

## ANNEXURE B

**MINUTES** of a meeting of the **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)** held in the Council Chambers, 6<sup>th</sup> Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth on **Thursday, 23 February 2012** at 10:00

### PRESENT

Councillor H M Hendricks	In the Chair
Councillor R M J Gailey	
Councillor A L Nortje	
Councillor S A Mngwevu	
Councillor B A Manxoweni	
Councillor S Lucas	
Councillor K C Ncamiso	
Councillor A Booyesen	

### CDM Officials

Municipal Manager	(Pillay D M)
Director: Economic Development	(Kate P M)
Manager: Performance Management	(Terblanche G)
Manager: Corporate Services	(Stuurman Z)
Legal Officer	(Antony F J Ms)
Senior Accountant	(Kramer T Ms)
Senior Accountant	(Lorgat R)
Senior Administrative Officer	(Nance L Ms)
Senior Administrative Officer	(Tuswa N Ms)

### Auditor General" Office

Van Dyk Christo

### Absent

Councillor E A Goliath

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#### 1. OPENING

The Chairperson requested that an item in respect of the presentation by the Auditor General' Office be included in the agenda and thereafter welcomed all present and declared the meeting open.

**NOTED**

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#### 2. APOLOGIES

As recorded above.

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3. **STATEMENTS OR COMMUNICATIONS BY THE CHAIRPERSON**

The Chairperson delivered his opening speech.

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3. **PRESENTATION BY THE AUDITOR GENERAL'S OFFICE : MR VAN DYK**

Mr Christo Van Dyk from the Office of the Auditor General delivered a presentation regarding the door to door visits to municipalities in the Eastern Cape by the Auditor General and the 2010/2011 Audit outcomes of the CDM and its local municipalities.

In his presentation he advised that the dates of the visits as contained in the report might change and he will update the municipality on the new dates.

He further highlighted that annual audits were based on three legs being;

Financial Statements  
Findings on Predetermined Objectives and  
Compliance Issues

He indicated that municipalities need good record keeping, ensure controls and develop an Audit File.

**NOTED**

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4. **REPORT BY THE MUNICIPAL MANAGER**

4.1 **Terms of Reference / Rules and Orders**

The Chairperson requested that recommendation (b) be deferred and the Chairperson together with the Municipal Manager be afforded an opportunity to consolidate the SALGA, National Treasury and Oversight Committee terms of reference and create suitable TOR for MPAC. The members of the MPAC were also requested to forward their inputs to the Legal Officer.

Cr Mngwevu referred to page 14 of the agenda and requested that a work plan for the MPAC that link with the overall planning cycle of Council be developed.

It was thereafter

**R E S O L V E D**

**That it be recommended to Council as follows:**

(a) that the name of the Oversight Committee contained in the Rules and Orders of Council be changed to Municipal Public Accounts Committee(MPAC);

(b) that the SALGA, National Treasury and Oversight Committee terms of reference be consolidated to create suitable terms of reference for MPAC;

- (c) that members of the MPAC forward their inputs to the Legal Officer;
  - (d) that a work plan for the MPAC that link with the overall planning cycle of Council be developed.
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#### 4.2 **Review of CDM and KDA Annual Reports for the 2010/2011 Financial Year.**

The Senior Administrative Officer in the Office of the Municipal Manager advised that the MPAC, after reviewing the annual report, was required to either –

- approve the annual report, with or without reservations;
- if approved with reservations, summarise such reservations
- reject the annual report; or
- refer the annual report back for revision of those components that can be revised.

The annual report should be a fair and reasonable record of the performance of the municipality and properly account for the actions of the municipality.

#### **Annual Report of Cacadu District Municipality**

The Municipal Manager reported that no responses from the public and stakeholders had been received as the closing date for inputs was Friday, 24 February 2012.

The Committee raised various issues that were responded to by the Municipal Manager and senior officials of the CDM. The following are some of the issues that the Committee raised:

1. Number of vacancies - page 12 – statement on page 12 is inconsistent with the statistics quoted further in the report regarding number of approved positions and number of vacant positions;
2. Major underspending on LED budget (3% instead of target of 60%);
3. Annual performance table on page 39 to be improved (consistency of reporting under each heading) ;
4. Approved organogram and outstanding vacancies including report on risks of not filling positions;
5. Filling of vacancies in the finance section and capacitating the SCM unit to properly deal with all the SCM related laws and requirements (ex AG report page 185);
6. MPAC to make recommendations on slow expenditure - to look at all the issues that are holding up service delivery;
7. Explanation on net income (losses) recognized directly in net assets - Page 44;

8. Recommendation to Council to review the supply chain policy - MPAC to make recommendations to improve the policy (find solutions to deal with problems of SCR in consultation with the AG office);
9. Chairperson of the Audit Committee to be invited to next MPAC meeting (Cr Hendricks will furnish committee with copy of letter sent to him by AG Office);
10. Confirmation as to whether all LMs have established ward committees?
11. Reasons for slow expenditure on libraries - Page 124;
12. Progress with request to monitor water quality in rivers and dams from which communities draw drinking water - page 144;
13. SDBIP (The Senior Performance Management Officer to provide corrected pages);
14. Irregular Expenditure page 187 - refer back to author for a more detailed explanation of the measures that have been put in place to prevent this from recurring;
15. Action plan required on how issues raised in AG report will be dealt with;
16. Table to MPAC the report referred to on page 189 re disaster management procurement transactions;
17. Action Plan to address all issues raised by MPAC to be submitted to next meeting.

The members also commented on the following:

- Percentage of staff complement with disability needs to be improved;
- MPAC recognizes and applauds excellent work of the Speaker on the issue of Moral Regeneration;
- MPAC recommends that the system of expenditure control be reviewed to close loopholes such as the one that caused an ex-employee to continue receiving a salary for three months after leaving the service;
- Cr Nortje will give MM information about the petrol payment due in respect of Rietbron to follow up with the Director: Finance and Corporate Services.

It was thereafter

R E S O L V E D

**That it recommended to Council as follows;**

- (a) that the annual report of the District Municipality be approved without reservations but subject to the changes highlighted in the preamble;
- (b) that reports on the issues raised in the preamble be submitted to the meeting scheduled for 15 March 2012;
- (c) that an action plan be drawn up to address all issues raised and submitted to the next meeting.

**Annual Report of Kouga Development Agency**

The members expressed concern regarding the fact that the KDA Annual report did not contain the report of the Audit Committee and the management response to the issues raised in the AG report.

It was therefore

**R E S O L V E D**

**That it be recommended to Council as follows:**

- (a) that the annual report of the Kouga Development Agency (KDA) be approved with the following reservations;
  - No report by the Audit Committee
  - No management response to the issues raised in the AG report
- (b) that the annual report of the KDA be resubmitted to the next MPAC meeting with the above omissions corrected;
- (c) that the following issues be reported back at the meeting scheduled for 15 March 2012:
  - How the matter relating to the appointment of a developer (Great Force) being dealt with;
  - Written agreement between Kouga LM, KDA and CDM so that it can be ensured that Kouga complies with what is legally required by them;
  - Legal Officer to advise the District whether there will be any legal implications following the disestablishment of the agency

**-THE MEETING TERMINATED AT 14:40-**

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DATE

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CHAIRPERSON

