

Sarah Baartman

DISTRICT MUNICIPALITY

Province of the Eastern Cape

Previously Cacadu District Municipality

OVERSIGHT REPORT

***PREPARED BY THE MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE (MPAC) ON THE***

***2013/2014 ANNUAL REPORT OF
THE FORMER CACADU DISTRICT
MUNICIPALITY***

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OVERSIGHT REPORT TO BE PRESENTED TO COUNCIL
ON 27 MARCH 2015

FORWARD BY CHAIRPERSON OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Mr Speaker, Executive Mayor, Councillors and Officials

It is with a profound sense of honor and privilege that I present to Council today the Oversight Report on the Annual Report for the 2013/2014 financial year on behalf of the Municipal Public Accounts Committee. Allow me to relate my deepest gratitude to all three level assurers on oversight for the immense contribution made during the relevant financial year to ensure that accountability is not an act of compliance only, but a concerted effort to improve overall performance within the municipality.

I can confirm that the Annual Report of Sarah Baartman District Municipality was assessed with due diligence, by each member of the MPAC, and found to be a true reflection of the status and performance of the District Municipality and furthermore, complies with the lawful framework as prescribed by the MFMA. The MPAC has fulfilled its duties in terms of the provisions of the Local Government Municipal Structures Act no. 117 of 1998 and the Municipal Finance Management Act no. 56 of 2003 regarding the exercise of oversight.

The leading theorist on the development of democratic systems, Francis Fukuyama, is right when he says three characteristics are common to all successful democracies, which applies to institutions and organizations as well: **the rule of law, accountability and a capable administration** (state). In achieving an unqualified audit opinion for the year under review, the Municipality has clearly portrayed and demonstrated a strong will to adhere to these principles.

Yet whilst we have the right to enjoy the accolades for achieving a long awaited unqualified audit with no matters of emphasis, the warning from the Speaker of Council must never be far from our minds in that though it is hard to attain an unqualified audit, once achieved, it is even harder to maintain it. And thus within those words, lies our marching orders going forward.

The MPAC remains a functional committee and still endeavors to have a positive influence on audit outcomes. Issues of good governance and financial oversight retain the status of high priorities.

I must note with disappointment, that the MPAC has neglected its responsibility to assist Local Municipalities with oversight during the year under review. This must not happen again.

MPAC's are entering a phase of consolidating good practices in an effort to improve oversight. Combined Assurance, legislated duties and functions, dedicated budgets and support staff are to strengthen, streamline and professionalize the oversight unit in order to promote accountable governance. The support in this regard from APAC, SALGA, COGTA, Provincial Planning and Treasury and the AG Office as external stakeholders is noted with appreciation.

Allow me furthermore to extend appreciation to the Mayor and the Executive, the Audit Committee and the Internal Audit Unit for their role in the oversight of the Annual Report.

The efforts of the Accounting Officer and his capable team is commended for bestowing honor and credibility to this institution. The zero tolerance to anything sub-standard is noted also with appreciation.

In dealing with the Annual Report being tabled today and recommended for adoption, the MPAC paid particular attention to the following areas:

1. Financial Performance
2. Non-financial Performance
3. Legal Requirements
4. Legal Framework
5. Mistakes & Errors

As the Chairperson of the MPAC, my objectives for the new audit period will include:

- Closely monitoring performance commencing from the planning stage
- Strengthening the capacity support to Local Municipality MPAC's and promoting the establishment of a District-Wide MPAC Forum
- Increasing the performance of our own committee through benchmarking
- The review of the Terms of Reference of the MPAC and development of a new Work Plan
- Extending the oversight efforts of the MPAC to the municipal entity to ensure the municipality maintains a clean audit.

For the purpose of transparency and to the knowledge of all non-executive Councillors and the public present here today, I will table this report by means of an overview approach for the purpose of clarity of Council.

COUNCILLOR H M HENDRICKS
CHAIRPERSON

INTRODUCTION

Council is vested with the responsibility to oversee the performance of its municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). This oversight responsibility of Council is particularly important for the process of considering annual reports.

The MFMA and MSA (Systems Act) recognise that Council has a critical role to play to ensure better performance by municipal departments and entities. An explicit linkage exists between the strategic goals determined by the Council through the IDP process. These strategic goals are translated into the budget, and the delivery of those goals, which is reported in the Annual Report. It is important for Council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay a basis for better oversight and cement the contracts between the executive/Council, the administration and the public.

The MFMA gives effect to financial management reforms that place greater service delivery responsibilities on managers and makes them more accountable for performance. **Whilst, in the first instance it is left to the mayor to resolve any performance failures, ultimately the Council is vested with the power and responsibility to oversee both the executive and administration.** Oversight occurs at various levels in a municipality and is explained in the following table:

Financial governance framework applicable to local government

	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Executive Mayor	Community
Executive Mayor	Policy, budgets, outcomes, management of / oversight over municipal manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	The Administration	Executive Mayor
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial Management and Operational Functions	Municipal Manager

Separation of roles

The separation of roles between the Council and administration is intended to strengthen the oversight function of Councillors. Good governance and effective oversight and accountability are based on there being this separation of functions. It is fundamental for the achievement of the objects for local government in the Constitution relating to a democratic and accountable system of local government.

Council oversees the performance of the administration through Council and committee meetings.

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.

Annual reports are the key reporting instruments for municipalities to report against the performance targets and budgets outlined in their strategic plans. Annual reports are, therefore, required to contain information on service delivery and outcomes, in addition to financial statements.

The annual report:

- **is meant to be a backward-looking document, focusing on performance in the financial year that has just ended; and**
- **must demonstrate how the budget was implemented and the results of service delivery operations for that financial year.**

When tabled, the annual report should include four main components, each of which has an important function in promoting governance and accountability. The main components are:

- The annual performance report as required by section 46 of the MSA;
- Annual Financial Statements submitted to the Auditor-General;
- The Auditor-General's audit report on the financial statements in terms of section 126(3) of the MFMA; and
- The Auditor-General's audit report on performance in terms of section 45(b) of the MSA.

It should be noted that in terms of MFMA Circular 63 of 2012, the previous format and time frames for preparation of the annual report have been amended by National Treasury, and that the new format for the annual report is now effective. The new format as determined by National Treasury has been used in the preparation of the annual report for the 2013/2014 financial year.

Following publication of Circular 63 of 2012 by National Treasury, the Department of Local Government and Traditional Affairs expressed concern that the new format for the annual report would impact negatively on the reporting per KPA which that Department requires from municipalities in their annual reports. In an effort to also comply with the requirements of the DLGTA, the KPA reporting requirements have been included as Appendix T to the draft annual report.

The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the Council to consider the annual report of its municipality and municipal entities and to adopt an “oversight report” containing the Council’s comments on each annual report.

The oversight report must include a statement whether the Council:

- has approved the annual report, with or without reservations;
- has rejected the annual report; or
- has referred the annual report back for revision of those components that can be revised.

The oversight report is thus clearly distinguished from the annual report. The annual report is submitted to the Council by the accounting officer and the mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by Council. The oversight report is a report of the municipal Council and follows consideration and consultation on the annual report by the Council itself. Thus the full accountability cycle is completed and the separation of powers is preserved to promote effective governance and accountability.

APPOINTMENT OF MPAC

Council on 12 October 2011 resolved that a Municipal Public Accounts Committee be established to perform the oversight function on behalf of Council. This includes the detailed analysis and review of the annual report, and drafting an oversight report for consideration by Council. Council’s By-Law relating to the Standing Rules and Orders of the Council was amended in 2013 by replacing the Oversight Committee under sections 33 and 79 of the Municipal Structures Act 1998, with the Municipal Public Accounts Committee.

In terms of the Resolution of Council dated 12 October 2011, the MPAC comprises of non-executive members as detailed below:

Chairperson:	Cr Horatio Mario Hendricks
Members:	Cr S Lucas
	Cr K C Ncamiso
	Cr S A Mngwevu
	Cr A Booysen
	Cr B A Manxoweni
	Cr A L Nortjé
	Cr R M J Gailey
	Cr E A Goliath

FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS/OVERSIGHT COMMITTEE:

In so far as the Annual Report is concerned, MPAC is required to perform the following functions of the former Oversight Committee:

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

PROCESS OF ASSESSMENT OF THE ANNUAL REPORT

The draft annual report for 2013/2014 was tabled at the Council meeting held on 28 January 2015, when it was resolved as follows:

- (a) that the Annual Report for 2013/2014 be made public in terms of section 127(2) of the MFMA and that the local community be invited to submit representations in connection therewith;
- (b) that the draft annual report be submitted to the next meeting of the Cacadu Municipal Public Accounts Committee (MPAC) for analysis and review.

In dealing with the tabled annual report, the Council is required to adopt an oversight report by not later than two months from date of tabling, which for the 2013/2014 annual report will be 25 March 2015.

Advertising Process

After Council meeting on 28 January 2015, and in response to the Council resolution taken at that meeting, the CDM Annual Report for 2013/2014 was made public in terms of section 127(2) of the MFMA and the local community was invited to submit representations in connection therewith.

Official notices advising where the annual reports could be viewed and inviting representations from the public were placed in the local newspapers and on the Municipality's website. The closing date for input was 27 February 2015. The notice was published in The Herald on 3 February 2015 and thereafter also in the first available publication of the following community newspapers:

Our Times
Talk of the Town
Kouga Express
Graaff-Reinet Advertiser
Somerset Budget
Grocotts Mail

Copies of the official notices placed in the local newspapers are attached as **Annexure "A"**. Copies of the annual report were placed in the offices of the CDM administration as well as the offices of all local municipalities.

Copies of the report were forwarded to the following as required by the MFMA:

- Auditor-General
- Provincial Treasury
- Provincial Department of Local Government and Traditional Affairs.

A copy was also forwarded to National Treasury in compliance with the request contained in MFMA Circular 63/2012.

Responses received

No responses were received by the closing date for input.

SUMMARY OF COMMENTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON ANNUAL REPORT OF CACADU DISTRICT MUNICIPALITY FOR 2013/2014

See Annexure "E"

CONCLUSION

The MPAC commends Council, the Municipal Manager, the Senior Managers and all staff at SARAH BAARTMAN District Municipality (formerly Cacadu District Municipality) on the strides made towards good governance and the achievement of a clean audit. Emphasis is placed on the work to be performed in the area of project performance and the 2014/2015 financial year must target focussed attention in this area.

Having performed the following tasks:

- Reviewed and analysed of the Annual Report;
- Considered comments and representations received ;
- Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- Prepared the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors;

the MPAC has pleasure in presenting the Oversight Report to Council to consider the following resolutions which will then be forwarded to the relevant Departments and Provincial Legislature:

DRAFT RESOLUTION TO BE ADOPTED BY COUNCIL IN ACCORDANCE WITH SECTION 129 (1) OF THE MFMA:

- (a) That cognizance be taken of the Oversight Report on the 2013/2014 annual report of the Cacadu District Municipality;
 - (b) that the Council, having fully considered the annual report referred to in (a) above, adopts the Oversight Report;
 - (c) that the 2013/2014 Annual Report of the Cacadu District Municipality be adopted without reservation;
 - (d) That the Oversight Report be made public in accordance with section 129(3) of the Municipal Finance Management Act (Act 56 of 2003);
 - (e) That the Oversight report be submitted to the Provincial Legislature in accordance with section 132(2) of the Municipal Finance Management Act (Act 56 of 2003).
-

CACADU DISTRICT MUNICIPALITY

ANNUAL REPORT - 2013/2014

Pursuant to section 127 (5) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) and section 21A of the Local Government: Municipal Systems Act, 200 (Act No 32 of 2000) the Cacadu District Municipality invites local communities to submit written comments or representations in connection with its Annual Report for the period 1 July 2013 - 30 June 2014.

The Annual Report can be viewed on the SBDM's website www.sbdm.co.za. A copy is also open for inspection in the office of the Administrative Officer, Department of Finance and Corporate Services, Room 226, 2nd Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth during normal office hours.

Any person who cannot write may visit the aforementioned office as stated, and receive assistance in compiling his/her comments or representations.

Any comments or representations must be submitted in writing to the Office of the Municipal Manager, P O Box 318, Port Elizabeth 6000, or 2nd Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth 6001, by not later than Friday 27 February 2015.

NOTICE NO. 5 OF 2015 DATED 03 FEBRUARY 2015.

SARAH BAARTMAN DISTRICT MUNICIPALITY

ANNUAL REPORT OF ERSTWHILE CACADU DISTRICT MUNICIPALITY– 2013/2014

The Sarah Baartman District Municipality invites local communities to submit written comments or representations in connection with the Annual Report of the erstwhile Cacadu District Municipality, as well as the Annual Report of its municipal entity, the Cacadu Development Agency, for the period 1 July 2013 – 30 June 2014. The aforementioned Annual Reports can be viewed on the SBDM's website www.sarahbaartman.co.za. A copy of each of the annual reports is also open for inspection at the following places during normal office hours:

Office of the Municipal Manager, 7th Floor, Standard Bank Building, 32 Govan Mbeki Avenue, Port Elizabeth

Baviaans Municipality, 42 Wehmeyer Street, Willowmore

Blue Crane Route Municipality, 67 Charles Street, Somerset East

Camdeboo Municipality, Town Hall Building, Church Square, Graaff-Reinet

Ikwezi Municipality, 34 Main Street, Jansenville

Kouga Municipality, Da Gama Road, Jeffreys Bay

Kou-Kamma Municipality, 5 Keet Street, Kareedouw

Makana Municipality, City Hall, High Street, Grahamstown

Ndlambe Municipality, Civic Centre, Causeway, Port Alfred

Sundays River Valley Municipality, 30 Middle Street, Kirkwood

Any person who cannot write may visit the aforementioned office as stated, and receive assistance in compiling his/her comments or representations.

Any comments or representations must be submitted in writing to the Office of the Municipal Manager, PO Box 318, Port Elizabeth 6000, 2nd Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth 6001, by no later than Friday, 27 February 2015.

NOTICE NO. 16 OF 2015 DATED FEBRUARY 2015.

ANNEXURE “B”

MINUTES of a meeting of the **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)** held in the Council Chamber, 6th Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth on **Tuesday, 10 February 2015 at 11:10**

PRESENT

Councillors

Faxi P P	(Acting Chairperson)
Booyesen A (Ms)	
Hendricks H M	
Gailey R M J	
Nortjé L A	
Goliath E A	
Manxoweni B	
Ncamiso K C (Mrs)	
Lucas S	

Officials

Acting Municipal Manager	(Kate P M)
Director: Finance and Corporate Services	(De Lange D J)
Director: Infrastructure Services and Planning	(Makedama B)
Manager: Corporate Services	(Stuurman Z)
Manager: Environmental Health Services	(Makgoka K)
Legal Officer	(Antony F J Ms)
Acting Manager: Finance	(Lorgat R)
Development Planner	(Maqokolo S)
Project Manager: PMU	(Betha T Ms)
WSA: Engineer	(Snyman P)
Senior Performance Management Systems Officer	(Terblanche G)
Senior Administration Officer	(Nance L Mrs)
Committee Clerk	(Nkahla A T Ms)

Other

Welch Christo	(AGSA Office)
Scott W	(Provincial Treasury)

APOLOGIES

SBDM Officials

Pillay T

(Municipal Manager)

Councillors

Councillor Ncamiso would be joining the meeting later.

Other

Gwija T

(Provincial Treasury)

1. OPENING

The Acting Chairperson read the notice convening the MPAC meeting.

- **At this stage Cllr Goliath raised a concern due to the fact that the Agenda was circulated under the hand of the Acting Chairperson and therefore he requested that Administration to correct this because there was a serving Chairperson for MPAC.**

NOTED

2. APOLOGIES

As recorded above.

NOTED

3. DECLARATION OF BUSINESS INTEREST BY MEMBERS OF THE MPAC

None.

4. STATEMENTS OR COMMUNICATIONS BY THE CHAIRPERSON

None

5. MINUTES OF THE PREVIOUS MEETING

- **At this stage, upon request by the Acting Chairperson the Acting Municipal Manager certified the accuracy of the information contained in the agenda.**

-

5.1 Minutes of the meeting held on 21 October 2014

5.1.1 **Item 7.1: Monthly Financial Report – July 2014**

On page twelve (12) resolution (b) be amended to read as follows:

R E S O L V E D

- (b) that the Mayoral Committee comments dealing with section 71 report be included as an annexure to the Monthly Financial Report.

The minutes of the meeting held on 21 October 2014, having been circulated, were taken as read, confirmed as amended and signed.

5.2 **Matters Arising: Minutes of the meeting held on 21 October 2014**

5.2.1 **Item 6.2 Proposal to Benchmark Fezile Dabi District Municipality**

Cr Hendricks suggested that the Annexures and Motivation that would be sent to Council be included in the Minutes.

NOTED

5.2.2 **Item 6.2: MPAC Learning and Knowledge Sharing Session between Amathole District and Sarah Baartman District Municipalities**

Cr Hendricks enquired whether were the Gifts of Goodwill sent to the delegation that took part in the MPAC learning and Knowledge Sharing session between Amathole District and Sarah Baartman District Municipalities.

The Manager: Corporate Services confirmed that there were no gifts sent to the delegation of Amathole District Municipality.

NOTED

5.3 **Minutes of the meeting held on 13 January 2015**

Councillor Goliath requested Administration to include in the minutes that the meeting was adjourned for caucus discussions.

Councillor Manxoweni disagreed with Councillor Goliath and reported that the meeting was adjourned for in-committee discussions by MPAC members.

Councillor Hendricks gave clarity and reported that he had called Administration and requested the transcripts of the meeting be reviewed and reported that the Municipal Manager confirmed that the meeting was adjourned for caucus.

The Acting Chairperson suggested that the minutes of the 13 January 2015 be discussed in the presence of the Municipal Manager where correctness of the minutes would be certified.

Councillor Hendricks proposed that the minutes of 13 January 2015 be discussed in the presence of the Municipal Manager.

- **At this stage members of MPAC proposed that the Management report be tabled in the proposed Special MPAC Meeting that would be convened-**

It was thereafter

R E S O L V E D

that a Special Meeting be convened to confirm the correctness of the minutes in the presence of the Municipal Manager.

6. REPORTS REFERRED BY MPAC TO COUNCIL

6.1 MPAC Workplan Report

Cllr Hendricks requested Administration to delete pages 17-23 of the Workplan and the report should start from pages 24-32. Further he suggested that the Workplan be a standing item in all MPAC meetings in the future.

NOTED

7. REPORTS BY THE MUNICIPAL MANAGER

7.1 Draft Annual Report - 2013/2014

The Acting Chairperson thanked Administration for providing accurate and up to date information which was relevant and assisted MPAC members to play their oversight role with ease.

Councillor Goliath referred to page 7 and enquired what was the operational year and establishment year of the Cacadu District Agency.

The Director Finance and Corporate Services confirmed that the agency was still in its establishment phase during the 2013/2014 financial year and undertook to have the matter rectified to reflect as such.

Councillor Hendricks was not pleased that the Oversight Committee contributions to Council were not included into the Annual Report. Further, he requested that the reporting should be amended to include all the work that was done by the MPAC.

Continuing, Councillor Hendricks referred to page 15 and requested that where there was name that reflected "Oversight Committee" be changed to "MPAC Committee". Further he suggested that the word "Draft" be put in front of the name Annual Report to read as "Draft Annual Report"

Councillor Goliath referred to page 18 and requested that the Draft Annual Report include pictures of all SBDM Councillors.

Councillor Goliath referred to page 21 and expressed concern that there was gender inequality present in the composition of Directors. Further he requested whether that would it be relevant if administration could consider including the qualifications of the Municipal Manager and Directors.

The Acting Chairperson responded that all matters pertaining to equality were considered by the Employment Equity Committee.

Councillor Goliath referred to page 40 and pointed out that the services which were not applicable (3.1 -3.6) should be listed.

Under 3.9, the Director: Infrastructure Services and Planning advised that the words “stormwater drainage” in brackets be deleted.

In addition, the statement reflected on page 47 which declared that SBDM had the third biggest economy in the Province should be amended to read as follows:

“that SBDM has the third biggest economy of the Province outside the Nelson Mandela Bay Municipality”

Councillor Hendricks referred to page 57 and expressed concern that the information provided was the same as last year’s. He urged administration to provide updated information that was fresh and included statistics.

Continuing, Cllr Hendricks referred to page 115 and requested clarity on whether employees’ salary levels were exceeding levels that were determined by Job Evaluation.

The Director: Finance and Corporate Services confirmed that all jobs were paid in accordance with the Bargaining Council grades.

NOTED

7.2

SDBIP Performance Report: Mid-Term SDBIP Performance Report: Second Quarter – 1 October- 31 December: 2014/15 Financial Year

Councillor Goliath enquired whether the actual figures that were contained into the SDBIP were the current ones as from 31 December 2014.

The Senior Performance Management System Officer responded that the figures were updated in the section 71 report and he was not 100% sure whether it was included into the current SDBIP but undertook to follow-up the matter and report back to MPAC.

The following comments were received from the MPAC members:

Project 2- Councillor Goliath was concerned that in the comments of the project it showed that the project was 90% complete but when comparing with the budget it was only 15% that was used so far. Further he enquired whether SBDM would be using 20% of the budget allocation to have 100% completion for the project.

The Project Manager: PMU responded that the project experienced a challenge whereby the contractor that was on site could not finish the project due to financial constraints. Further she reported that SBDM was busy trying to locate a local contractor that would assist in finishing the project.

The Acting Chairperson enquired whether the project would be completed by the end of the current financial year.

The Project Manager: PMU confirmed that the project would be done within the current financial year.

Project 3 – Councillor Goliath enquired regarding the duration of the project and requested clarity whether the Provincial Department of Kwa Zulu Natal (KZN) obtained the tender through competitive bidding processes.

The Director: Infrastructure Services Planning confirmed that the tender went through competitive bidding by the relevant departments.

Project 5- Councillor Goliath requested clarity with regard to the cut-off period for bidding that occurred during the shut-down period.

The Acting Manager: Finance advised that the bidding was extended by two weeks to January 2015 to allow all service providers to respond to the bid process.

Project 7- Councillor Lucas requested clarity with regard to the statement which declared the project as being on target whereas the project did not start as yet.

The Director: Infrastructure Services and Planning responded that the Langbos project was removed from the projects lists and was replaced by a project that was currently running in Nomathamsanqa. Further he indicated that the revised SDBIP stated this.

The Acting Manager: Finance added that the amounts reflected for the project were budgeted in the Expanded Public Works Programmes (EPWP) grants. However due to the changes experienced in the project the funding had been re-directed.

Project 8- Councillor Hendricks was concerned regarding the fact that the Consultant requested more funding to develop the Masterplan. Further he indicated that the consultant produced a report that was of poor quality.

The Director: Infrastructure Services and Planning confirmed that the two reports did not meet SBDM expectations in terms of quality. Further he reported that contractors were requested to revise their reports and fill in missing information on their reports. He reported that SBDM was meeting with one of the consultants and Koukamma LM where the consultant would be presenting the report and areas that need to be corrected would be identified.

Continuing, he indicated that the additional amount that was demanded by the contractor was not approved and confirmed that the contractor had eventually agreed to complete the project with the amount that was initially awarded for the project

Project 9- Councillor Goliath enquired whether the management letters had been obtained.

The Director: Finance and Corporate Services confirmed that management letters were received from the LMs. He reported that they had been analysed in order to determine the root causes of qualifications and indicated that disclaimers had been identified. Further he reported that task teams were visiting the LMs in order to transfer skills that would be benefiting the LMs.

Project 11- Councillor Ncamiso enquired whether the CDW SMME Fair had taken place.

The Acting Municipal Manager confirmed that SMME Fair would be taking place at the end of March 2015

Project 14- Councillor Hendricks expressed concern that the project was lagging and requested that a plan of action and motivation for the project be submitted to the next meeting of MPAC.

Project 24- Councillor Goliath requested Project Management Team to ensure that when installing Fire Hydrants there should be water connection or it could result in fruitless and wasteful expenditure to install Fire Hydrants that would not be used.

The Director: Infrastructure Services and Planning advised that it would be impossible installing Fire Hydrants where there was no water network. Further he indicated that the challenge was the interruption in the supply of water. He indicated that it was critical to install Fire Hydrants so that they may be used in the future when there would be fire outbreaks.

Project 25 – Councillor Goliath enquired who was financing the project.

The Director: Infrastructure Services and Planning responded that the project was co-funded by SBDM and Ndlambe LM.

Project 27- Councillor Goliath requested that MPAC members should be invited to hand-over ceremonies for projects that were in their areas. Further he indicated that MPAC members should be invited for inspection.

Councillor Manxoweni indicated that it was the responsibility of the Speaker and Mayor to attend handing over ceremonies for projects.

Councillor Goliath undertook to follow-up with the Office of the Speaker

Project 28- Councillor Manxoweni requested that the report be amended because the project was not completed as it was stated therein.

The Director: Infrastructure Services and Planning confirmed that the latest SDBIP reflected that. Further he reported that the project was nearly finished and indicated that inspection for practical completion would be carried out with the consultant.

Project 29 – Councillor Manxoweni requested clarity with regard to SBDM having to re-advertise when there were responsive bidders received.

The Acting Chairperson pointed out that procurement was an administrative matter.

It was thereafter

R E S O L V E D

that the action plan and motivation for project 14 be tabled in the next MPAC meeting.

7.3 Minutes of the Audit Committee Meeting held on 22 October 2014

Councillor Goliath referred to page 52 and enquired whether the Draft Policy for the appointment of Consultants had been tabled to the Mayoral Committee.

The Director: Finance and Corporate Services confirmed that the policy was tabled in the Mayoral Committee.

Councillor Goliath referred to item 6.1.1 and requested that the Auditing Firm should be referred to by the name of the firm and not by the name of a person.

NOTED

8. REPORTS BY THE DIRECTOR: FINANCE AND CORPORATE SERVICES

8.1 Monthly Financial Section 71 Report – November 2014

Councillor Goliath enquired whether the banking services had gone out on tendering processes.

The Acting Manager: Finance responded that for the current financial period SBDM followed regulation 32 of supply chain management for one (1) year period.

Further he indicated that SDBM had gone out on tender for a period of five (5) years and confirmed that the contract had been awarded to ABSA Bank through competitive bidding.

Cllr Goliath enquired when last was the investment and banking policy reviewed.

The Acting Manager: Finance reported that all finance policies were aligned with the budget processes and therefore when Council approved the budget then all policies would be included.

The Acting Chairperson suggested that the sub-headings for the Housing Projects be changed so that Councillors would not be confused and think that there were new projects starting.

The Director: Finance and Corporate Services reported that some of the projects dated back as far as prior the year 2000. Further he mentioned that happy letters could not be issued due to the fact that some of the beneficiaries that received houses were not on the lists. He added that there were legal technicalities that were associated with the projects.

Continuing he reported that Legal Services and Department of Infrastructure Services and Planning had started with processes to deal with the matter.

Councillor Hendricks suggested that the housing projects be transferred to the LMs.

The Director: Infrastructure Services and Planning reported that the processes of dealing with housing matters had already started and therefore urged MPAC members to allow processes to be concluded.

Councillor Manxoweni referred to page 66 and enquired about the reasons why employees would submit invoices late.

The Acting Manager: Finance responded that there were a number of reasons. It could be that the database form was not filled out correctly or that the employee had forgotten about the invoice.

Further he indicated that a memorandum was being sent out to all employees concerned and reported to Management so that they would be held accountable.

Cllr Goliath referred to deviation 41 reflected on page 87 and enquired on why formal supply chain processes were not followed with the contract of maintaining the lifts. Further he raised a concern that Otis had been maintaining the lifts services since the Western District Council time and stressed that tendering processes should be followed in order to afford other companies a chance.

The Acting Manager: Finance explained that the building was bought with the Otis lifts and that that it was only Otis that could maintain their own lifts. Further he reported that the only way to rectify the matter would be to go out on tender to replace the lifts.

The Director: Finance and Corporate Services explained that the lifts were built by Otis and therefore it was necessary for them to be maintained by the franchise. Further he explained that it would be costly if Council decided to go out on tender for new lifts.

Cllr Goliath referred to deviation number 47 on page 87 and raised a concern that there was trend whereby the procedure of getting three (3) quotations was not followed.

Cllr Hendricks concurred with Cllr Goliath and therefore appealed to officials to consider getting quotations from other suppliers so that fair and competitive processes could be adhered to.

Councillor Manxoweni identified that one of the reasons that would lead to deviations was poor planning. Further he appealed to officials to avoid deviations.

The Acting Manager: Finance explained that SBDM always tried to follow compatible bidding process at all times. Further he reported that SBDM would always go an extra mile and phoning service providers reminding them about a bid.

He also explained that contracts were only awarded to service providers that responded to the call and submitted the required quotations.

Councillor Ncamiso commented that the reason for a deviation should be tangible and that officials guard against fruitless and wasteful expenditure.

Councillor Hendricks referred to page 96 and raised a concern about the Audit Committee Fees that were high.

The Acting Manager: Finance advised that the amounts that were placed under the heading of Audit Committee Fees were actually Advertising and Marketing Fees and confirmed that there were no costs for Audit Committee.

8.2 **Monthly Financial Section 71 Report – December 2014** **NOTED**

8.3 **Mid-year Budget and Performance Assessment Report (December 2014)**

Councillor Gailey referred to page 162 and enquired whether there was any possibility of getting the monies from the Departments.

The Acting Manager: Finance confirmed that the Department of Health had paid their debt in full. Further he indicated that for Kouga Local Municipality, Council had agreed that a portion be written off and the other portion was being recovered in terms of an agreement entered into between the District Municipality and Kouga.

NOTED

8.4 **Supply Chain Management Report – Quarter Ended December 2014**

The Acting Chairperson enquired whether SBDM was not satisfied with the services that were rendered by the BBBEE companies. Further he requested to know the areas that needed to be improved by the BBBEE companies.

The Acting Municipal Manager reported that tenders that were awarded to these BBBEE companies would need to be monitored in order to see whether they were delivering what was expected of them.

The Acting Chairperson requested that an analysis be provided to the next MPAC meeting so that Council would be able to know the challenges.

Councillor Hendricks concurred with the Acting Chairperson and added that the report should also include reasons why a company with the lowest BBBEE scoring would be getting the highest number of orders.

It was thereafter

R E S O L V E D

that BBBEE analysis report be tabled in the next MPAC meeting.

- THE MEETING TERMINATED AT 14:15 -

CONFIRMED

DATE

CHAIRPERSON

ANNEXURE "C"

MINUTES of a **SPECIAL** meeting of the **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)** held in the Council Chamber, 6th Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth on **Tuesday, 09 March 2015** at **12:25**

PRESENT

Councillors

Manxoweni B (Acting Chairperson)
Booyesen A (Ms)
Hendricks H M
Goliath E A
Ncamiso K C (Mrs)

Officials

Acting Municipal Manager (De Lange D)
Senior Manager: Legal Services (Antony F J Ms)
Acting Manager: Finance (Lorgat R)
Senior Performance Management Systems Officer (Terblanche G)
Senior Administration Officer (Nance L Mrs)
Committee Clerk (Nkahla A T Ms)

Other

Le Roux E (Provincial Treasury)
Mbali M (AGSA)

APOLOGIES

Councillors

Faxi P P

Other

Gwija T (Provincial Treasury)

ABSENT

Councillors

Gailey R
Nortje A
Lucas S

1. **OPENING**

- **At this stage the Acting Municipal Manager called for nominations for an Acting Chairperson -**

Cr Hendricks proposed that Cr Manxoweni be the Acting Chairperson and his proposal was seconded by Cr Booyesen.

Cr Manxoweni took the chair and welcomed everyone present. He thanked everyone and apologized to the sector departments for starting the meeting late. Thereafter he read the notice convening the meeting.

On the proposal of Cr Hendricks, seconded by Cr Booyesen, it was

R E S O L V E D

That the meeting only deal with the Draft Oversight Report and that all the other items be dealt with in the next meeting.

2. **APOLOGIES**

- **At this stage, it be noted that although Cr R Gailey and Cr A L Nortje had signed the attendance register they left before the meeting commenced-**

As recorded above.

NOTED

3. **DECLARATION OF BUSINESS INTEREST BY MEMBERS OF THE MPAC**

None.

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

None

5. **REPORTS BY THE MUNICIPAL MANAGER**

5.1 **Draft Oversight Report: Annual Report of the former Cacadu District Municipality for the period 1 July 2013 To 30 June 2014**

The Acting Chairperson referred to the third and fourth (4th) paragraph and requested that reference to a “clean” audit be amended to read “unqualified audit”

Cr Hendricks referred to page six (6), sixth (6th) paragraph, first sentence and requested that the sentence should be corrected to read as follows:

The MPAC has neglected their responsibility to assist Local Municipalities with oversight during the year under review.

Cr Manxoweni referred to page seven (7), third (3rd) paragraph, second bullet point and requested clarity with regard to the statement relating to the establishment of a District-Wide MPAC Forum. He enquired whether it was not in conflict with the Council resolution not to establish the District-Wide MPAC Forum.

Cr Hendricks responded that it remained the vision of the MPAC Chairperson to promote the establishment of the above mentioned forum.

After discussion it was agreed that on page seven (7), third (3rd) paragraph, the second bullet point be amended to read as follows:

Strengthening the capacity support to Local Municipality MPAC's and promoting the establishment of the District-Wide MPAC Forum.

Cr Ncamiso referred to page seven (7), fourth (4th) paragraph and requested clarity with regard to the meaning that the report would be tabled by means of a holistic approach for the purpose of clarity. Further she enquired whose clarity the statement was referring to.

Cr Hendricks confirmed that the statement was referring to the clarity of Council.

Cr Hendricks referred to page eleven (11), first paragraph, fourth (4th) bullet point and indicated that MPAC did not conduct public hearings that would allow local municipalities and any sector departments to participate and make presentations on the Annual Report. Further he suggested that when MPAC reviewed and approved their Workplan for the next financial year, it be taken into consideration to include public hearings on the annual report.

Cr Goliath concurred with Councillor Hendricks and suggested that this should be noted down in the Workplan that would be approved for the next financial year.

Continuing Cr Goliath advised that a budget should be considered for such public participation exercise.

Cr Ncamiso enquired about the name of CDM that still appeared in the Annual Report for 2013/2014.

The Acting Municipal Manager indicated that the name was changed on the 01 September 2014 and therefore the name SBDM would appear in the Annual Report for 2014/2015.

Cr Goliath referred to page eleven (11), fourth (4th) paragraph, the third (3rd) sentence and enquired whether community newspapers covered all areas that were within the SBDM jurisdiction.

The Senior Administration Officer confirmed that The Herald newspaper reached all areas that were in the SBDM jurisdiction.

The Annual Report Checklist (Annexure B) was tabled. Reference was made to the response under Municipal Performance that output was poor but the system was efficient and effective. Cr Hendricks requested more clarity and information on which areas of the output were poor.

The Senior Performance Management Systems Officer responded and confirmed the output was mainly referring to under expenditure on infrastructure projects.

Cr Hendricks pointed out that he had requested a Demand Management Plan to ensure that proper planning was done before procurement processes were embarked upon for major projects.

The Acting Municipal Manager confirmed that the issues had already been addressed in terms of a Gap Analysis report that was prepared by the Internal Auditor. Further he indicated that the report also mentioned issues that needed proper planning to be carried out and also pointed that the report provided guidance with regard to the matter.

Cr Hendricks proposed that administration investigate the possibility of establishing a Risk Management Committee.

The Acting Manager: Finance explained that Risk Management was being performed by management at present. Further he indicated that Risk Registers and Action Plans were considered by the Audit Committee which was the committee that was responsible for carrying out risk management.

Cr Ncamiso seconded Cr Hendricks' proposal that the administration investigate the possibility of establishing a Risk Management Committee.

It thereafter

R E S O L V E D

- (a) that cognizance be taken of the Oversight Report on the 2013/2014 annual report of the Cacadu District Municipality;
- (b) that the Council, having fully considered the annual report referred to in (a) above adopts the Oversight Report;
- (c) that the 2013/2014 Annual Report of the Cacadu District Municipality be adopted without reservation;
- (d) that the Oversight Report be made public in accordance with section 129 (3) of the Municipal Finance Management Act (Act 56 of 2003);
- (e) that the Oversight report be submitted to the Provincial Legislature in accordance with section 132 (2) of the Municipal Finance Management Act (Act 56 of 2003);

- (f) that the Gap Analysis report compiled by the Internal Auditors be included in the Agenda for the next MPAC meeting;
 - (g) that Administration investigate the possibility of establishing a Risk Management Committee.
-

THE MEETING TERMINATED AT 13:20

CONFIRMED

.....
DATE

.....
CHAIRPERSON

ANNUAL REPORT CHECKLIST

Financial matters	For Consideration	Questions	Response	Recommended Corrective Action
The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Where the municipality has sole or effective control of a municipal entity, consolidated financial statements are required. The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexure, 23 June 2005, provides guidelines on the new accounting standards for municipalities.	<ol style="list-style-type: none"> 1. Have the financial statements been included? 2. Are the financial statements audited? 3. Have the financial statements been prepared in compliance with applicable accounting standards. 	<p>Yes</p> <p>Yes</p> <p>Yes</p>	None
	The above applies to the AFS of municipal entities.			
The Auditor-General's reports on the financial statements of the municipality.		<ol style="list-style-type: none"> 1. Is the audit report included in the tabled Annual Report? 2. If not, when will the audit report be tabled? 3. What are causes of the delays? 	<p>Yes</p> <p>N/A</p> <p>N/A</p>	None
	The above applies to the AFS of municipal entities.			

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
Any explanations that may be necessary to clarify issues in connection with the financial statements	The accounting standards require that notes accompany the statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS.	Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?	Management and the audit committee reviewed the annual financial statements and made the necessary amendments to notes and disclosures.	None
	The above applies also to the AFS of municipal entities.		Management and the audit committee reviewed the annual financial statements and made the necessary amendments to notes and disclosures.	None
An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities		<ol style="list-style-type: none"> 1. Has an adequate assessment been included? 2. Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? 3. Is any other action needed? 	<p>N/A</p> <p>N/A</p> <p>No</p>	None

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	The above applies also to the AFS of municipal entities.		N/A	
Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	<p>The conclusions of the annual audit may be either</p> <ul style="list-style-type: none"> - An unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; - A qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an unqualified opinion can be achieved; or - The auditor will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed. <p>The objective of the municipality should be to achieve an unqualified audit opinion.</p>	<p>1. 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? <p>2. Has a schedule of action to be taken been included in the annual report with appropriate dates?</p> <p>3. Has the municipality taken steps to address the issues raised in the Audit Report?</p> <p>4. Has the Audit Report been forwarded to the MEC?</p>	<p>No material issues</p> <p>No material issues</p> <p>Yes</p> <p>The audit action plan is tabled at every audit committee meeting and progress with regard to resolving issues are tabled in the meeting.</p> <p>Yes</p>	None
	Above applies to AFS of municipal entities.		Same approach is adopted	
Any information as determined by the municipality, entity or its parent municipality	Review all other information contained in the Annual Report.	1. Is the other information contained in the Annual Report, relevant and accurate?	Yes	None

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	Applies to municipal entities.			
An assessment by the municipal entity's Accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and the Municipality	Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets, expenditure targets etc. The entity's annual report must include an assessment by the accounting officer, of performance against these objectives. In order to show the linkage between the entity and the municipality, the report of the municipality should also include the performance of entities. Council should comment and draw conclusions on performance and explanations provided.	<ol style="list-style-type: none"> 1. Has the performance met the expectations of council and the community? 2. Have the performance objectives been met? 3. What explanations have been provided for any non-achievement? 4. What was the impact on the service delivery and expenditure objectives in the budget? 	<p>Yes</p> <p>Not all</p> <p>Resource limitations due to the entity being in its establishment phase</p> <p>Limited impact as the entity is in its establishment phase.</p>	

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	<p>1. Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</p> <p>2. What actions need to be taken in terms of these recommendations?</p>	Yes. The recommendations of the audit committee are minuted.	None
ALLOCATIONS RECEIVED AND MADE				
Section 123 (1) (a) Allocations received by the municipality from an organ or state, a municipal entity or another municipality.	The annual financial statements must disclose: 2. Details of allocations received from another organ of state in the national or provincial sphere, municipal entity or another municipality 2. Any other allocation made to the municipality under Section 214(1)(C) of the Constitution. Council should comment and draw conclusions on information and explanations provided.	<p>Have allocations received by an organ of state, a municipal entity or another municipality been disclosed?</p> <p>Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</p> <p>Does the audit report or the audit committee recommend any action?</p>	<p>Yes</p> <p>Yes</p> <p>No</p>	None

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
<p>Section 123 (1) (b) Allocations made by the municipality to an organ of state, a municipal entity or another municipality.</p>	<p>The report should disclose: 2. Details of allocations made to an organisation of state, a municipal entity or another municipality. 2. Other information as may be prescribed. Council should comment and draw conclusions on information and explanations provided.</p>	<p>Have allocations made to an organ of state, a municipal entity or another municipality been disclosed?</p>	<p>Yes</p>	<p>None</p>
<p>Section 125 Other compulsory disclosures and information in relation to outstanding debtors and creditors of the municipality and entities</p>	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. Other disclosures required; Contributions to organised local labour and amount outstanding at year end Total amounts paid in audit fees, taxes, levies, duties and pensions and medical aid contributions and whether there where amounts outstanding at year end</p>	<p>Are all the compulsory disclosures contained in the notes to the Annual Financial Statements? Does the audit report confirm that the disclosures have been made?</p>	<p>Yes Yes</p>	<p>None</p>

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	<p>Name of bank where accounts held and year end balances</p> <p>Summary of investments held</p> <p>Contingent Liabilities</p> <p>Material irregular, fruitless or</p> <p>Wasteful expenditure</p> <p>Details of unauthorised Expenditure</p> <p>Particulars of non compliance with the MFMA</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>			
Information in relation to the use of allocations received	Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:	<p>Disclosure on how allocations received have been spent per vote</p> <p>1. Has the Municipality complied with the conditions of the grants received?</p>	<p>Yes</p> <p>Yes</p>	None

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	<p>1. The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects.</p> <p>2. Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided</p>	<p>3. Has the Municipality had any allocation per DORA, delayed or withheld?</p> <p>4. Does the Audit report or Audit Committee recommend any action?</p>	<p>No</p> <p>No</p> <p>No</p>	<p>None</p>

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	<p>3. Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p> <p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this Information.</p>		No Grants were delayed or withheld	None
124 (1) & (2) Information relating to benefits paid by municipality and entity to councillors, directors and officials	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <p>1. Salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind;</p> <p>2. Any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors;</p> <p>3. Salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every</p>	<p>1. Have the salaries, allowances and benefits paid to Councillors and the Municipal Manager, CFO and Senior Managers been disclosed?</p> <p>2. Is there a statement by the Accounting Officer, stating that salaries, allowances and benefits Paid to Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution.</p>	<p>Yes</p> <p>Yes</p>	None

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	Senior Manager; The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.	3. Have arrears for rates and services owed by Councillors, in which the arrears was for more than 90 days been disclosed including the name of the Councillor? 4. Have the salaries, allowances and benefits paid to members of the board of directors, CEO and senior managers of the entity been disclosed?	N/A Yes	None
MUNICIPAL PERFORMANCE				
The annual performance reports of the municipality and entities	Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?	1. Has the performance report been included in the annual report? 2. Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report? 3. Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? 4. What actions have been taken and planned to improve performance? 5. Is the council satisfied with actions to improve performance?	Yes Yes Yes An investigation was undertaken to identify the reasons for slow expenditure on projects. The report is referred to as the GAP analysis and a template has been introduced to improve the planning process and the identification and management of risks.	None

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	<p>To what extent has performance achieved targets set by council? Is the council satisfied with the performance levels achieved? Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</p> <p>To what extent have actions planned for the previous year been carried over to the financial year reported upon? Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p>	<p>6. Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</p> <p>7. Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</p> <p>8. Taking into account the audit Report and opinion and the views of the audit committee, is performance considered to be efficient and effective</p>	<p>Yes</p> <p>Yes</p> <p>No. Output is poor. But the system is efficient and effective</p>	<p>Establishment of a Risk Management Committee</p>
<p>Audit reports on performance</p>	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.</p>	<p>1. Have the recommendations of internal audit been acted on during the financial year? 2. Have recommendations by the auditor-general been included in action plans to improve performance in the following year?</p>	<p>Yes</p> <p>Yes</p>	<p>None</p>

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
<p>Performance of municipal entities and municipal service providers</p>	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered. Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officers?</p>	<p>1. Has an assessment been included in the Annual Report on the performance of the municipal entities?</p> <p>2. Has an assessment been included in the Annual Report on the performance of all contracted service providers?</p>	<p>No</p>	
<p>For municipal entities – an assessment of the entity’s performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality</p>	<p>This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein. Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities.</p>	<p>1. Has the entity performed in line with its service delivery agreements?</p> <p>2. Have the objectives and performance measures of the entity been aligned to the overall strategy of the municipality?</p>	<p>Yes</p> <p>Yes</p>	

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	<p>To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP?</p> <p>Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality?</p> <p>What specific actions should be taken by the entity and the municipality to improve performance?</p>			
Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality.	Does the Annual Report include detailed information on all municipal entities?	The annual report includes information on the municipal entity although not in the required format.	

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	<p>Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with the entities.</p>			
<p>Service delivery performance on key services provided</p>	<p>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 summarised. 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 or in statistical tables.</p>	<p>1. Is there a high level summary detailing the overall performance of the municipality against its strategic objectives?</p>	<p>Yes</p>	<p>None</p>
<p>Information on long-term contracts</p>	<p>Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.</p>	<p>1. Have all long-term contracts been disclosed?</p>	<p>Yes</p>	<p>None</p>

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.</p>	1. Have significant IT activities been disclosed?	Yes	None
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>	1. Has a summary of the long-term capital plans been disclosed?	N/A	

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
Supply Chain Management Regulations and Policy	Certain disclosures on Supply Chain matters are required to be included in the Annual Report.	Have the Supply Chain matters been disclosed in the AFS?	Yes	None
Timing of reports		1. Was the Annual Report tabled by 31 January, as per legislative requirements? 2. Has a schedule for consideration of the report been adopted?	Yes The time frame for the approval of the annual report forms part of the annual report - See 1.7	None
Oversight committee or other mechanism		1. What mechanisms have been put in place to prepare the oversight report? 2. Has a schedule for its completion and tabling been adopted?	Meetings of MPAC held 10 February and 9 March 2015 to prepare oversight report. No	
Payment of performance bonuses to municipal officials	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.	1. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? 2. If so has a proper evaluation of performance been undertaken? 3. Was the evaluation approved by council?	Will be paid after formal adoption of the annual report Yes Yes	None

Financial matters	For consideration	Questions	Response	Recommended Corrective Action
	<p>Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.</p>	<p>4. Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?</p> <p>5. Are the payments justified in terms of performance reported in the annual report</p>	<p>Yes</p> <p>Yes</p>	

TABLE OF QUERIES

Nature of Query	Management Response	Responsible Official	Corrective Action
Page 7 – was CDDA operational during the financial year under review	CDDA was still in its establishment phase – amendment made to annual report	Municipal Manager	Done
Page 8 – the work of the MPAC should be acknowledged in the Annual Report		Municipal Manager	
Page 15 – amend lines 14 and 15 to reflect that the Draft annual report was made public and that MPAC assesses the annual report	Amendment made to annual report	Municipal Manager	Done
Page 17 – amend wording in the fifth as the Audit Committee does not provide comments to the MPAC on the annual report	Amendment made to annual report	Municipal Manager	Done
Page 19 – Photographs of all councillors to be included in annual report	Will be addressed when the report is finally published	Municipal Manager	Will be addressed when the report is finally published
Page 21 – Should qualifications of MM and Directors be included	Not necessary	Municipal Manager	None
Page 40 – List services 3.1 – 3.6 that are not applicable	Amendment made to annual report	SAO – Office of the MM	Done

Nature of Query	Management Response	Responsible Official	Corrective Action
Page 42 – Remove words (Stormwater Drainage) from 3.9	Amendment made to annual report	SAO – Office of the MM	Done
Page 47 – Is statement that Cacadu District has the third biggest economy in the Province correct?	This will be verified	Director : Economic Development	This will be corrected if necessary after verification
Page 52 – consider including statistics on tourism	Tourism statistics are maintained by LTOs.	Director : Economic Development	Statistics of support given to LTOs by SBDM can be included in future
Page 55 – amend years 0, -1, -2 to reflect actual financial year	Amendments made to annual report	SAO – Office of the MM	Done – all replacements made
Page 65 – Why were DM volunteers only trained in Paterson in SRV – what about the other towns in the LM	Training of DM volunteers is rotated amongst the different towns in the District.	Head : Disaster Management	Volunteers from other towns in SRV are being trained in 2014/2015
Page 104 – request that list of policies and review dates be included in Council agendas	Will be included in Council agenda.	Director : Finance and Corporate Services	Will be included in the May Council agenda.
Pages 108/109 printed the wrong way round	Has been corrected	SAO – Office of the MM	None
Page 111 – Explain acronym UP	University of Pretoria – annual report corrected	SAO – Office of the MM	None
Page 112 – Check date when Acting Manager : Finance was seconded to CDDA and amend table if necessary	Secondment did not take place	Municipal Manager	None

Nature of Query	Management Response	Responsible Official	Corrective Action
Page 125 – provide clarity on section 79 Committees. Is MPAC not a section 79 Committee?	Section 79 committees are normally regarded as “standing committees” which council appoints where there is no Executive Mayoral system in place. However, as MPAC has been appointed to perform oversight, which is a function of Council, it could be regarded as a section 79 committee.	Director : Finance and Corporate Services	Remove the words “The District Municipality does not have any section 79 committees” from the top of page 125.
Page 138 – table to be presented in landscape page format	Amendment made	SAO – Office of the MM	Done
Page 139 – indicate contractual end date for Acting CEO of CDDA	Date included	SAO – Office of the MM	Done