 | Late Sales Policy | To ensure that correct procedures are followed with late sales. To ensure late sales are not being mis-used for extended credit | Late sales should only be allowed after hours and with physical payment for the produce by the buyer at the time of removal | Formal system must be in place to verify and effect transactions. This should be reflected on producer's account sale | All times | Market management APAC System operators Market agents |
| 3.11.2 | Proxy sales policy | Managing the process where agents give credit on behalf of the producer | Ensure that the sales are captured through the official sales processing system and is open and transparent | Formal system must be in place to verify and effect transactions. This should be reflected on producer's account sale | All times | APAC Market management System operators Market agents |
| 3.11.3 | Overdraft sale policy | Managing the process where the producer gives credit to the buyer facilitated by the agents (Fidelity Fund) | Formal system must be in place to verify and effect transactions. This should be reflected on producer's account sale | Ensure that the sales are captured through the official sales processing system and is open and transparent and that producers are aware of the rules of these sales and permission is in place | 2014–2015 All times | APAC Market Management. System operators Market agents |
| 3.11.4 | Salvage sale policy | In some instances, produce that is being destroyed is paid out to producers by agents. Ensure effective system to minimise effect on market averages | Formal system must be in place to verify and effect transactions. This should be reflected on producer's account sale | Ensure that sales are captured through the official sales processing system, is open and transparent and reflected on producer's account sales | 2014–2015 All times | APAC Market management System operators Market agents |
| 3.12 | Delivery notes ("Waybills") | A waybill serves as evidence that producers dispatched a consignment and that it arrived at the intended destination | Waybill generated | For each dispatch, a waybill should be generated for the following parties: (1) the producer, (2) the transport contractor, (3) the gate guard at the market and (4) the market agent | All times | Producers Market agents Transporters Market management |

4. SAFETY AND SECURITY

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|---|--|--|--|-------------------------|--|
| 4 | Safety and security | Strategic Outcome 4: To guarantee safety and security to people, stock and money at the markets | | | | |
| 4.1 | % Reduction in major crime incidents | Ensures that major crime is kept under control and reduced | Strengthen security and safety measures at market | Records of crime incidences | As and when they happen | Market management Service providers Municipality |
| 4.2 | % Reduction in minor crime incidents | Ensures that minor crime is kept under control and reduced | Strengthen security and safety measures at market. | Records of crime incidences | As and when they happen | Market management Service providers Municipality |
| 4.3 | Stock consignment safety | Ensure consigned produce are secure when being received | Effective security on platforms and offloading areas | Visible security | Daily | Market management |
| 4.4 | Transporter safety | Ensure safety of trucks and drivers delivering produce | Safe parking areas and safe offloading areas | Visible security | Daily | Market management |
| 4.5 | Buyer safety | Ensure safety of buyers handling cash on markets | Sufficient security to safeguard buyers | Visible security | Daily | Market management |
| 4.6 | Safety and security protocol document / SLA | Document capturing all aspects regarding safety and security on markets | Compile and implement the protocol | Safety and security protocol | 2014—2015 All times | Market management Market agents |
| 4.7 | Health and safety compliance | Document capturing all aspects regarding health and safety on markets | Compile and implement the policy | Health and safety policy | 2014—2015 All times | Market management Buyers Market agents Labour |

5. HYGIENE, CLEANLINESS AND FOOD SAFETY STANDARDS

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|---|---|--|---|------------------------|--|
| 5 | Hygiene, cleanliness and food safety standards | Strategic Outcome 5: Improved hygiene, traceability and food safety environment in the markets | | | | |
| 5.1 | Hygiene, cleanliness and food safety standards | To ensure that the facility is clean and complies with the Food safety legislation | Regular Cleaning of the facility | Cleaning programme and EHP report. Cleaning specifications | Daily | Market management Market agents Labour |
| 5.2 | Improved food safety and hygiene | To ensure compliance to national food safety and hygiene laws | Develop, Implement and monitor food safety and hygiene plan | Food safety & hygiene plan | Daily | DAFF Department of Health Market management Market agents Labour |
| 5.3 | Cleaning of trading floors, platforms and communal areas | To ensure clean and healthy market premises | Develop and Implement protocols on cleanliness on markets | Cleaning schedule | 2014–2015 All times | DAFF Department of Health Market management Market agents Labour |
| 5.4 | Cold and ripening room cleaning protocols | To ensure clean and healthy market cold and ripening rooms | Develop Implement and protocols on cleanliness on markets | Cleaning schedule | 2014–2015 All times | DAFF Department of Health Market management Market agents Labour |
| 5.5 | GAP, hygiene and food safety in the packhouse and on the farm | To ensure that producers comply with food safety and hygiene regulations | Implement a food safety and hygiene plan in pack-houses and GAP on farms | Certified packhouse and farm | 2014–2019 All times | Producers Producer bodies PPECB DAFF |

6. INFRASTRUCTURE: MAINTENANCE, CAPEX (CAPITAL EXPENDITURE) AND OPEX (OPERATIONAL EXPENDITURE)

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|-----|---|---|--|--|------------|--|
| 6 | Infrastructure: maintenance, CAPEX (Capital Expenditure) and OPEX (Operational Expenditure) | Strategic Outcome 6: World class market infrastructure | | | | |
| 6.1 | Address infrastructure challenges | To ensure that repairs are attended to timeously | Infrastructure assessment and budgeting | Maintenance plan and budget | Annually | Market management Municipality Market agents Labour |
| 6.2 | Capital Expenditure ("CAPEX") Plan | To ensure that expansion requirements are funded and met | Upgrading and expansion of market facilities | Capital projects plan and budget | Annually | Market management Municipality Market agents Labour |

7. INFORMATION MANAGEMENT

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|-----|--|---|---|---|------------------------|---|
| 7 | information management | Strategic Outcome 7: Efficient and effective information, trading and business continuity management systems | | | | |
| 7.1 | Information management | To ensure that updated versions of efficient ICT system/software is used on markets | Maintain efficient information management system | Updated ICT software / system | All times | Market management Market agents Service providers |
| 7.2 | Access and control of market information | To provide proper access to market information | Maintain efficient information management system. | A proper functioning marketing information system | 2014–2015 All times | Market management Market agents Service providers |

8. RISK AND FINANCIAL MANAGEMENT

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|--|---|---|--|------------------------|--|
| 8 | Risk and financial management | Strategic Outcome 8: Mitigate risks and ensure efficient management of finance in Fresh Produce Markets (FPMs) | | | | |
| 8.1 | Minimal risks and Improved financial management | Ensure that markets have their own accounts, separate from the municipality account | Conclude contract for financial services with bank of choice | Contract with commercial financial institution | All times | Market management |
| 8.2 | Ring fenced markets accounts, separate from council's general accounts | To ring fence market funds away from council's accounts, to secure re-investment into market infrastructure | Market management to open market accounts along with municipalities | Market accounts. | 2014–2015 All times | Local Government/Municipality Market management |
| 8.3 | Insurance on markets | Markets should have insurance on their cold rooms and ripening facilities for which they earn income | Markets are to insure their facilities to minimize risk | Insurance policy | 2015 | Local Government Market management |

9. TRANSFORMATION

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|----------------------------|---|--|--|------------|---|
| 9 | Transformation | Strategic Outcome 9: Advanced transformation in the Fresh Produce Markets | | | | |
| 9.1 | Equity ownership | Measures the effective ownership of enterprises by black people | Make ordinary shares available to black workers, previously disadvantaged Individuals and majority black owned entities in the agricultural sector Target is 25% + 1 of shares with voting rights and economic interest | Share register /certificates | Annually | Market agents Producers |
| 9.2 | Management control | Measures the effective control of Enterprises by Black People, i.e. black representation in the boards and executive levels | Appoint black people to the Boards and Eexecutive positions of the entities Target is 50% of black people, which half is for black women | Employment Equity Acts EEA2, salaries, meetings resolutions and attendance registers | Annually | Market management Market agents Producers |
| 9.3 | Employment equity | Measures the initiatives intended to achieve equity in the workplace | Appoint black people across all functional and operational levels of an entity Target 88% of black people | Employment Equity Act's EEA2, Salaries, Job specifications | Annually | Market management Market agents Producers |
| 9.4 | Socio-economic development | Measures the extent to which enterprises carry out initiatives that contribute towards Sector-Economic Development or Sector-Specific initiatives that promote access to the economy for black people | Contribution benefiting black people in the communities. Initiative should benefits 75% of black people in the entity/ community Target 1% of Net Profit After Tax should be contributed to such initiatives | Letter of acknowledgment and Proof of initiative rendered | Annually | Market management Market agents Producers |

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|-----|--------------------------|---|---|--|------------|---|
| 9 | Transformation | Strategic Outcome 9: Advanced transformation in the Fresh Produce Markets | | | | |
| 9.5 | Enterprise development | Measure the extent to which enterprises carry out initiatives intended to assist and accelerate the development and sustainability of other enterprises | Invest in initiatives that seek to support/develop small black owned entities Target 3% of net profit after tax should be spend on enterprise development initiatives | Contracts, MoA etc. | Annually | Market management Market agents Producers |
| 9.6 | Preferential procurement | Measures the extent to which enterprises buy goods and services from BEE suppliers | Give preference to black owned entities when procuring goods and services Target procure: 70% from entities with higher BEE recognition levels 15% from QSEs with higher BEE recognition levels 5% from EMEs with higher BEE recognition levels 12% from EMEs that are 50% black owned with higher BEE recognition levels 8% from black owned EMEs 30% EMEs that are black women owned entities with higher BEE recognition levels | Procurement spent | Annually | Market management Market agents Producers |

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|----------|-----------------------|--|--|--|------------|---|
| 9 | Transformation | Strategic Outcome 9: Advanced transformation in the Fresh Produce Markets | | | | |
| 9.7 | Skills development | Measures the extent to which employers carry out initiatives designed to develop the competencies of black employees | Educate black people with core and critical skills relevant to the entity and industry Target 85% of leviable amount /skills budget to be spent on black people | Formal Qualification accredited (SAQA, NQF and private accreditation bodies) | Annually | Market management Market agents Producers |

10. HUMAN CAPITAL DEVELOPMENT

| No. | Indicators | Purpose | Activities | Evidence of compliance (means of verification) | Time frame | Responsibility and accountability |
|-----------|----------------------------------|--|---|---|------------|---|
| 10 | Human capital development | Strategic Outcome 10: Efficient business management practices on markets | | | | |
| 10.1 | Human capital development | To improve the skills levels and competence of key stakeholders in the Fresh Produce Markets | Develop and implement skills plan for all personnel | Continuous training and skills improvement for all personnel directly involved in sales, food safety, quality control, and consignment control and financial management | Annually | Market management Market agents APAC Producers |

H.M. Mamabolo
Chairperson of Steering Committee on
Project Rebirth: Department of Agriculture, Forestry and Fisheries

M.P. Mphahlele
South African Union of Food Markets

G. Norman
Institute of Market Agents of South Africa

R. Badenhorst
Potatoes South Africa

R. Hurdall
Fruit South Africa

L. Pretorius
Agricultural Produce Agents Council

M. Van Der Waalt
National Agricultural Marketing Council

Department of Co-operative Governance and Traditional Affairs

Further information

Director: Marketing

Private Bag X15

Arcadia

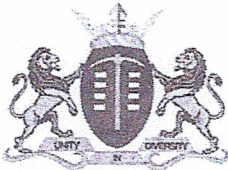
Pretoria

0007

Tel. 012 319 8456

Fax 012 319 8131

e-mail MogalaM@daff.gov.za



GAUTENG PROVINCE
HEALTH
REPUBLIC OF SOUTH AFRICA

Emergency Medical Services

PO Box 8311

HALFWAY HOUSE

1685

Enquiries: JP von Benecke

Division: Communications

Tel: +27 (0)11 546 2010

TO : SEDIBENG DISTRICT MUNICIPALITY
FROM : MR JP VON BENECKE
COMMUNICATIONS MANAGER
DATE : 12 NOVEMBER 2015
SUBJECT : SEDIBENG COMMUNICATION MOA CANCELATION

To whom it may concern

The Gauteng Emergency Medical services wishes to amicably separate from the Sedibeng district municipality disaster communication centre from the 1st February 2016. The reason for this is that Gauteng EMS Emergency communication centre has invested in new infrastructure, Communications solution, staffing all of which has increased our capacity to service the community with a centralized communication solution.

Our current challenge is that some communication between the Operational services, Metro ECC and the Sedibeng EOC gets lost in translation and is not an optimal communication solution for the emergency services. Gauteng EMS wants to take control over its resources and communications in total.

The new solution to be implemented also has a lot of new functionality including resource tracking that can only be optimally utilized from the Metro ECC who would host this functionality.

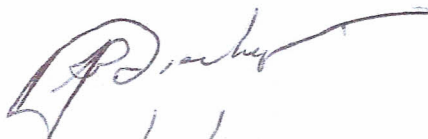
Gauteng Emergency medical services want to thank the Sedibeng District Municipality for its dedication in service delivery.

We await your official correspondence in anticipation.

Kind regards


JP von Benecke

Communications Manager


13/11/2015



Sedibeng District Municipality
Corner Leslie and Beaconsfield Avenue, Vereeniging
PO Box 471, Vereeniging, 1930
Gauteng, Republic of South Africa
Tel: +27 16 450 3000
Fax: +27 16 455 2573
Email: info@sedibeng.gov.za
Website: www.sedibeng.gov.za

Legal and Support Services

Sedibeng District Municipality

To: Municipal Manager
Mr. Y Chamda
From: Director: Legal & Support Services
Ms NP Shembe
Date: 29 August 2014
Refer to: Director: Legal & Support Services
Ms NP Shembe
File no: 8/1/R
Subject: **MOA RE EMS COMMUNICATIONS: SEDIBENG DISTRICT MUNICIPALITY / GAUTENG DEPARTMENT OF HEALTH**

Dear Sir

The attached MOA was prepared by us and sent to Province for comment. They have signed the same and retained a copy. The attached copy is for your signature.

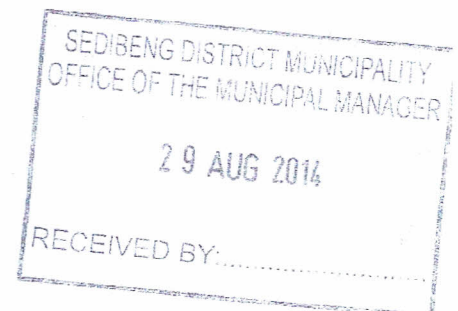
Kindly initial, sign and have the same returned to us.

Yours Sincerely

**DIRECTOR: LEGAL & SUPPORT SERVICES
MS N.P. SHEMBE**

**ACTING EXECUTIVE DIRECTOR: CORPORATE SERVICES
MR. G DEYSEL**

2014.08.29





**MEMORANDUM OF AGREEMENT ENTERED
INTO BY AND BETWEEN**

SEDIBENG DISTRICT MUNICIPALITY herein represented by
YUNUS CHAMDA in his capacity as the Municipal Manager, duly appointed thereto (hereinafter
referred to as "the Service Provider");

AND

**THE GAUTENG PROVINCIAL GOVERNMENT IN ITS DEPARTMENT OF
HEALTH**, herein represented by **Dr HUGH GOSNELL** in her/his capacity as the Head of the
Department of Health, (hereinafter referred to as the "GPG".)

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS

For the purpose of this Agreement:

- a) "GPG" refers to the Gauteng Provincial Government;
- b) "Service Provider" refers to the Sedibeng District Municipality;
- c) "EMS" refers to Emergency Medical Services;
- d) "ECC" refers to the Sedibeng District Municipality's existing Disaster Management Emergency Communication Centre;
- e) "Ambulance Services" refers to the transportation and emergency medical treatment services up to and including Advanced Life Support, rendered to a patient from point of injury or illness to stabilization and administration to an appropriate facility;
- f) "Call Taking" refers to the physical taking, logging and capturing of information required as gathered from the caller to dispatch an Emergency

Medical Services Vehicle to an emergency;

- g) **“Dispatching”** refers to the physical dissemination and prompt relaying of information captured to an identified available operational vehicle or vehicles including closure of the call;
- h) **“GPG Official”** refers to an official performing a function related to the rendering of Emergency Medical Services and/or emergency call taking and Dispatching on the GPG staff establishment;
- i) **“Sedibeng Official”** refers to an official performing a function related to the rendering of emergency call taking and dispatching on the Sedibeng District Municipality’s staff establishment.

2. DURATION

The duration of this agreement shall be for a period of 36 months commencing from the date of signature hereof.

3. ROLES AND RESPONSIBILITIES OF THE SERVICE PROVIDER

The Service Provider undertakes in order to enable the GPG to fulfil its function in terms of Section 16(1) (B) of the Health Act, 1977 (No. 63 of 1977) to:

- a. execute call taking and dispatching activities with regards to Emergency Medical Services (Ambulance Services) in the areas of jurisdiction of the Emfuleni and Midvaal Local Municipalities on a twenty four hour seven days a week basis;
- b. provide call taking and dispatching of EMS services for GPG with its existing ECC facilities and resource;
- c. provide responsible and accountable supervision of the ECC on a twenty four hour seven days a week basis;
- d. capture all information relating to incoming calls, disseminate and promptly relay such information to EMS;
- e. adhere to GPG Standard Operating Procedures at all times;
- f. ensure that all the necessary information needed to enable EMS to render effective services is reasonably obtained;
- g. respond to incoming calls within the prescribed time frames as stipulated in the Standard Operating Procedures;
- h. establish follow-up confirmation with the caller when deemed necessary;

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- i. ensure that the responding service respond and attend to the particular incident until finalization;
- j. adhere to norms, standards, operating procedures and directives issued by the GPG regarding the call taking and dispatching of EMS;
- k. continuously monitor the radio communication to and from EMS staff;
- l. accommodate authorized GPG Officials for assistance in the ECC facilities when necessary;

4. ROLES AND RESPONSIBILITIES OF THE GAUTENG PROVINCIAL GOVERNMENT

The GPG undertakes in order to enable the Service Provider to perform the activities as agreed to:

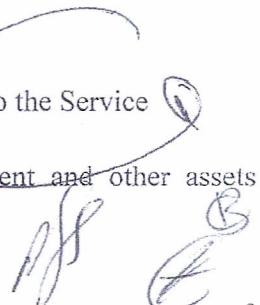
- a) develop in consultation with the Service Provider, the relevant Norms, Standards and SOPs for the effective operation of the EMS call taking and dispatching activities;
- b) issue circular communiqués and other directives from time to time to ensure that call taking and dispatching of EMS are effective and efficient;
- c) support and monitor the delivery of quality EMS dispatching and utilization of all resources;
- d) provide additional authorized GPG officials to assist the Service Provider in the ECC whenever necessary;
- e) Provide specialized equipment whenever such is, in their opinion, required.

5. FINANCIAL MATTERS

- a) The GPG shall pay to the Service Provider a flat rate of R65 940.00 (Sixty five thousand nine hundred and forty rand) per month for call taking and dispatching services rendered.
- b) The amount referred to above shall increase annually in line with the CPIX.
- c) The Service Provider shall invoice the GPG on or before the 10th day of each month for the services rendered.
- d) The GPG shall settle the above accumulated monthly amount on a quarterly basis as invoiced.

6. ASSETS

- a) All movable and immovable GPG EMS equipment installed and/or provided to the Service Provider by the GPG shall remain the property of the GPG;
- b) The GPG shall insure and maintain all movable and immovable equipment and other assets provided and/or installed at its cost.

Handwritten signatures and initials are present at the bottom right of the page. There is a large, loopy signature that appears to be 'M.S.' and another signature that appears to be 'A.B.'.

7. INDEMNITY

The GPG accepts responsibility for any damages sustained or loss suffered by the GPG or its employees or any other person where such damage or loss has been caused by the wilful or negligent conduct of the GPG and/or its employees whereby the Service Provider is hereby indemnified against all claims, legal costs or any other expense resulting from such damage or loss and vice versa.

8. BREACH OF CONTRACT

In the event of breach of any of the terms of this agreement by either parties, the aggrieved party may give the party in breach notice in writing to rectify the breach within a period of sixty (60) days of such notice, and on failure to do so within the stipulated period the other party may cancel this agreement on written notice of a further thirty days (30), subject to any other rights which the aggrieved party may have.

9. DISPUTE RESOLUTION

In the event that a dispute arises between the parties concerning any obligation or right outlined in this agreement, the following dispute resolution process will be available:

- a) The parties must first pursue an informal discussion within a time period of seven (7) days of first notification of the dispute;
- b) Should the dispute remain unresolved and further action is desired, the parties should agree on the appointment of a person to act as mediator;
- c) If no resolution is reached through mediation, the normal course of the law will be followed.

10. GENERAL PROVISIONS

The GPG and the Service Provider agree:

- a) To review this agreement as and when necessary;
- b) No rights or obligations in terms of this agreement may be ceded by the GPG without the prior written consent of the Service Provider;
- c) This agreement constitutes the whole agreement between the parties, and any amendment, addition or variation shall not be valid unless reduced to writing and signed by both parties.



Handwritten signatures of the GPG and the Service Provider.


11. DOMICILIA



The Parties choose the following addresses as their *domicilia citandi et executandi*:

THE SERVICE PROVIDER : Municipal Buildings
Corner Leslie and Beaconsfield Streets
Vereeniging
1939

THE GPG : Bank of Lisbon Building
Corner Sauer & Market Street
Marshalltown
2107

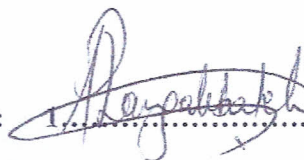
DATED AND SIGNED AT VEREENIGING ON THIS THE ^{29TH} DAY OF August 2014.


YUNUS CHAMDA

AS WITNESSES: 1. 
2. 

DATED AND SIGNED AT JOHANNESBURG ON THIS THE ^{24th} DAY OF June 2014.


Dr. HUGH GOSNELL

AS WITNESSES: 1. 
2.

LABOUR RELATIONS DASHBOARD.

DC MATTERS (SUSPENSIONS)

| NO | EMPLOYEE NAME | POST (LEVEL) | DATE SUSPENDED | LEGAL REPRESENTATION (FOR EMPLOYER IF ANY) | CHARGES | STATUS OF MATTER | LEGAL COST TO DATE | COMMENTS |
|----|-----------------|--------------|----------------|--|-------------------------------------|------------------|--------------------|--|
| 1. | Ms A. Mbulaheni | 5 | 23 August 2018 | N/A | Discrepancies from the Audit report | Pending | None | The appointed Prosecutor is finalising the process and we will be updated in due course. |

DISCIPLINARY CASES (NON-SUSPENSION)

| NO | EMPLOYEE NAME | POST (LEVEL) | CHARGES | LEGAL REPRESENTATION | STATUS OF MATTER | LEGAL COST TO DATE | COMMENTS | OPINION |
|----|-----------------|--------------|-------------|----------------------|---------------------------------|--------------------|---|--|
| 1 | S T Masiteng | 13/12 | Absenteeism | None | Disciplinary Tribunal appointed | None | 02/2019: We have received a report that the appointed Prosecutor is no longer available because he has moved from Emfuleni HR. They have promised to recommend an alternative soon. | We proceed with the disciplinary hearing |
| 2. | L S F Mofurutsi | 13/12 | Absenteeism | None | Disciplinary Tribunal appointed | None | 02/2019: We have received a report that the appointed Prosecutor in no longer available because he has moved from Emfuleni HR. They have promised to recommend an alternative soon | We proceed with the disciplinary hearing |
| 3. | M M Radebe | 13/12 | Absenteeism | None | Disciplinary Tribunal appointed | None | 02/2019: We have received a report that the appointed Prosecutor in no longer available because he has moved from Emfuleni HR. They have promised to recommend an alternative soon | We proceed with the disciplinary hearing |
| 4. | M Xaba | 13/12 | Absenteeism | None | Disciplinary Tribunal appointed | None | 02/2019: We have received a report that the appointed Prosecutor in no longer available because he has moved from Emfuleni HR. They have promised to recommend an alternative soon | We proceed with the disciplinary hearing |

PENDING CONCILIATIONS AND ARBITRATIONS

| NO. | EMPLOYEE | NATURE | STATUS | OPINION |
|-----|--|---|---|--|
| 1. | M J Khambule (GPD021714) | <ul style="list-style-type: none"> • Unfair dismissal • The employee was dismissed for having a fraudulent Matric certificate and assaulting a fellow employee. | <ul style="list-style-type: none"> • 02/2019: We received a notice of set down for the matter to proceed with Commissioner T Matee on the 15th February 2019. • We objected to the set down because the said Commissioner is no longer accredited by the CCMA and he had already recused himself in the matter. • We have since received correspondence from the SALGBC that a new Arbitrator will be appointed for the matter. | <ul style="list-style-type: none"> • No possible settlement because SDM has a solid case. |
| 2. | Brian Happy Molebatsi and 7 Others (GPD031707) | <ul style="list-style-type: none"> • Interpretation/ Application of Collective Agreement. • The employees claim unpaid overtime from 2011. | <ul style="list-style-type: none"> • 02/2019: The matter was scheduled to proceed on the 13th December 2018; but the Applicants claimed that they did not receive a notice of set down. • We will await the SALGBC to give us a new date. | <ul style="list-style-type: none"> • Their claim is baseless as they are above the threshold and their claims have been prescribed. We proceed with the case |
| 3. | Ncamile Andries Khoje (GPD071702) | <ul style="list-style-type: none"> • Unfair Labour Practice • The employee is challenging the employment of Mr Siphon Nhlengethwa in the Mayor's office. • He is in possession of a Diploma and the incumbent is having an unaccredited qualification. | <ul style="list-style-type: none"> • 02/2019: The matter is scheduled to proceed on the 6th March 2019. | <ul style="list-style-type: none"> • When the dispute was declared the Applicant was on post level 10, but last year he was appointed on post level 5. • The disputed post is on level 4. • We proceed with the case |
| 4. | Teboho Nkoane Maloka (GPD071703) | <ul style="list-style-type: none"> • Unfair Labour Practice • The employee is challenging the employment of Mr Thomas Maleka in the Mayor's office. • The Applicant is in possession of a Diploma and the incumbent does not have Matric. | <ul style="list-style-type: none"> • 02/2019: The matter has been postponed to the 27th and 29th March 2019. | <ul style="list-style-type: none"> • When the dispute was declared, the Applicant was on post level 10, but last year he was appointed on post level 5. • The disputed post is on level 4. • We proceed with the case |

| NO. | EMPLOYEE | NATURE | STATUS | OPINION |
|-----|-------------------------------------|--|--|---|
| 5. | Rudolf Netshivhale (GPD 011802) | <ul style="list-style-type: none"> • Unfair Labour Practice • The Applicant has previously been acting ED SPED. • He Applicant was offered the position of Director Finance in the Vaal River Tourism Authority but he does not want to accept it. • We are not sure where he wishes to be placed. | <ul style="list-style-type: none"> • 02/2019: The Applicant is alleging unfair labour practice and unlawful act of withholding of his salary and the municipality's unilateral changes to his conditions of employment. • The matter was part head and was to proceed on the 5th February 2019. • On the said day the Commissioner was not present and he reported to the SALGBC that he did not get a notice of set down. • The matter will now be rescheduled. | <ul style="list-style-type: none"> • The municipality proceeds with the case as there is no possibility of losing the case |
| 6. | IMATU obo T V Koatla (GPD111712) | <ul style="list-style-type: none"> • Interpretation/Application of Collective Agreement (the employee alleges that she was unfairly transferred). • The Employee is staying in Heidelberg and has been transferred to Meyerton. • She is complaining that the transfer has affected her negatively financially. | <ul style="list-style-type: none"> • 02/2019: This matter has now be allocated to another Commissioner and will proceed on the 18th March 2019. | <ul style="list-style-type: none"> • The municipality proceeds with the case as we have a strong case |
| 7. | Mosotho Petlane (GPD031829) | <ul style="list-style-type: none"> • Unfair Labour Practice • The dispute was declared while the Applicant was still employed. | <ul style="list-style-type: none"> • 02/2019: The Applicant claims failure to implement settlement agreement or interpretation not consistent with agreement in respect of: <ul style="list-style-type: none"> ✓ Pension fund contribution ✓ Other contributions ✓ Failure to pay cell phone allowance ✓ Failure to pay accumulated leave days. • The matter was conciliated on the 18th May 2018. • We have received an application for Arbitration and we will wait for the arbitration date from the SALGBC. | <ul style="list-style-type: none"> • MM will engage with Adv for withdrawal of the matter |

| NO. | EMPLOYEE | NATURE | STATUS | OPINION |
|-----|---------------------------------------|--|---|--|
| 8. | Mosotho Petlane (GPD041818) | <ul style="list-style-type: none"> • Constructive Dismissal • The Applicant resigned and then claimed unfair dismissal because the employment situation so intolerable that he had no choice but to resign on the 31st March 2018. • He claims compensation and reinstatement. | <ul style="list-style-type: none"> • 02/2019: The Applicant is alleging that the Employer made the employment situation so intolerable that he had no choice but to resign on the 31st March 2018. • The matter has now been rescheduled to proceed for arbitration on the 22 March 2019. | <ul style="list-style-type: none"> • There is no basis for the case and the municipality is proceeding to defend the case |
| 9. | IMATU obo LS Moforutsi | <ul style="list-style-type: none"> • Interpretation of collective agreement • The Applicant is alleging that the Employer is failing/refusing to fully implement grievance outcome. | <ul style="list-style-type: none"> • 02/2019: The matter has now been scheduled to be arbitrated on the 1st April 2019. | <ul style="list-style-type: none"> • We are not sure what the dispute is all about, we will get clarity in arbitration. • In the meantime we proceed with the case |
| 10. | IMATU obo Elmarie van Zyl (GPD051801) | <ul style="list-style-type: none"> • Interpretation / Application of Collective Agreement (the employee alleges that she was unfairly transferred) • The dispute is the same as in 6 above. She was transferred from Vanderbijlpark to Meyerton. | <ul style="list-style-type: none"> • 02/2019: The matter was conciliated on the 4th June 2018 and we received the Application for arbitration dated the 21 June 2018. • The matter was scheduled for arbitration on the 3rd December 2018. • The parties have made written submissions on a jurisdictional point and the Commissioner will then make a ruling. | <ul style="list-style-type: none"> • We awaits the ruling from the Commissioner |
| 11. | Teboho Mataboe (GPD031719) | <ul style="list-style-type: none"> • Unfair Dismissal • The Applicant was employed by SDM for more than 20 years. • He resigned in 2013 and in 2015 he was offered a contract position, which was came to an end in 2017. • He is now challenging the termination. | <ul style="list-style-type: none"> • 02/2019: The Applicant is disputing the termination of his fixed term contract in March 2017. • The arbitration proceeded on the 22nd January 2019, but the Applicant requested a postponement because his representative was not available. | <ul style="list-style-type: none"> • We have a good defence in this case. • The municipality proceeds with the case |
| 12. | IMATU obo T V Koatla (GPD061818) | <ul style="list-style-type: none"> • Unfair Labour Practice • The Applicant is alleging that she was not promoted to the position of Examiner of drivers' and leaners licences. • The Applicant is challenging the appointment of certain Examiners in Licencing. | <ul style="list-style-type: none"> • 02/2019: The matter was scheduled for arbitration for the 10th December 2018. • It was postponed because the Applicant has made an application to subpoena certain employees of SDM. | <ul style="list-style-type: none"> • The Municipality proceeds with the case |

| NO. | EMPLOYEE | NATURE | STATUS | OPINION |
|-----|-----------------------------------|--|---|--|
| 13. | Tiisetso William Mokitimi | <ul style="list-style-type: none"> • Unfair Dismissal • The Applicant was dismissed after a disciplinary hearing in 2013 for a number of charges, amongst them being in possession of an illegally registered vehicle. • He was dismissed and in 2014 he challenged his dismissal and he got an award that reinstated him. • SDM applied for a review and it was granted in 2018 and the matter has been referred back to the Bargaining Council to be heard afresh. | <ul style="list-style-type: none"> • 02/2019: This matter has been directed by the Labour Court to be heard <i>de novo</i> after SDM successfully reviewed the earlier arbitration award. • The matter was arbitrated on the 9th January 2019. • The Arbitrator is to make a ruling that he is to recuse himself because he is conflicted in that he made an arbitration award in one of the charges against the Applicant. • The matter has now been allocated to a different Commissioner and will now proceed on the 18th February 2019. | <ul style="list-style-type: none"> • The Municipality proceeds to defend the case |
| 14. | Mmathola Irene Honono (GPD071707) | <ul style="list-style-type: none"> • Constructive Dismissal • This former employee resigned in 2017 and then claimed constructive dismissal. • The case is the same as in 8 above. | <ul style="list-style-type: none"> • 02/2019: The matter is scheduled to proceed on the 21st February 2019. | <ul style="list-style-type: none"> • The Municipality proceeds with the case |
| 15. | Zandile Sithebe | <ul style="list-style-type: none"> • Unfair Labour Practice • The Applicant has declared a dispute because her infrastructure number has been suspended by the Gauteng Department of Roads and Transport (GDRT) | <ul style="list-style-type: none"> • 02/2019: The Applicant has declared a dispute because her infrastructure number has been suspended by the Gauteng Department of Roads and Transport (GDRT). • The matter was arbitrated on the 21st January 2019 but has now been postponed to the 26th March 2019 because the Applicant has applied for the GDRT to be joined as a second respondent). | <ul style="list-style-type: none"> • The Municipality proceeds with the case |

LABOUR COURT MATTERS

| No. | Employee | Nature | Status | Comments | Opinion |
|-----|-------------------------|---|--|---|--|
| 1. | M I Mokotjo (JR1138/12) | <ul style="list-style-type: none"> • Unfair dismissal • The Applicant was dismissed for being negligent with SDM money in his possession. • He then launched review proceedings against his dismissal. | <ul style="list-style-type: none"> • Awaiting court date | <ul style="list-style-type: none"> • 02/2019: SDM Lawyers made an application for the dismissal of the matter on the 14 December 2015. • The Applicant has answered on the 26th January 2016 and we have sent a replying affidavit on the 29th January 2016 and the SDM lawyers were expected to lodge the reply with the Labour Court on the 2nd February 2016. • A reminder email was sent to the Lawyers (Cliffe Dekker Hofmeyer) on the 21 July 2016. • On the 18 September 2017 we requested an update report from the attorneys and they have reported that the Labour Court has a backlog. • The lawyers will update us if there are any developments. | <ul style="list-style-type: none"> • We proceed with the case |
| 2. | T W Mokitimi (J2934/12) | <ul style="list-style-type: none"> • Unfair Labour Practice (unfair discrimination) • The Applicant has declared a dispute because her infrastructure number has been suspended by the Gauteng Department of Roads and Transport (GDRT) | <ul style="list-style-type: none"> • This matter was lodged in 2011. Mokitimi was challenging the appointment of Mr T Lenake. • The matter has been quite and has now recently resurfaced. | <ul style="list-style-type: none"> • 02/2019: The matter was heard by the Labour Court on the 12th July 2016. • Mr Mokitimi's application was dismissed and a costs order was awarded in favour of SDM. • On the 20th July 2016 we received correspondence from our lawyers that Mr | <ul style="list-style-type: none"> • The Municipality proceeds to defend the case |

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| | | | <ul style="list-style-type: none"> It started in the CCMA, and is now at the Labour Court. | <p>Mokitimi has filed leave to appeal the Labour Court order to the Labour Appeal Court.</p> <ul style="list-style-type: none"> His leave to appeal to the Labour Appeal Court has been granted. SDM's lawyers in this matter are Cliffe Dekker Hofmeyer. Legal costs to date are R18 678.43 | |
| 3. | Eugene Thabo Sebiloane (JR1511/16) | <ul style="list-style-type: none"> Unfair Labour Practice: The former employee claimed that he was demoted. | <ul style="list-style-type: none"> The matter is being reviewed. The Arbitrator had given the Applicant three months compensation. | <ul style="list-style-type: none"> 02/2018: A date has not yet been set. Legal costs so far: R174 796.44 | <ul style="list-style-type: none"> The Municipality proceeds with the case |
| 4. | Sedibeng District Municipality v J Rasegwete (JR406/18) | <ul style="list-style-type: none"> Unfair Labour Practice (payment of acting allowance) | <ul style="list-style-type: none"> The matter is being reviewed because the Arbitrator had awarded that the Applicant be compensated for Acting that was not authorised and approved. | <ul style="list-style-type: none"> 02/2019: The Arbitration found against Council and the award is being reviewed. SDM lawyers (Werksmans Attorneys) are still waiting for a court date. | <ul style="list-style-type: none"> The Municipality proceeds with the review of this matter |
| 5. | Sedibeng District Municipality v SI Thakhuli (JR4583/18) | <ul style="list-style-type: none"> Unfair Dismissal | <ul style="list-style-type: none"> The matter is being reviewed because the Arbitrator had awarded that the Applicant be re-employed from the 1st March 2018. | <ul style="list-style-type: none"> 02/2019: Cliffe Dekker Hofmeyer Attorneys have been appointed to deal with the review application. The papers were served to the Applicant, SAMWU and the SALGBC on the 6th April 2018. The Applicant's attorneys (Qhali Attorneys) have submitted their motion of | <ul style="list-style-type: none"> The Municipality continues to defend this matter |

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|----|---|--|--|--|--|
| | | | | <p>intention to oppose on the 11th April 2018.</p> <ul style="list-style-type: none"> • The Lawyers reported that they received and application from the Applicant's attorneys dated the 12th November 2018 in which they wanted for the review application to be dismissed. • Their reason is that there is delay in completing the transcripts. • Our lawyers say the delay was caused by the SALGBC because there was a need to do a reconstruction because certain parts of the arbitration are missing. • The Commissioner who had arbitrated the matter (TDK Matee) now has his contract terminated by the SALGBC on the 7th November 2018. | |
| 6. | Sedibeng District Municipality v Sibulele Zwedala (JR2224/18) | <ul style="list-style-type: none"> • Unfair Labour Practice | <ul style="list-style-type: none"> • The matter is being reviewed because the Arbitrator had awarded that the Applicant be compensated for 5 (five) months for being suspended from the Municipality. | <ul style="list-style-type: none"> • 02/2019: Cliffe Dekker Hofmeyer Attorneys have been appointed to deal with the review application. • The papers were served to the Applicant's Attorneys, Van Drunick and Roelfse and the Labour Court on the 25th October 2018. • Legal costs so far: R16 891.66 | <ul style="list-style-type: none"> • The Municipality continues to review this matter |
| 7. | Nomsa Mahlangu and 9 Others (JS 970/18) | <ul style="list-style-type: none"> • Unfair Labour Practice | <ul style="list-style-type: none"> • The Applicants allege that the | <ul style="list-style-type: none"> • 02/2019: This is a dispute from 2016 when the | <ul style="list-style-type: none"> • The Municipality continues to |

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|--|--|---|---|---|---------------------------|
| | | <ul style="list-style-type: none"> • Interpretation/ Application of Collective Agreement (payment of Overtime) | <p>Municipality is owing them overtime from 2011.</p> | <p>Applicants alleged that they are supposed to work only 40 hours and the rest should be paid as overtime.</p> <ul style="list-style-type: none"> • They are working in the Communication centre as shift workers and also work over weekends and Public Holidays. • In 2016 their dispute was dismissed (Manyaka & Others, case HQ: 071520) and they did not review it. • Now they have enlisted the services of Chisora Attorneys in Vanderbijlpark and are pursuing the same dispute. • They have threatened to take the Municipality to the Labour Court if they are not paid. • On the 21st November 2018 we received their statement of claim to the Labour Court and we have appointed Cliffe Dekker Hofmeyer to defend the matter. • On the 7th December our Lawyers responded to the claim, indicating that we deny the claims. | <p>defend this matter</p> |
|--|--|---|---|---|---------------------------|

CONFIDENTIAL

STATUS QUO REPORT: OUTSTANDING CIVIL CASES FOR THE PERIOD OF OCTOBER TO DECEMBER 2018: SEDIBENG DISTRICT MUNICIPALITY

(13/R)

**CLUSTER: CORPORATE SERVICES
PORTFOLIO: ADMINISTRATION**

1. PURPOSE

To submit the Status Quo report to the Council regarding the number of all outstanding civil cases, which have been instituted in favour and/or against Council for noting for Quarter 2 – 2018/19.

2. BACKGROUND

Sedibeng District Municipality is a diverse organization and thus the Council's Enterprise Risk Management Policy on essential matters; especially legal and statutory form a critical part in the municipality's strategic management. It's then of utmost importance that Council both methodically and intuitively addresses the legal risks attached to its activities with the goal of achieving sustained benefits. The legal risks are therefore recognized as an integral part and and therefore all levels of management must know, understand and comply with the framework document.

The Council may sue and/or be sued for issues emanating from contractual disputes, by its employees in terms of labour disputes and by the members of the public for wrongful acts committed by its employees during the course of the execution of their duties. If a civil action is being instituted against Council, such action must comply with the Institution of Legal Proceedings against Certain Organs of State Act, no 40 of 2002 and other Legislations. If the Council also wishes to sue any person, it has to comply as well with the relevant legislations.

3. DISCUSSION

In an attempt to prevent or mitigate Council being exposed to any form of legal risks, the municipality has a legal and support department primary objective is to provide legal support and assistance for the municipality. The legal department is also responsible for the appointment of legal service providers to defend and to institute civil action on behalf of the municipality and to liaise with the appointed service providers during the course of the legal proceedings until the cases are finalized. Normally the cases are defended for one or more of the following reasons:

- The case might have prescribed;
- The Plaintiff/Applicant Attorneys might not have complied with certain procedure, rules and/or the legislations;
- The merits of the case are being disputed;
- The claimed amount may be excessively high and there is a need to contest same.

Currently, the Municipality has five (05) cases which are still outstanding. The Council is acting as the defendant/respondent in one (1) case and as a Plaintiff in (4) four of the cases. Three (3) civil cases are still pending in the High Court and two (2) in the Magistrate Court.

There are two (2) civil cases in the Magistrate court which were withdrawn against the municipality and one (1) case in the High court was finalized in the Quarter 4 of the 2017/2018 financial year.

One (1) matter in the Magistrate court was resolved without appointing a law firm and the other two (2) matters were finalized by the legal directorate after the legal firm that was appointed to handle same withdrew as the attorneys of record for the Council. The directorate was therefore able to finalise the matters and cut down on litigation costs.

However, it's worth mentioning that the legal charges cannot be accurately predicted as, by nature, legal actions by or against Council cannot be planned. The following spreadsheet hereunder attached as Annexure A, indicates the estimated liability to be incurred by the Council and the current status for each case:

4. LEGAL/CONSTITUTIONAL IMPLICATIONS

Section 62 (1) (a) of the Municipal Finance Management Act states that: *The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of the financial, risk management and internal control i.e. legal, etc.*

In addition, cognizance should be taken that the legal risk is the risk that Council can be exposed to multiple challenges, which among other things include ; contractual obligations, which have not been provided for or the inability to effect the required finding and action to protect the financial market on key actions like contracts, regulatory/statutory compliance, litigation, enforcement, etc.

Legal action taken against the municipality must comply with the Institution of Legal Proceedings against certain Organs of State Act, 2002, the Rules of the different Courts and other relevant legislations.

5. FINANCIAL IMPLICATIONS

There is sufficient provision of budget, as mentioned here-above to cater for the civil cases against Council.

6. ALIGNMENT WITH COUNCIL STRATEGIES

Promotion of good governance, to enhance Council's key role competency and functions in terms of its strategic plans and policies i.e. IDP, GDS, Risk Management policy, etc.

7. CONCLUSION

While the Department is doing everything in its powers to mitigate the legal costs, the outcome and/or finalization of cases solely lies with the courts; as they work with schedules and at times cases get postponed for months and at times years. This has a knock-on effect for Council; as the longer the case takes, the more money gets paid to lawyers who represent the municipality.

It cannot be correct that because the municipality has appointed lawyers, therefore all cases should be handled by them. In the law fraternity; specialization in cases puts individual lawyers in a competitive advantage.

RECOMMENDED:

1. THAT the Status Quo Report regarding the current status of the outstanding civil cases for Council particularly the estimated legal liability in respect of each case to be paid to legal services providers, be noted.
2. That one (1) matter was withdrawn without appointing a law firm and two (2) matters were resolved / finalised by legal directorate after the legal firm that was appointed to handle same withdrew as attorneys of record for the Council, therefore resulting in savings on legal fees.
3. THAT it be noted that legal action taken against the Council must comply with the Institution of legal Proceedings against Certain Organs of State Act 40, 2002, the Rules of the different Courts and other relevant legislations.

DIRECTOR: LEGAL SERVICES
MRS R MHLWATIKA

| NO | NAMES OF SERVICE PROVIDER | ADDRESS & TEL NUMBERS | NATURE OF LITIGATION/ DISPUTE | WHAT HAPPENED | COMMENC EMENT DATE | EXPECTED VALUE/ LIABILITY | FORUM/COURT JURISDICTION |
|----|---------------------------|---|--|--|--|---------------------------|--|
| 1. | S. Suleman Attorneys | Po Box 21516 Roshnee 1936 016 422 0333/4 | Collection obo municipality/ Cheth Trust | The defendant had leased a building in Fresh Produce Market and failed to pay rental fees and civil action was instituted and he was eventually evicted from the leased building. Currently the council attorneys are busy trying to recover the outstanding rental fees | April 2009 Mandate of the previous attorney was terminated due to poor service. | R60 000.00 | <ul style="list-style-type: none"> The summons was issued in the South Gauteng High court. Default judgment has been obtained against the defendant and the warrant of execution against the defendant was issued. The execution proceedings still pending. Tracers have been appointed to trace the defendant to enable Council attorneys to execute the judgement. The tracer has not managed to trace the defendant and the execution of the judgment will be executed once the defendant has been successfully traced. On the 2 August 2018 the legal department received a report from Council attorneys that they are still struggling to trace the whereabouts of the defendant. The tracing of the defendant continues. |
| 2. | S. Suleman Attorneys | Po Box 21516 Roshnee 1936 016 422 0333/4 | Collection obo municipality/ N. Shongwe | Collection of the money owed by the employee (Cashier at FPM) to the municipality | | R60 000.00 | <ul style="list-style-type: none"> The municipality lost the case in the labour court on the basis that the municipality did not follow the correct procedure in deducting the money from the employee's salary and again more than 25% was deducted from her salary. The court then ordered the municipality to pay back to the employee all the money deducted from her salary until the date of judgment. However in the judgment the court confirmed that the municipality could still recover the money from the employee on condition that the correct procedure is followed and not more than 25% is deducted from the employee salary. The municipality and the employee's attorneys reached an agreement for repayment of the money in question and the employee has failed to make repayments in breach of this agreement and the municipality's attorneys have been instructed to institute legal action for recovery of the outstanding monies owed by the employee to the municipality. The defendant has been served with the summons and failed to file an appearance to defend and the Council attorneys obtained default judgment against the |

| NO | NAMES OF SERVICE PROVIDER | ADDRESS & TEL NUMBERS | NATURE OF LITIGATION/ DISPUTE | WHAT HAPPENED | COMMENC EMENT DATE | EXPECTED VALUE/ LIABILITY | FORUM/COURT JURISDICTION |
|----|---------------------------|-----------------------------|--|--|--------------------|---------------------------|---|
| | | | | | | | <p>defendant and proceeded to attach the defendant's assets. The defendant responded to the attachment and we have been advised by Council attorneys that she has made an offer of R100,00 to liquidate the debt owing to Council and her offer was rejected and she then requested to provide the council attorneys with her proof of income and expenditure so that the reasonable offer could be determined. Still waiting for further advice in this regard from Council attorneys.</p> |
| 3. | Meise Nkaiseng Attorneys | PO Box 435 Vereeniging 1930 | Litigation against B. Mgcina for the recovery of the monies stolen from Fresh Produce Market | Accused stole and amount of R80 000.00 while he was still working at the Fresh Produce Market. DC hearing was instituted against him and he resigned to avoid being dragged to the DC hearing. | January 2017 | R100 000,00 | <ul style="list-style-type: none"> The case was Nolle prosequi because there was an agreement that the Accused will pay that money; but later default judgment was obtained against Mr. Mgcina in April 2016. Warrant of execution against his property was issued and upon service thereof the Sheriff was informed by Mr. Mgcina sister a certain Mrs.Thabile Matsoso that Mr. Mgcina is no longer staying at the given address. The tracing agent to be appointed to trace the whereabouts of Mr. Mgcina. The Council attorneys managed at last to get hold of the investigating officer and inspected the docket. From the docket it appeared that prosecutor refused to prosecute since a "mediation agreement" was signed on 14 January 2015. The agreement is signed by a certain Ms. Minah Mokoro on behalf of the complainant (Sedibeng), the prosecutor and the accused. In the settlement agreement it is recorded: Today the complainant also indicated that the accused will be re-instated and will be able to pay that money he stole. So they no longer proceed with trial". The Council attorneys has requested an investigation to be conducted to find out who is Ms. Minah Mokoro and if she had delegated powers to conclude an agreement on behalf of Sedibeng. A meeting has been arranged with the Council attorneys for consultation with Ms. Minah Mokoro to interview and to account for her alleged wrongful actions. In February 2017 the council attorneys prepared affidavits for the acting MM and Minah Mokoro which were to be used for request for reinstatement of the criminal charges against Bongani Mgcina. On the 23 March 2017 we were informed by the council attorneys that the Control Prosecutor has declined to reopen this case. |

| NO | NAMES OF SERVICE PROVIDER | ADDRESS & TEL NUMBERS | NATURE OF LITIGATION/ DISPUTE | WHAT HAPPENED | COMMENC EMENT DATE | EXPECTED VALUE/ LIABILITY | FORUM/COURT JURISDICTION |
|----|--|---|--|---|--------------------|---------------------------|--|
| | | | | | | | <ul style="list-style-type: none"> All avenues have been exhausted to recover the loss. The matter is currently being handled by the Municipal Manager on the request of the Executive Mayor. |
| 4. | TO. Maleka Attorneys | 23 Andries Potgieter Boulevard Opposite Vut Res Gate Vanderbijlpark 1900 | Litigation against the municipality for outstanding payment. | The litigation relates to the civil action instituted by Reabusa Construction in the High court for outstanding payments for services rendered in the one of the municipality's project which was managed by Mr. Sello Maetso | November 2015 | R60 000,00 | <ul style="list-style-type: none"> According to the Finance department's records, the municipality owes Reabusa Construction R350 000, 00 whereas in their summons they are claiming R1, 2 Million which is what the district is disputing. Despite attempts to negotiate with the view to settle the matter out of court, Reabusa Construction attorneys were simply not interested and the Council was forced to defend the matter and the Council attorneys have been instructed to file notice to defend the action. Reabusa attorneys did not comply with the Institution of legal Proceedings against Certain Organs of State Act 40, 2002 in that they did not send us a letter of demand as required before issuing the summons. Despite the request or demand to withdraw the action Reabusa attorneys has refused and /or failed to comply with our request and or demand to do so. The parties are currently in the process of exchanging the pleadings. On the 13th September 2017, the Council attorneys were served with a notice of bar to plea by the Plaintiff's attorneys despite having failed to provide the Council attorneys with the further particulars. The Council attorneys has responded to the Notice of bar and simultaneously filed the Council's plea. On the 18 July 2018 the Council attorneys served the Plaintiff's attorneys and filed with the court the discovery notices in terms rule 35 and pre-trial conference notice in terms of rule 37 of the Magistrate Court. After the parties have discovered and pre -trial held the matter will be ripe for trial. |
| 5. | Letheba Makgato & Associates Attorneys | Roodepoort reception@makgato.co.za | A combined summons was served on the municipality for outstanding payment. | On 12 January 2016 Lawrence Melato Attorneys and Mr. Mkaza entered into an oral agreement that Lawrence | August 2018 | | <ul style="list-style-type: none"> The Combined Summons was issued in the Regional Vereeniging Magistrate Court. An appointment letter was sent to Letheba Makgato & Associates Attorneys to defend the summons issued against the Municipality on 7 August 2017. |

| NO | NAMES OF SERVICE PROVIDER | ADDRESS & TEL NUMBERS | NATURE OF LITIGATION/ DISPUTE | WHAT HAPPENED | COMMENC EMENT DATE | EXPECTED VALUE/ LIABILITY | FORUM/COURT JURISDICTION |
|----|----------------------------------|---|-------------------------------|--|--------------------|----------------------------------|--|
| | | | | Melato Attorneys draft a Contract Management Policy for the Municipality. The amount of R286 653 was charged and was supposed to be paid to Melato Attorneys on presentation of the policy. The Municipality however failed / refused to pay the amount. | | | |
| 6. | Lateral Unison Insurance Brokers | 6 on 1st, Dunvegan, Edenvale, 1609, PO Box 75223 Bedford Gardens, 2047 011 453 1177 | Motor Vehicle Accident | A Summons was issued against the Municipality acting on the scope of its employee BP Kele who was involved a motor vehicle accident with MN Monone that took place on 12 October 2017. | September 2018 | R25 935.87 and cost of the suite | <ul style="list-style-type: none"> • The matter will be handled by the Insurance lawyers. • Lost Control Committee to investigate against the employee and the recommendations will be implemented as also outlined by the Fleet Management Policy |

NDPG STAFF WHICH WAS SUPPOSED TO BE TRANSFERRED TO EMFULENI LOCAL MUNICIPALITY (2017/2018)

| NO | Description 1 | Description 2 | CODE | | | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MRT | APR | MAY | JUN | TOTAL | |
|-------|----------------------|---------------------------|--------|------------|-----------------|-------------|------------|--------------|-----------|-----------|------------|-----------|-----------|-----------|------------|------------|-----------|-------------|---------------------|
| 00573 | | 1 005731 | 470110 | 00573 MR | 0057300573 MR | S MMM KGANG | | 7 312 190,00 | 583080 Ar | Dept: | 70110 Pay | 4 Catg: | 09 Rsc : | 00 Cost: | 470 110,00 | Grp :A | Inc. 03 | Rte. 116,85 | |
| 00573 | Council contr. | 00573Council contr. | 470110 | CC-BARGAIN | 00573CC-BARGAIN | | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 99,00 |
| 00573 | Council contr. | 00573Council contr. | 470110 | CC-GROUPSC | 00573CC-GROUPSC | | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 411,32 | 4 935,84 |
| 00573 | Council contr. | 00573Council contr. | 470110 | CC-MEDAID | 00573CC-MEDAID | | 3 007,81 | 3 007,81 | 3 007,81 | 3 007,81 | 3 007,81 | 3 129,55 | 3 129,55 | 3 129,55 | 3 129,55 | 3 129,55 | 3 129,55 | 3 129,55 | 36 824,16 |
| 00573 | Council contr. | 00573Council contr. | 470110 | CC-PENSION | 00573CC-PENSION | | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 4 524,52 | 54 294,24 |
| 00573 | Council contr. | 00573Council contr. | 470110 | CC-SKILLS | 00573CC-SKILLS | | 331,10 | 232,39 | 232,39 | 232,39 | 232,39 | 233,61 | 233,61 | 233,61 | 233,61 | 233,61 | 233,61 | 439,27 | 3 100,37 |
| 00573 | Council contr. | 00573Council contr. | 470110 | CC-U.I.F. | 00573CC-U.I.F. | | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 1 784,64 |
| 00573 | Council contr. Total | 00573Council contr. Total | 470110 | *CO.CONTR. | 00573*CO.CONTR. | | 8 431,72 | 8 333,01 | 8 333,01 | 8 333,01 | 8 333,01 | 8 455,97 | 8 455,97 | 8 455,97 | 8 455,97 | 8 455,97 | 8 455,97 | 8 661,63 | 101 038,25 |
| 00573 | Earning | 00573Earning | 470110 | BONUS | 00573BONUS | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 20 566,00 | 20 566,00 |
| 00573 | Earning | 00573Earning | 470110 | HOUSESUB | 00573HOUSESUB | | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 9 559,32 |
| 00573 | Earning | 00573Earning | 470110 | LEAVEPAY | 00573LEAVEPAY | | 9 871,68 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 9 871,68 |
| 00573 | Earning | 00573Earning | 470110 | SALARY | 00573SALARY | | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 20 566,00 | 246 792,00 |
| 00573 | Earning Total | 00573Earning Total | 470110 | ** EARN.** | 00573** EARN.** | | 31 234,29 | 21 362,61 | 21 362,61 | 21 362,61 | 21 362,61 | 21 362,61 | 21 362,61 | 21 362,61 | 21 362,61 | 21 362,61 | 21 362,61 | 41 928,61 | 286 789,00 |
| 00575 | | 1 005751 | 470110 | 00575 MR | 0057500575 MR | SM MAETSO | | 7 511 215,00 | 702084 Ar | Dept: | 70110 Pay | 2 Catg: | 03 Rsc : | 00 Cost: | 470 110,00 | Grp :A | Inc. 07 | Rte. 231,60 | |
| 00575 | Council contr. | 00575Council contr. | 470110 | CC-BARGAIN | 00575CC-BARGAIN | | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 8,25 | 99,00 |
| 00575 | Council contr. | 00575Council contr. | 470110 | CC-GROUPSC | 00575CC-GROUPSC | | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 815,24 | 9 782,88 |
| 00575 | Council contr. | 00575Council contr. | 470110 | CC-MEDAID | 00575CC-MEDAID | | 3 521,36 | 3 521,36 | 3 521,36 | 4 442,19 | 3 942,23 | 3 942,23 | 3 942,23 | 3 942,23 | 3 942,23 | 3 942,23 | 3 663,50 | 3 663,50 | 45 565,78 |
| 00575 | Council contr. | 00575Council contr. | 470110 | CC-PENSION | 00575CC-PENSION | | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 8 967,64 | 107 611,68 |
| 00575 | Council contr. | 00575Council contr. | 470110 | CC-SKILLS | 00575CC-SKILLS | | 530,07 | 530,07 | 530,07 | 530,07 | 539,28 | 534,28 | 534,28 | 534,28 | 534,28 | 534,28 | 531,49 | 939,11 | 6 801,56 |
| 00575 | Council contr. | 00575Council contr. | 470110 | CC-U.I.F. | 00575CC-U.I.F. | | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 148,72 | 1 784,64 |
| 00575 | Council contr. Total | 00575Council contr. Total | 470110 | *CO.CONTR. | 00575*CO.CONTR. | | 13 991,28 | 13 991,28 | 13 991,28 | 13 991,28 | 14 921,32 | 14 416,36 | 14 416,36 | 14 416,36 | 14 416,36 | 14 416,36 | 14 134,84 | 14 542,46 | 171 645,54 |
| 00575 | Earning | 00575Earning | 470110 | BONUS | 00575BONUS | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 40 762,00 | 40 762,00 |
| 00575 | Earning | 00575Earning | 470110 | CAR ALL | 00575CAR ALL | | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 12 712,00 | 152 544,00 |
| 00575 | Earning | 00575Earning | 470110 | HOUSESUB | 00575HOUSESUB | | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 796,61 | 9 559,32 |
| 00575 | Earning | 00575Earning | 470110 | SALARY | 00575SALARY | | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 40 762,00 | 489 144,00 |
| 00575 | Earning | 00575Earning | 470110 | TEL.COST | 00575TEL.COST | | 1 280,00 | 1 280,00 | 0,00 | 0,00 | 2 560,00 | 0,00 | 0,00 | 1 280,00 | 0,00 | 2 560,00 | 0,00 | 0,00 | 8 960,00 |
| 00575 | Earning Total | 00575Earning Total | 470110 | ** EARN.** | 00575** EARN.** | | 55 550,61 | 55 550,61 | 54 270,61 | 54 270,61 | 56 830,61 | 54 270,61 | 54 270,61 | 55 550,61 | 54 270,61 | 56 830,61 | 54 270,61 | 95 032,61 | 700 969,32 |
| | | Totoal Cost for the year | | | | | 109 207,90 | 99 237,51 | 97 957,51 | 97 957,51 | 101 447,55 | 98 382,59 | 98 505,55 | 99 785,55 | 98 505,55 | 101 065,55 | 98 224,03 | 160 165,31 | 1 260 442,11 |

ATTENDANCE REGISTER: INFORMATION SESSION

Date : 15 November 2017
 Time : 08H00
 Venue: Banquet Hall

- Code of conduct
- Conditions of Employment
- Declaration of interest

[Signature]
 DH

| | | | |
|-------------------|------------|------------|--------------------|
| Alinam Molaeta | Licensing | 0731493825 | <i>[Signature]</i> |
| Reid M o ro en a | | 0837195091 | <i>[Signature]</i> |
| George Ee Kholiso | | 0789294368 | <i>[Signature]</i> |
| Benny Setoto | THEatre | 0752221587 | <i>[Signature]</i> |
| M.A. Mpurugosi | T. HALL | 0733152772 | <i>[Signature]</i> |
| Mak Motsoara | TiE | 0714894200 | <i>[Signature]</i> |
| Ellen Mathrebulu | Speed | 0786694310 | <i>[Signature]</i> |
| Nomse Motau | Facilities | 0839741312 | <i>[Signature]</i> |
| | | | |
| | | | |
| | | | |
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ATTENDANCE REGISTER: INFORMATION SESSION

Date : 15 November 2017
 Time : 08H00
 Venue: Banquet Hall

- Code of conduct
- Conditions of Employment
- Declaration of interest


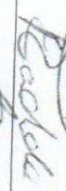


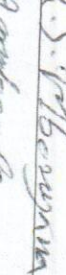








| Name & Surname | Department | Contact | Signature |
|---------------------------|----------------|-------------|-----------|
| PURUNG MORIEN | LICENSING | 0939650664 | |
| PURUNG MOKONA | LICENSING | 0833197107 | |
| Gloria Sakhobe | Licensing | 07122853520 | |
| Mphahlela Mokeeng | SPED ADMIN | 0710465327 | |
| GUABETHI TSETSI | SEED ADMIN | 0747488768 | |
| Sidwell Pelicane Sengatho | TE | 0717832353 | |
| NOBELUNGU MABONA | MAJOR'S | 0737104987 | |
| MADITABA POOE | MAJOR'S | 0735097286 | |
| Tshimi Kona | LEAD & SUPPORT | 0739325553 | |
| Mavis McTearns | " " | 0784142702 | |
| TABILE Ncube | licensing | 0839815567 | |
| Rebecca Sdumane | MAJORS OFFICE | 0631927835 | |
| M.N. XANTHE | Shrac | 0681905477 | |

ATTENDANCE REGISTER: INFORMATION SESSION

Date : 15 November 2017
 Time : 08H00

Venue: Banquet Hall

- Code of conduct
- Conditions of Employment
- Declaration of interest

| Name & Surname | Department | Contact | Signature |
|------------------------|----------------------|------------|---|
| Grace Duvare | Cooperatives | 0784338927 |  |
| ESARIA RIBBERE | FACILITY | 0725494637 |  |
| EM NTEGO | / | 0729584576 |  |
| M.R KHORSE | SHRAC | 0733336972 |  |
| EMOLIND NBOUYAMA | SHRAC | 0787336210 |  |
| MSWORTI MOKSANDA | TOURNAHALL | 0718208660 |  |
| NEOSINATHI NKESI | PIERREPIERRE | 0362165114 |  |
| KRIGE.C.MOSOKUENZIS | VEREENIGING LICENTIA | 0782112685 |  |
| JOHN SEETA | SHRAC | 0784642573 |  |
| DUDA FORTULE | FACILITIES | 0829720317 |  |
| ISAAC SAVIJE | FACILITIES | - |  |
| MARITHA LEBUSA | MEYERSTON | 0833928501 |  |
| Phaladiptra Venkhandra | FACILITIES | 0735238216 |  |



ATTENDANCE REGISTER: INFORMATION SESSION

Date : 15 November 2017
 Time : 08H00
 Venue: Banquet Hall

- Code of conduct
- Conditions of Employment
- Declaration of interest

| Name & Surname | Department | Contact | Signature |
|------------------------------|------------------------------------|--------------------------|-----------|
| Pylers Melaye Piet Kimphe | Theatre | 082584220 | |
| Mohi Makwane | Sharpsville Hall | 0606344291 | |
| A.P. Mutamadzi | TECHNORAM | 072105136 | |
| Dee Lekaia | RIPORT | 0738171413 | |
| Mookhe MOKHE | T. HALL | 0717779591 | |
| Louis Ntoko | Facility | 0782006411 | |
| Amie Masoko | Facility Licencing | 0781325093 | |
| Sophany MOTOANG | SPED | 0831892907 | |
| Bosamin Mtsiuruzo | SHARPSVILLE HALL | 0737550595 | |
| Sibusiso Makhona | SHARPSVILLE HALL Market | 1111 | |
| Burika Jhebe | Market | --- | |
| Ferbus MARESI | FACILITY | 0727749190 0784063181 | |


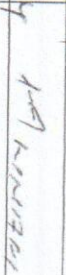










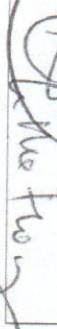
ATTENDANCE REGISTER: INFORMATION SESSION

Date : 15 November 2017

Time : 08H00

Venue: Banquet Hall

- Code of conduct
- Conditions of Employment
- Declaration of interest

| Name & Surname | Department | Contact | Signature |
|--------------------|---------------|------------|--|
| MOSES NGORANE | FACILITIES | 0732668276 |  |
| Harmer Trau | FACILITIES | 0835681854 |  |
| Lebogang Howa | F.P Market | 0635566174 |  |
| Masoneng Mochopi | Facilities | 0630067130 |  |
| NEHABU MURIM SESUJ | FACILITIES | 0797874779 |  |
| Fennis Mofurutsi | Do. | 0789214342 |  |
| Mpho Lela | 4 | 0657608002 |  |
| SEIPATI Mofokeng | FACILITIES | 0534396391 |  |
| Abel metshuny | 4 | 0738650603 |  |
| Sylvester Sogaana | 11 | 0985775471 |  |
| SPRINGER SIBANE | NBP LICENSING | 0846534813 |  |
| HABOANE MINKINDI | FACILITIES | 0839774655 |  |
| Isaac Muthung | Market | |  |



ATTENDANCE REGISTER: INFORMATION SESSION

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Time : 08H00

Venue: Banquet Hall

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- Conditions of Employment
- Declaration of interest

| Name & Surname | Department | Contact | Signature |
|-------------------|-------------------|--------------|------------|
| SELINA MABUNA | FACILITIES | 0792461692 | |
| SUZANN SABELLE | 11 | 0744409086 | ms Sabelle |
| ISTHAKO ISHETSU | FRESH MARKET | 0792822264 | |
| VANGILE SOLOMON | COOPERATE | 0832734906 | |
| KYCHOI DUBE | Town Hall | 018-582-0003 | K Dube |
| Sipho Ndlovu | Town Hall | 0816877365 | |
| Nkomo, Shoyane | Corp | 073 0224780 | |
| ALMEB M HUNHANE | TOURIST HALL | N/A | |
| STEPHEN MKHWANTSI | FACILITIES | 0829086149 | |
| STEPHEN MKHWANE | 11 | 0604410398 | |
| DUDUKI MAKGALE | DISASTER | 0782515509 | |
| PHILIP MAKHACE | Shogwade Facility | 0786017201 | P Mkhace |
| WIVIAN SOMWOLU | Business | 0782159305 | |

ATTENDANCE REGISTER: INFORMATION SESSION

Date : 15 November 2017

Time : 08H00

Venue: Banquet Hall

- Code of conduct
- Conditions of Employment
- Declaration of interest

| Name & Surname | Department | Contact | Signature |
|-----------------------|------------|--------------|-----------|
| MAMEI Mokoloko | Facilities | 028 665 4192 | |
| MOTSHENISI MAIHE | | 0725269594 | |
| KUZABETH HATSHWANO | Facilities | 0795743475 | |
| MHABISENG Moleli | IT | 07306609335 | |
| Msogay Separene | FPM | 0715242050 | |
| ARTHUR Zwane | Facilities | 0940807696 | |
| DIMOKOTSO SEKOROBELLE | Facilities | 0246344976 | |
| MASHIKWASE Radeke | Facilities | 0833691092 | |
| LENA Tsojotofo | Licensing | 0723207358 | |
| ABANTHU MATSANE | Facilities | 0614002277 | |
| Thope MATSANA | Licensing | 0829585721 | |
| JOSEPH LETSOSIBE | LICENSING | 0735788670 | |
| ALBINAH Keotlele | Teknology | 08244760721 | |







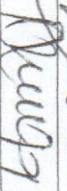

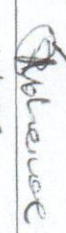




ATTENDANCE REGISTER: INFORMATION SESSION

Date : 15 November 2017

Time : 08H00

Venue: Banquet Hall

- Code of conduct
- Conditions of Employment
- Declaration of interest

| Name & Surname | Department | Contact | Signature |
|---------------------|------------------|---------------|--|
| Dineo Mlangsethwa | Heidelberg Licee | 0789953988 |  |
| Catherine Lebese | Heidelberg Licee | 0712-742-8359 |  |
| Gemina Masae | Thal | 07834865591 |  |
| Emily Moswa | Licensing v. OBN | 0789531622 |  |
| Eric Dipitso | SPACE/H | 083 373 8122 |  |
| M A MAINE | TOWN HALL | 0717287234 |  |
| Josephine Mabele | Licensing | 0781662123 |  |
| Moghele Moolop | HEALTH & Social | 0784747344 |  |
| JuBiliti Nampo | Social AHP | 0669108273 |  |
| Belemine Mochane | I.T. | 0789057441 |  |
| Nobuntu Mkhonitshwa | TIE | 0787753789 |  |
| Emily Seboka | HR | 0785540839 |  |
| Doris Moleke | SPEAKERS | |  |



ADDENDUM

A1897. THE STATUS QUO REPORT REGARDING ADV MOSOTHO PETLANE AND SEDIBENG DISTRICT MUNICIPALITY

(4/10/16)

**Cluster: Corporate Services
Portfolio: Administration**

1. PURPOSE

To apprise the Council on the status quo regarding Adv Mosotho Petlane and Sedibeng District Municipality.

2. BACKGROUND

Adv Petlane was appointed the Executive Director Corporate Services on the 1st April 2009. Upon his contract coming to an end; he then applied for the same position again in 2013 but was not successful. He then challenged his non-appointment; and that ultimately led to a Labour Court case (J898/14).

Emanating from the Labour Court, there was a settlement agreement between him and SDM in 2015 (Annexure "A"), and amongst others it was agreed that Adv Mosotho Petlane will be appointed permanently with a salary of Executive Director less 1%. Subsequently, he was then placed on special leave pending his alternative placement.

On the 9th February 2017, the then COO (Mr T L Mkaza) wrote a letter to him (Annexure "B") where he offered him the position of Chief Director Auxiliary Services; and in that letter he was instructed to report for duty on the 13 February 2017. He was further instructed to stop representing employees of Emfuleni Local Municipality.

On the 19th May 2017, a follow-up letter was written (by SDM lawyers, Meise Nkaiseng) to his lawyers (Annexure "C"), Shunu Attorneys, that Adv Petlane must report back to work by the 1st June 2017, failing which it will be assumed that he had absconded.

On the 19th September 2017, the Municipal Manager, Mr S Khanyile, wrote to Adv Petlane (Annexure "D") advising him to report back to work on the 2nd October 2017 and to stop doing any remunerative work.

He reported to work on the 11 December 2018. Adv Petlane then wrote a resignation letter (Annexure "E") on the 1st March 2018 indicating that he resumed duties in SDM on the 11th December 2017. He further stated that the working environment had become extremely unbearable to him, citing amongst others tools of trade and budget that was taken from the Tourism Entity.

He has since declared two disputes against SDM:

1. Unfair Labour Practice (GPD031829) alleging failure to implement settlement agreement and pension fund contributions. No date has been set for the arbitration.
2. Constructive dismissal (GPD041818). The arbitration is scheduled to proceed on the 31st January 2019.

3. COMMENTS: FINANCE DEPARTMENT

The total cost paid in respect of Adv. MM Petlane since October 2012 until October 2015 is as follow:

| Description | Amount |
|--|---------------------|
| Legal fees paid to our attorneys | 3,945,526.50 |
| Legal fees to MM Petlane attorneys (based on settlement) | 890,000.00 |
| Settlement payment – MM Petlane | 4,058,868.33 |
| Total Cost incurred by Council | 8,894,394.83 |

Thereafter, based on the settlement agreement MM Petlane has received his salary based on the agreement which has equate to 1% less than an Executive Director with permanent status. He further qualified for the annual bargaining council increases due to his permanent status.

4. LEGAL IMPLICATIONS

The SDM should give mandate how to defend the two matters.

5. CONCLUSION

The Sedibeng District Municipality confirms that the money that was paid to Adv. MM Petlane covers the legal costs and funds that were due in terms of the settlement agreement and pension pay-out as outlined in Annexure “F”. Therefore the Sedibeng District Municipality has settled all monies that were due and payable to Adv. MM Petlane.

6. ANNEXURES

- * Annexure “A” - Settlement Agreement
- ** Annexure “B” - Letter from the then COO
- *** Annexure “C” - Follow-up letter written (by SDM lawyers, Meise Nkaiseng)
- **** Annexure “D” - Letter from Municipal Manager, Mr S Khanyile to Adv. MM Petlane
- **** Annexure “E” - Resignation letter from Adv. MM Petlane
- **** Annexure “F” - Adv. MM Petlane - Arbitration

IGR REPORTING AND MONITORING TEMPLATE

NAME OF THE MUNICIPALITY: SEDIBENG DISTRICT MUNICIPALITY

| IGR Structures | Key Functions /Activities | Key Decisions/Highlights | Impact | Quarter? | Target achieved/Not achieved | Mitigation (if no) or Evidence if Yes | Name of IGR Practitioner/Manager |
|--|--|---|--------|-------------|------------------------------|---------------------------------------|---|
| Organisational Development | ➤ Rationalise operational framework. | Resuscitate District job evaluation forum | High | 3rd Quarter | Achieved | Resuscitate District Structure | Obed Mabutho (016) 450 3140 Obedm@sedibeng.gov.za |
| Wellness | ➤ Rationalise operational framework. | None | | | Not achieved | Resuscitate District Structure | Noma Mnisi (016) 450 3117 Nomam@sedibeng.gov.za |
| Capital Management | ➤ Rationalise operational framework. | None | | | Not achieved | Resuscitate District Structure | Caroline Serame (016) 450 3216 Carolinm@sedibeng.gov.za |
| Labour Relations | ➤ Rationalise operational framework. | None | | | Not achieved | Resuscitate District Structure | Sam Maloka (016) 450 3137 advocatem@sedibeng.gov.za |
| Human Resources Development | ➤ Rationalise operational framework. | None | | | Not achieved | Resuscitate District Structure | Pule Modimoeng (016) 450 3103 Pulem@sedibeng.gov.za |
| Corporate Services IGR (SDM/LLM/ELM/MLM) | Joint planning on Corporate Services and identification of challenges within the various departments in Corporate Services | None | None | | Not achieved | None | None |

| | | | | | | | |
|---|--|--|---|-----------------|--------------|--|---|
| GCR CIO E-Governance Committee | Alignment of e-Governance objectives with in Gauteng | None | None | Q3 | Not achieved | None | None |
| GPG e-Government cooperative governance IGR | Promoting and advancing effective ICT services | MOU with SDM signed 2018/03/09 | Improved e-Governance through building an enabling ICT infrastructure | Q3 | Achieved | MOU signed by MM and GPG HOD | Yusuf Chamda (016) 450 3008 yusufc@sedibeng.gov.za |
| Sedibeng Records Management Forum (Chaired by Emfuleni Local Municipality) | Records Management | Alignment of Records Management Applications between the District & Locals | Compliance with NARS Legislation | Meet bi-monthly | Achieved | Importance of records management to risk identification Investigate the availability of enterprise risk management strategies that embrace records management in governmental bodies. Identify risks emanating from poor or lack of records management in the public sector in South Africa. Integrating IGR records managements into risk management | Sedibeng Representatives: Puleng Nzunga (016) 450-3159 MirriamN@sedibeng.gov.za Nelson Tshabalala (016) 450-3090 nelsont@sedibeng.gov.za |

| | | | | | | | |
|--|---|---|---|-------------------------------------|-----------------|---|---|
| <p>Gauteng Provincial Archives Forum</p> <p>(Chaired by Gauteng Provincial Archives & Libraries)</p> | <p>Records Management & Archives Management</p> | <p>Alignment of Records Management Applications between Provincial Departments & municipalities</p> | <p>Compliance with NARS Legislation</p> | <p>Meeting as and when required</p> | <p>Achieved</p> | <p>Importance of records management to risk identification</p> <p>Investigate the availability of enterprise risk management strategies that embrace records management in governmental bodies.</p> <p>Identify risks emanating from poor or lack of records management in the public sector in South Africa.</p> <p>Integrating IGR records managements into risk management</p> | <p>Puleng Nzunga</p> <p>(016) 450-3159 MirriamN@sedibeng.gov.za</p> <p>Nelson Tshabalala</p> <p>(016) 450-3090 nelsont@sedibeng.gov.za</p> |
|--|---|---|---|-------------------------------------|-----------------|---|---|

SKILLS DEVELOPMENT 2017/18 FINANCIAL YEAR

| NO. | NAME AND SURNAME | COURSE | AMOUNT |
|----------------|------------------|--|--------------------|
| LEVEL 9 | | | |
| 1. | C MORIFI | NATIONAL DIPLOMA: PUBLIC MANAGEMENT | R22 018.00 |
| 2. | L KOATLA | NATIONAL DIPLOMA: PUBLIC MANAGEMENT | R28 702.00 |
| 3. | B NHLAPO | NATIONAL DIPLOMA : PUBLIC MANAGEMENT | R19 395.00 |
| 4. | P MOKOENA | MS WORD COMBO | R7 500.00 |
| 5. | N DUBE | MS WORD COMBO | R7 500.00 |
| 6. | E MOSIA | MS WORD COMBO | R7 500.00 |
| LEVEL 7 | | | |
| 7. | M NKU | NATIONAL DIPLOMA: PUBLIC MANAGEMENT | R19 395.00 |
| 8. | I SELLO | NATIONAL DIPLOMA: PUBLIC MANAGEMENT | R19 395.00 |
| 9. | R BUTHELEZI | NATIONAL DIPLOMA: GRAPHIC DESIGN | R15 328.00 |
| LEVEL 6 | | | |
| LEVEL 5 | | | |
| 10. | Z NQANYI | CERTIFICATE: EVENTS SAFETY MANAGEMENT | R8 200.00 |
| LEVEL 3 | | | |
| 11. | S MAETSO | PROGRAMME IN PROJECT MANAGEMENT | R45 970.00 |
| MM | | | |
| 12. | S KHANYILE | CPMD | 52 000.00 |
| | | | TOTAL |
| | | | R246 533.00 |

Skills Matrix

| Management level | Gender | Employees in post as at 30 June | Learnerships | | | | Skills programmes & other short courses | | | | Other forms of training | | | | Total | |
|--|--------|---------------------------------|------------------------|-----------------------|---------------|------------------------|---|---------------|------------------------|-----------------------|-------------------------|------------------------|-----------------------|---------------|-------|---|
| | | | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | | |
| MM and s57 | Female | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |
| Councillors, senior officials and managers | Female | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 55 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |
| Technicians and associate professionals* | Female | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 8 | 0 |
| Professionals | Female | 102 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 2 | 0 |
| | Male | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub total | Female | 152 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 149 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 13 | 0 |
| Total | | 309 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 13 | 0 |

*Registered with professional Associate Body eg CA (SA)

O-Jan-00

T 4.5.1



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

MFMA
2017-18

Sedibeng District Municipality Strategic session MPAC : Outcomes and improvements

20 February 2019



ACCOUNTABILITY = PLAN + DO + CHECK + ACT

Our reputation promise/mission

The Auditor-General of South Africa (AGSA) has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



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SEDIBENG DISTRICT MUNICIPALITY

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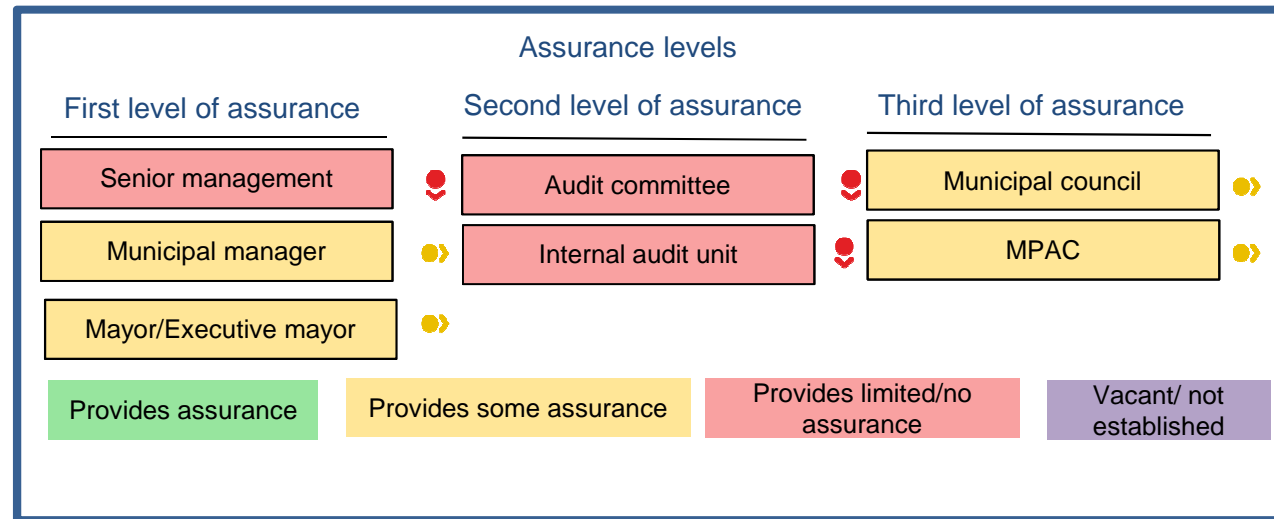
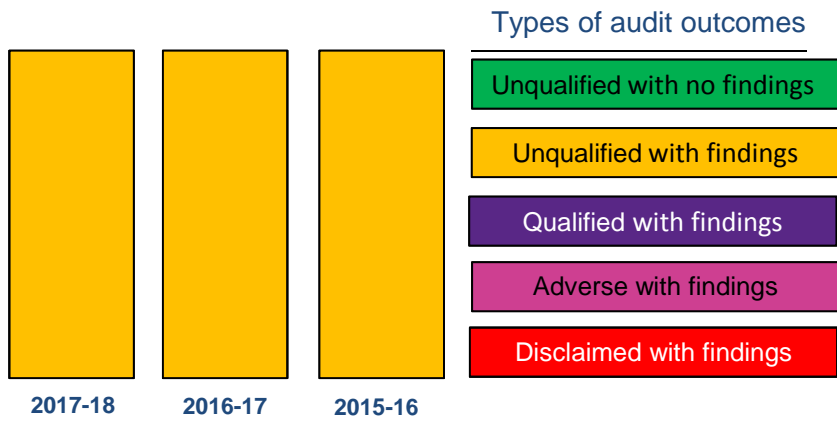




ACCOUNTABILITY = PLAN + DO + CHECK + ACT



Stagnation in audit outcomes



1

To improve/maintain the **audit outcomes** ...

2

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

5

... the **root causes** are addressed ...

4

... the **risk areas** and ...

3

... attention is given to the **key controls** and ...

... the **best practices** are maintained.

Root causes should be addressed

Inadequate reviews of annual financial statements and performance information.

Lack of consequence management.

Audit action plans not adequately implemented to address prior year audit finding.

Ineffective governance structure with regard to internal audit and the audit committee.

Risk areas

Quality of submitted financial statement



Quality of submitted performance information



Supply chain management



Financial health



Human, resource management



Information technology



Good

Concerning

Intervention required

Status of drivers of internal controls

Leadership

Effective leadership culture



Oversight responsibility



HR Management



Policies and procedures



Audit action plans



IT Governance



Financial and performance management

Proper record keeping



Processing and reconciling control



Regular reporting



Compliance monitoring



IT system controls



Governance

Risk management



Internal audit



Audit committee



Good

Concerning

Intervention required

Overall message : 17/18 audit

| Focus area | Details |
|---|---|
| Annual financial statements | <p>The number of audit findings have increased in number from year to year. This is due to a number of control deficiencies relating to records management, processing, reporting and reconciling of transactions. The annual financial statements submitted for audit purposes had a number of material findings that affected fair presentation. These errors were identified during the audit process as management’s review procedures were inadequate to detect and prevent these errors.</p> <p>These material misstatements also constitute non-compliance with section 122 of the Municipal Finance Management Act (MFMA).</p> |
| Audit of pre-determined objectives | <p>Cluster 6, 7 and 8 – were selected for the performance information audit and it was noted that the reported achievements as per the supporting schedules submitted for audit did not agree to the reported achievements on the Annual Performance Report (APR).</p> <p>We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Cluster 6, 7 and 8. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the basis for qualified opinion paragraphs.</p> |
| Compliance with laws and regulations | <p>Non-compliance with key legislation remains a major concern. Deviations approved by the accounting officer were not always justifiable and in compliance with s36(1)(a) of the MFMA. The reasons provided for deviations are indicative of poor planning and did constitute impractical situations for management to not follow official SCM processes. There were also inadequate contract management processes resulting in expenditure incurred for some contracts being more than the amounts awarded. Furthermore, the municipality should improve on the consequence management as there is no accountability for transgressions identified in the environment. This will be achieved through a culture of accountability which must be driven by political leadership to hold the administrative leadership accountable for the municipality’s internal controls and basic finance management practices. This should be implemented and monitored by all assurance providers.</p> |



Overall message : 17/18 audit continued

| Focus area | Details |
|---|--|
| Financial Health | <p>The financial sustainability of the municipality remains a challenge. The municipality is now on a net liability position as its liabilities now exceeds its asset. The municipality had accumulated a net loss of R57 415 538 during the year ended 30 June 2018, and as of that date the municipality's current liabilities exceeded its current assets by R168 374 668. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern. The municipality also had operating loss in the current financial year of R89,350,698 (2017: R32 752 252) which resulted in a decline in the net asset value.</p> |
| Information Technology | <p>Information technology governance was found to be inadequately designed and implemented with the following internal control deficiencies to be considered by management:</p> <ul style="list-style-type: none"> • The lack of performing a situational analysis in developing the IT strategy could be attributed to management's decision to complete the situational analysis after approval of the information and communication technology (ICT) Governance Framework. Furthermore, this was also due to IT staff not being available due to critical operational commitments. • Inadequacies of human resource in the information technology (IT) department was due to ICT organogram, appointment letters/personal development plan (PDP) and IT Governance champion responsibilities been reviewed in December 2017 and not submitted for approval by management |
| Audit committee and internal audit | <p>The committee did not approve the internal audit plan and monitor the performance of the internal auditors. This resulted in the internal audit not carrying out significant internal audit work and did not assist management to strengthen the control environment. Therefore, no reliance was placed on internal audit work. This resulted in the repeat audit findings identified by the external audit. Also, inefficiencies were experienced during the audit committee meeting to review the financial statement and the annual performance report which led to several in committees with the municipal manager. Some documents which should have submitted to committee members before the meeting was only submitted during the meeting which led to audit committee being ineffective in providing guidance on rectifying internal control deficiencies and providing the necessary level of oversight</p> |



Progress on the commitments made

| Commitments | Commitment date | Status |
|--|-----------------|--|
| Addressing all findings raised during the audit of performance information so that audit opinions can be improved. | 30 January 2018 | Not Implemented Management has not effectively implemented the action plans as a qualified audit opinion was issued for objectives selected for audit. |
| Appointment of audit committee members. | 30 January 2018 | Not Implemented. Audit committee members were appointed but the committee was ineffective. |
| Action plans to address SCM findings to detect and prevent prior year misstatements from taking place. | 26 October 2018 | Not Implemented Management has not effectively implemented the action plans as a material non compliances were identified during the audit. |



Recommendations for improving audit outcomes



- Senior management must perform adequate reviews of financial statements, performance information and compliance with laws and regulation.
- Use of SCM checklist must be developed and implemented to ensure that all SCM laws and regulations are complied with when goods and services are procured.



- Council must enhance its oversight mechanism to ensure that there are consequences for those who don't follow policies.



- Management should enforce a monitoring mechanism to ensure that all IT systems comply to IT policies, procedures, and standards. Consequence management for non-adherence should also be instituted.



- All instances of non compliance with SCM laws and regulations must be properly investigated by council. The investigation must have a proper terms of reference and any remedial actions must be followed through on.
- A culture of accountability needs to be better instilled which must be driven by political leadership to hold the administrative leadership accountable for the municipality's internal controls and basic finance management practices. This should be implemented and monitored by all assurance providers.



Way forward : Status of records review March April 2019



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 mitigating risks



Format of assessment

Status of records review



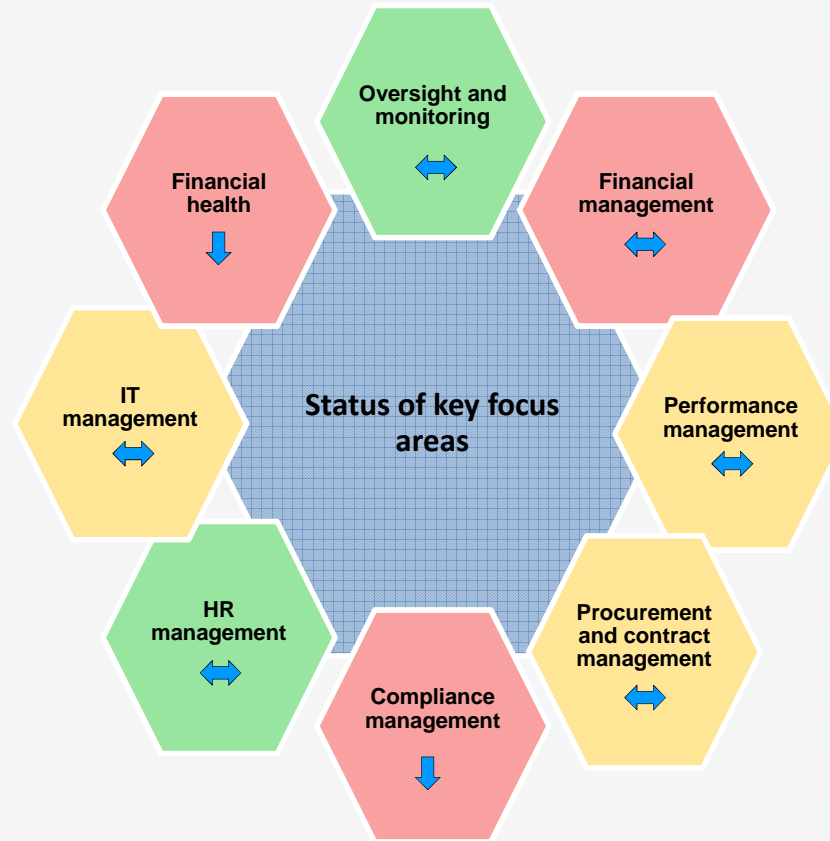
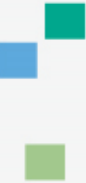
Follow-up procedures



Analysis of financial and non-financial information (internal and external reports/documents and discussions with senior managers)



Status of key focus areas



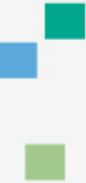
| | |
|-----------------------|---|
| Good | The basics are in place as no concerns were identified. |
| Concerning | Concerns identified. |
| Intervention required | Level of concerns identified is an indicator that urgent intervention is required to prevent audit failure. |

| | |
|---|-----------|
| ↑ | Improved |
| ↔ | Unchanged |
| ↓ | Regressed |

(Note: If a key focus area has not been reviewed it should be deleted from the graphic above)



Progress on the overall commitments



| Commitments | Date of commitment | Status |
|--|--------------------|--------|
| SOURCES | | |
| Written confirmation by accounting officer , chief financial officer , MPAC , audit committees | | |
| Credible action plan – remember the smart principles | | |
| Consistent monitoring and evaluation | | |
| | | |
| | | |



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