

EXTRACT OF THE MINUTES OF THE 74th COUNCIL
MEETING OF THE SEDIBENG DISTRICT MUNICIPALITY
HELD ON 26/03/2014

At its meeting held on the abovementioned date, Council resolved as follows:

9.1 OVERSIGHT REPORT ON THE ANNUAL REPORT FOR 2012/2013
FINANCIAL YEAR

(3/P)

Office Of The Speaker

RESOLVED

1. THAT, the Municipal Public Accounts Committee (MPAC), having fully considered the Annual Report for the 2012/2013 financial year, resolved that "Council refer the Annual Report back to Administration for further revision of certain components namely :
 - 1.1 Chapter 1: Executive Mayor's Foreword and Executive Summary;
 - 1.2 Chapter 2: Governance—special focus at Public Accountability and Participation, Intergovernmental Relations, Administrative Structures, Corporate Policy Offices and other services and Anti-corruption and fraud, Public Satisfaction on municipal Services and all municipal Oversight Committees;
 - 1.3 Chapter 3: Service Delivery Performance – focus areas; relevant tables and financial years to be populated correctly and the related commentary thereof;
 - 1.4 Chapter 4: Organizational Development Performance – Introductory notes to the chapter, municipal personnel; capacitating municipal workforce and interpretation of the used tables;
 - 1.5 Chapter 5: Interpretation of used tables and correct financial years; grants, asset management;
 - 1.6 Appendices: Annexure "G" – correct and adequate filling of the table.

The revision of the Annual Report 2012/2013 was due to non-compliance to Council 69th, resolution 2.3 which was held on 01 August 2013. "That the Annual Report compilation for 2012/13 financial year be aligned to the new reporting template."

It is hereby certified that this is a true extract from the minutes of a meeting of the Sedibeng District Municipality. ² THAT the revised Annual Report be tabled to Council by the end of May 2014 for approval.

Council held on: 26 / 03 / 2014
Signed by: *[Signature]*
Designation: DIRECTOR
Legal And Support Services

8.1 OVERSIGHT REPORT ON THE ANNUAL REPORT 2012/13 FINANCIAL YEAR

(3/P)

Office Of The Speaker

PURPOSE

To present before Council, an Oversight Report for the 2012/13 financial year for consideration.

INTRODUCTION

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

This Committee has a role to attend all IGR meetings convened by government stakeholders charged with a responsibility of strengthening oversight and promotion of good governance.

Public Accounts Committees have a great responsibility in our institutions and must always ensure that resources are utilised effectively. The Committees can assist legislatures in fulfilling their mandate of overseeing the executive arm of government. Legislatures therefore need to ensure their full support to achieve this. Moreover, the fulfilment of this obligation further requires active and dedicated members of the collective.

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 2012/13 oversight report is to be tabled before the Council in order to state its comments on the Annual Report. In line with the legal prescripts, section 129 (1) states that:

“The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include statement whether the council-

- (a) *has approved the annual report with or without reservations;*
- (b) *has rejected the annual report; or*
- (c) *has referred the annual report back for revision of those components that can be revised.”*

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

DISCUSSIONS

Last year, the Committee submitted an activity plan before Council for approval as this is required by the MPAC Terms of References. Through the leadership of the Chairperson, it was discovered that a process plan should be developed as a way of augmenting the activity plan. MPAC Councillors convened an ordinary meeting on 14 February 2014 at Vaal tecknorama with the purpose of developing a process plan that will outline how the oversight report for 2012/13 be concluded.

The Annual Report was tabled before council on the 30 January 2014 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. MPAC started its work by convening strategic retreat and developed a process plan that was adopted by the committee as to how the committee will finalize and conclude its oversight work within the prescribed time frame. Stakeholders briefing was held on the 13th of February with the office of the Auditor General.

Following that was another internal stakeholders meeting convened on 06 March 2014 with and Provincial Treasury. The purpose of convening these meetings was to solicit information that will be useful towards developing an oversight report. Other ordinary meetings were also held within the municipality and two strategic retreats to interrogate and develop the oversight report. Municipal Public Account Committee also invited Senior Management led by the Municipal Manager as the Accounting Officer on the submitted responses which could not help the committee in concluding its work.

Attached to this report as Annexure “A” (pages 1 – 10) is a Presentation by Cogta and Presentation by Provincial Treasury on new reporting template as Annexure “B” (pages 11 – 15), and Annexure “C” (pages 16 – 27 *in a separate cover*) the Presentation by the Office of the Auditor General on the outcome of the municipality, Annexure “D” (pages 28 - 33), is a letter written to the Municipal Manager on questions to be responded to, and Annexure “E” (pages 34 - 54) is a draft oversight report.

FINANCIAL IMPLICATIONS

None.

LEGAL AND CONSTITUTIONAL IMPLICATIONS

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

ALIGNMENT TO COUNCIL STRATEGIES

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

- Effective management of Council Business; and
- Strengthening oversight and accountability.

CONCLUSION

It is the within the best interest that all Oversight Committees receives support from both political and executive wing of Council. Public accountability and transparency are indispensable pillars of good governance which build public confidence.

RECOMMENDED

1. THAT after the MPAC committee having fully considered the Annual Report resolved that “Council refer the Annual Report back to Administration for further revision of certain components namely :
 - 1.1 Chapter 1: Executive Mayor’s Foreword and Executive Summary;
 - 1.2 Chapter 2: Governance – special focus at Public Accountability and Participation, Intergovernmental Relations, Administrative Structures, Corporate Policy Offices and other services and Anti-corruption and fraud, Public Satisfaction on municipal Services and all municipal Oversight Committees;
 - 1.3 Chapter 3: Service Delivery Performance – focus areas; relevant tables and financial years to be populated correctly and the related commentary thereof;
 - 1.4 Chapter 4: Organizational Development Performance – Introductory notes to the chapter, municipal personnel; capacitating municipal workforce and interpretation of the used tables;

1.5 Chapter 5: Interpretation of used tables and correct financial years; grants, asset management;

1.6 Appendices: Annexure “G” – correct and adequate filling of the table;

The revision of the Annual Report 2012/2013 was due to non-compliance to Council 69th, resolution 2.3 which was held on 01 August 2013. “That the Annual Report compilation for 2012/13 financial year be aligned to the new reporting template”

2. THAT the revised Annual Report be tabled to Council at the end of May 2014 for approval.

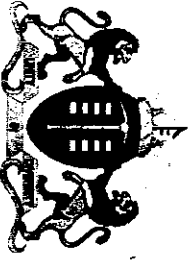
**Municipal 2012/13 Annual Report Analysis
(comments)**

Presented to Sedibeng DM LM MPAC

**Prepared by Service Delivery Monitoring and
Evaluation Unit**

Gauteng COGTA

06 MARCH 2014



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REPUBLIC OF SOUTH AFRICA

Key Strategic Issues

Executive Mayors foreword

- ✓ The Executive Mayor's Foreword does not have a conclusion where he mentions his final thoughts on the year;
- ✓ The Executive Mayor's Foreword is not concise with regards to the key strategic objective of the municipality;
- ✓ The Mayor's Foreword is vague with regards to the methods and processes used to increase public awareness on service availability;
- ✓ A report on the future actions is noted. However, there is no indication of the timeframe or duration of these future actions;
- ✓ The Annual Report is not signed by the Executive Mayor.



Key Strategic Issues

The Municipal Manager's Overview did not make mention of:

- ✓ The financial sustainability as represented by the financial health ratios;
- ✓ Details of administrative policies made during the year reflecting the pressures from the world recession that impact on everyone;
- ✓ reference to the key characteristics and implications of the municipality's population profile;
- ✓ Data on population details are not reported in the required formats and this creates difficulty when evaluating performance;
- ✓ The table for the overview of neighborhoods with the Sedibeng District Municipality was not populated;
- ✓ no mention of basic service delivery achievements and challenges;
- ✓ The diagram for proportion of household with access to basic services was not reported on;
- ✓ No exclusive comparison of the employee costs, repair and maintenance and finance charges and impairment percentages to the operating cost;
- ✓ Neither did they extensively explain variations between actual, the original and the adjustment budgets.

LEGISLATIVE CONTEXT

Section 127(2) of the Municipal Finance Management Act requires that:

- » The Executive Mayor of the municipality tables the annual report before council, which must be published and public comments invited

Section 47 of the Municipal Systems Act requires that the MEC for local Government:

- » Compile a consolidated report on the **performance of municipalities** in the Province
- » The municipal draft annual report analysis is undertaken as part of commenting process that the MFMA grants the public and related stakeholders
- » Secondly the process assists the MEC to monitor compliance to the circular on the annual report template, the content as well as other legislative compliance issues
- » Lastly, this process is also a preparatory exercise for the consolidation of the section 47 report

BACKGROUND & DISCUSSIONS

- › This process is undertaken jointly with Gauteng Treasury with each Department focusing on specific chapters of the annual report
- › Gauteng COGTA's focus is on the **Governance, Service Delivery and Organisational Development chapters**

The approach to this year's analysis on the above three (3) areas is geared towards:

- › Same as the previous year, ensuring **municipal readiness** to comply with the new Annual Report template
- › Enhancing reporting on the **non financial performance information** on the new template
- › Enhancing **outcomes approach** to reporting on performance
- › Identifying municipal specific performance **findings on draft annual reports for correction/remedial action/clarification**

GOVERNANCE ISSUES

Public Meetings

- Both departments appreciate the report on public participation initiatives in the district (page 28)
- The departments would like to advise the district to ensure that issues discussed in public meetings somehow find expression in municipal planning documents such as the IDP the IDP

Intergovernmental Relations

- Both departments appreciate the all the district initiatives on IGR
- Especially the established and functional structures to support and coordinate IGR within the district

DISCUSSIONS

Fraud and Corruption

- Both departments appreciate all the indicated fraud and corruption initiatives that the district embarked upon (page 30)
- The district is also requested to indicate if these initiatives have brought down the levels of fraud, theft and corruption since their aim is to curb these practices



SERVICE DELIVERY PERFORMANCE

- Both departments note that the delivery of the critical services reside with the local municipalities in the Sedibeng region

- The district was therefore not assessed in this regard

Local Economic Development

- District challenges on LED were noted (p 39)
- Noted challenges are that local municipalities do not have LED Strategies which makes it difficult for the district to perform its coordination role
- Gauteng COGTA therefore needs to devise a strategy to assist local municipalities with LED strategies and their implementation
- This will enable the district to conduct its coordination role relating to LED in the district

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Employee Totals, Turnover and Vacancies

- The municipality's staff complement does not give a reflection of race, gender and disability breakdowns (Page 66)
- A breakdown of the staff composition is important as it gives a comprehensive picture of municipal progress in achieving equity targets

Human Resource Development

- The department appreciates the progress made on Human Resource where staff training was conducted and HR policies were also implemented (Page 68 & 72).
- The municipality is also requested to indicate the impact that the training initiatives had on the productivity of the workforce

**2012/12 Annual Report Engagement
04 and 05 March 2014
Sedibeng DM**

Bothale Nkosi

Performance Monitoring and Evaluation

011 355 5762

bothale.nkosi@gauteng.gov.za



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REPUBLIC OF SOUTH AFRICA

CONCLUDING REMARKS

- We hope that the municipality takes note of the above comments with the aim of enhancing quality reporting in the Annual report

In the spirit of Cooperative Governance

THANK YOU KINDLY

FINANCIAL PERFORMANCE

Grants Performance:

- Lotto Spot was reported as a grants received from sources other than (DoRA); however the financial years are not adequately captured to address which financial year the R393 thousand and R297 thousand belong to.
- The following were not reported:
 - ✓ Contribution by municipality;
 - ✓ Date Grant Terminates; and
 - ✓ Nature of benefits form the grants.
- The reporting of grants in the Annual Report (AR) and the Annual Financial Statements (AFS) is not aligned.

FINANCIAL PERFORMANCE

Treatment of the three largest assets acquired:

- Names of the projects are provided
- Description of Asset 2 and 3 are not provided
- The following are not reported on:
 - ✓ Key staff involved and responsibilities;
 - ✓ Asset value;
 - ✓ Capital implications;
 - ✓ Future purpose of the asset;
 - ✓ Description of key issues; and
 - ✓ Policies in place to manage the assets

FINANCIAL PERFORMANCE

Capital Expenditure - Funding Source:

- The financial years are not properly captured;
- Totals of the capital expenditure indicates a typo;

Financial Ratios:

- The municipality is commended for the population of rations; however attention should be paid on proper population of financial years



THANK YOU



Sedibeng District Municipality
 3 West Street, Roshnee
 PO Box 471, Vereeniging, 1930
 Gauteng, Republic of South Africa
 Tel: +27 16 429 9900
 Fax: +27 86 673 0312
 Email: eunicer@sedibeng.gov.za
 Website: www.sedibeng.gov.za

MPAC: Municipal Public Accounts Committee

Sedibeng District Municipality

Internal Memo

To: Mr Yunus Chamda, Municipal Manager

Cc: Mr Thomas Mkaza, Chief Operations Officer

From: MPAC Chairperson: Cllr M S Mokako

Refer to: Acting Manager : Mr M Mpontshane

Date: 10 March 2014

Subject: ANNUAL REPORT 2012/2013 - FINDINGS ON THE SUBMISSION TO MPAC

The Municipal Public Accounts Committee takes pleasure in inviting you, to an oversight process towards the finalization of 2012/2013 Oversight Report. The committee acknowledges your time and effort towards Annual Report compilation. Furthermore, the Committee congratulates painstaking determination in achieving Clean Audit for the year under review.

Resulting from Annual Report analysis phase towards oversight report compilation, herewith find the findings and action required (refer to **Annexure "A"**) in that regard..

You are kindly requested to forward your submission thereof, *on or before the 13 March 2014 at 12:00*. The Committee have resolved to consider the your submissions on the upcoming meeting to be held on the 12-13 March 2014

Towards improved good governance and service delivery.

Kind Regards

Cllr M S Mokako

MPAC Chairperson

ANNUAL REPORT 2012/2013	
CLUSTER	FINDING(S)
Executive Mayor	<ul style="list-style-type: none"> ✓ The Executive Mayor's Foreword does not have a conclusion where he mentions his final thoughts on the year; ✓ The Executive Mayor's Foreword is not concise with regards to the key strategic objective of the municipality; ✓ The Mayor's Foreword is vague with regards to the methods and processes used to increase public awareness on service availability; ✓ A report on the future actions is noted. However, there is no indication of the timeframe or duration of these future actions; ✓ The Annual Report is not signed by the Executive Mayor.
MUNICIPAL MANAGER'S OFFICE	<p>The Municipal Manager's Overview did not make mention of:</p> <ul style="list-style-type: none"> (a) The financial sustainability as represented by the financial health ratios; (b) Details of administrative policies made during the year reflecting the pressures from the world recession that impact on everyone; (c) reference to the key characteristics and implications of the municipality's population profile; (d) Data on population details are not reported in the required formats and this creates difficulty when evaluating performance; (e) The table for the overview of neighborhoods with the Sedibeng District Municipality was not populated; (f) no mention of basic service delivery achievements and challenges; (g) The diagram for proportion of household with access to basic services was not reported on; (h) No exclusive comparison of the employee costs, repair and maintenance and finance charges and impairment percentages to the operating cost; (i) Neither did they extensively explain variations between actual, the original and the adjustment budgets

Internal Audit function

- (j) Provide evidence irt review on the functioning of Internal Audit, if there was any?
- (k) Number and nature of reports tabled to Audit Committee and progress thereof ?
- (l) How and when was the committee assessed?
- (m) Progress in relation to capacity building for SDM ?

Audit Committee

- (a) Provide evidence irt review on the functioning of Audit Committee?
- (b) Number and nature of reports tabled to Council and progress thereof?
- (c) How and when was the committee assessed?

Performance Management

Contracts, S57

- (a) Evidence on quarterly reviews on finalised contracts and reasons for incomplected contract
- (b) Provision/reasons for Senior Management contracts

Assessment

- (a) Approach and timeliness in conducting assessments
- (b) Quarterly reports for all Executive Director/ from every cluster to be provided
- (c) Internal Audit performance assessment report to be provided

Payment

- (a) What will be the financial implication of the outstanding unpaid bonuses?

E -PMS

- (a) Evidence on progress and quarterly reviews on the new system?

Public Accountability and Participation

- (a) Provide the number and nature, and impact of public engagements held during the financial year?
- (b) Provide the process and evidence of integrating public

	<p>comments into IDP or planning documents ?</p> <p><u>Intergovernmental Relations</u></p> <p>(a) Provide the number and nature, and impact of IGR engagements held during the financial year?</p> <p><u>Administrative Structures</u></p> <p>(a) Provide organogram structure reflecting accountability and reporting lines?</p> <p>(b) Provide roles and responsibilities for each and every cluster?</p> <p><u>Corporate Policy offices and other services</u></p> <p>(a) Provide a detailed report on compliance, or non-compliance in relation to 2009 King Report</p> <p>(b) Provide key milestones by LLF?</p> <p>Anti- corruption and fraud (p 30)</p> <p>(a) Provide impact assessment from initiatives aimed to curb fraud, theft and corruption?</p> <p>Public Satisfaction on municipal services</p> <p>(a) Reasons for not undertaking satisfaction survey?</p> <p>(b) How was the “impression acceptable public satisfaction” sourced and validated?</p> <p>All municipal oversight committees (Non-compliant)</p> <p>(a) Provide a brief overview and functionality for all oversight committees</p>
<p><u>STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT</u></p>	<p><u>MEC Comments</u></p> <p>(a) To verify adequacy and level of implementation on responses to issues raised by the MEC</p> <p>(b) To find out about contingency plan which was in place regarding over budgeting (projects without funding)</p> <p><u>IDP/Budget Alignment</u></p> <p>(a) Provide number of projects under the review and matched them against budget to verify alignment</p> <p>Planning and Development p. 39 (Incorrect filling of the table)</p> <p>(b) Provide correct financial years, values in the related tables and comment thereto?</p>

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	<p>(c) Provide the progress on the District Wide Strategic Incentive Policy?</p> <p>(d) Provide the effectiveness and impact of LED Strategy of SDM?</p> <p>(e) Re-work par. 3 in line with objects of LED</p> <p>(f) Name and describe the projects under EPWP and their impact to SDM?</p> <p>(g) Revise summary in line with contents written about in LED section?</p>
<p>FINANCE CLUSTER</p>	<p>(a) Provide the systems of delegation in preparing AR and AFS?</p> <p><u>Net cash generated from operating activities in the cash flow statement:</u></p> <p>(a) Please explain the variance of (R 243, 890) mil between the AR and AFS?</p> <p><u>Net cash generated from investing activities</u></p> <p>(b) Please explain the variance of (R 243, 562) mil between the AR and AFS?</p> <p><u>Asset Management</u></p> <p>(c) Provide adequate information in line with MFMA for assets acquired?</p> <p><u>Grants</u></p> <p>(a) The reporting of grants in the Annual Report (AR) and the Annual Financial Statements (AFS) is not aligned.</p> <p><u>Lotto Sport was reported as a grants received from sources other than (DoRA); however the financial years are not adequately captured to address which financial year the R393 thousand and R297 thousand belong to.</u></p> <p>(d) Please provide sufficient information as required for Lotto Sport?</p> <p><u>The grants reflected in the cash flow statement as per the AFS does not equate to the grants received captured in the cash flow statement of the AR R684 million AFS R842 million;</u></p> <p>(e) Please explain the variance of R 158 mil in the AR and AFS?</p> <p><u>The total actual spent on capital expenditure for the 2012/13 financial year is R209 million or 60% against the budget</u></p> <p>(a) What caused 40% under spending per main projects reported and the impact on service delivery?</p> <p>(b) What are the remedial actions and progress thereof?</p>

	<p>Capital Expenditure- Funding Source</p> <p>(a)The financial years are not properly captured;</p> <p>(b)Totals of the capital expenditure indicates a typo</p> <p><u>Financial Ratios</u></p> <p>(a)Provide proper financial year</p> <p>Other financial information</p> <p><u>Employees related costs in the cash flow statement on the AR reflect an amount of (R3,316) million and R3, 396 billion according to AFS;</u></p> <p>(a)Please explain the variance of (R 80) mil in the AR and AFS?</p> <p><u>The cash and cash equivalents at the end of the 2012/13 fy is reported at R127, 704 million in the AFS and R127, 622 in the AR.</u></p> <p>(b)Please explain the variance of R 80 mil in the AR and AFS?</p> <p><u>Appendices</u></p> <p>The following were incomplete :</p> <p>M, N, O, P, Q, R and S .</p>
<p>CORPORATE SERVICES</p>	<ul style="list-style-type: none"> • Provide introductory remarks to the Chapter • Provide commentary to populated tables in the Chapter • Provide Skills Audit Report used for prioritising training/capacity programmes? • What was skills expenditure for 2012/13 • Provide the impact on productivity of skills development initiated during 2012/2013 ?
<p>Transport, Infrastructure and Environment</p>	<p>Transport p. 37 (Incorrect filling of the table)</p> <p>(a)Provide correct financial years, values in the related tables and comment thereto?</p>
<p>Office of the Speaker</p>	<p>All municipal oversight committees (Non-compliant)</p> <p>(a) Provide a brief overview and functionality for all oversight committees</p> <p>(b) Provide brief report on the effective and efficiency of Council business?</p>

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MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT

2012/2013

SEDIBENG DISTRICT MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEMBERS

- Clr Mokako M.S (ANC) - **Chairperson**
 - Clr Masilo W.J (ANC)
 - Clr Majola A.K (ANC)
 - Clr Maseko Y.T (ANC)
 - Clr Matsei N.P (ANC)
 - Clr Sotsu V.O (ANC)
 - Clr Mollo D. S (DA)
 - Clr Mulder M (DA)
 - Clr Pooe N.S (PAC)
-
- Clr. B.J. Modisakeng - **Speaker of the council, serving in ex-officio capacity**

FOREWORD BY CHAIRPERSON

Municipal Public Accounts Committee is additional structure that has been established to play oversight role and in assisting council to hold its administration and to ensure effective and efficient use of municipal resources. MPAC should also create a conducive environment to accommodate and work together with other council committees and also compliment Audit committee as oversight structures that support council.

Our fundamental principles of democracy are that government is responsible to the people. It is essential for government to account for the money it raises and spends. This is a Principle of Financial Accountability which necessitates complete, accurate, and timely reporting for all resources allocated to all departments including expenditure on staff, programmes, and projects. Accountability and transparency are indispensable pillars of good governance. Departments should focus on outcomes and impacts rather than outputs. It is generally accepted principle that those responsible for the conduct of public activities and the handling of public funds should be held fully accountable for;

- Ensuring that the public funds are safeguarded and properly accounted for,
- Conducting all activities in accordance with the applicable laws, regulations and standards
- Delivering services' in an economic, efficient and effective manner and strengthening service delivery performance, by establishing and seeking to achieve targets and meeting community expectations and outcomes.

For public confidence and trust in government to improve, it is necessary not only to correct poor accountability, but also to remove all the practices that lead to public perceptions of an unaccountable government. President Barack Obama summed this state of affairs very nicely when he said. ***"In the absence of sound oversight, responsible businesses are forced to compete against unscrupulous and under handed businesses, who are unencumbered by any restrictions on activities that might harm the environment, or take advantage of middle class, families, or threaten to bring the entire financial system". The government should be mindful of the fact that this quote does not apply only in business but it must be further considered as a reality even in government as its primary objective is to create committees with sound oversight.*** The municipality is further compelled to develop result-oriented strategies, monitor and report performance. Through public accountability and transparency, government can achieve harmony between public policy, implementation and resource use.

Legal Framework

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

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

The Municipal Finance Management Act (MFMA), Circular No 32, stipulate clearly the way the overall financial activities of the council should be handled and more emphasis is on the functionality of the oversight committee. Also the report ensures the executive and the administration account on the work of a municipality.

Stakeholders

The annual report was posted on the municipality's website and public places and it further requires the office of the Municipal Manager after (7) seven days to invite the public for comments. Series of meetings were convened with different internal stakeholders in soliciting information which has assisted the committee in formulating questions for the Senior Management to respond. On the 13th of February the office of the Auditor General was invited following the last invite to the Provincial Treasury and COGTA for final briefing. After the adoption of the oversight report, the committee will undertake outreach programmes amongst the communities to promote its work. The office of the Municipal Manager will be expected to summarize the outcomes of 2012/13 financial year for the Executive Mayor to present officially to the communities as part of deepening democracy and promote transparency and accountability.

Committee Meetings

Municipal public account committee has tabled its activity plan before council for approval as a way of outlining its business. This activity plan is as per the terms of references submitted to council which clear define the work of this committee. The committee is also guided by the Intergovernmental Protocol Framework in convening its meetings as a way of avoiding unnecessary clashes with the locals. Nineteen (19) meetings were held (find attached minutes) and all these meetings formed a quorum including strategic retreat which were organized to develop an oversight report. Members of MPAC also serve in other committees of council, except the chairperson who is full time, which in some instances it becomes difficult for the committee to meet its deadlines. Members and chairperson of the committee also attended various meetings convened by other government department and convened district workshop as part of capacitating the locals. The committee also attended Association of Public Accounts Committee conference (APAC) which is convened annually of which resolutions in a form of declaration were taken.

Capacity Building

SALGA has realized that over and above the conventional inception of 5 year term Councilor Induction Programmes (CIP's) other regular in-depth capacity building programmes which focus on financial oversight is necessary. Certain stakeholders such as APAC have played the important role in capacitating councilors. These training needs should be continuous until we can be satisfied that all councilors can play their oversight with certainty and confidence.

The office of the speaker through capacity building and training has a sole responsibility in capacitating all councilors across party lines. South African Local Government Association as a mother body has rolled out the first phase of workshops that were directly focusing on capacitating Chairpersons and finance HOD's including Members of the Mayoral Committees who are in charge of the finances of the municipality. In a workshop organized at Emerald it came clear that the Audit committees and internal audit units should work together to avoid duplicating their work as all these structures are meant to advise the administration in achieving its objective of creating a better life for all.

Conclusion

As the municipality received the clean audit, the committee is geared to ensure that this outcome is sustained for the next financial year 2013/14. The oversight committee is there to ensure that the municipality runs its affairs in a manner that will promote effective use of Municipal resources. This is a just cause that all of us have to rally behind to strengthen oversight and promote good governance. Even though the institution has improved from the previous financial year, it doesn't mean that there were no other issues that the municipality can improved on as the committee work will cut across not only focusing on the Annual Report.

The municipality in the financial year 2012/13 has addressed the level of non-compliance by departments which were identified as a grey area by the office of the Auditor General during the previous financial years. The pursuit of value for money is imperative, if government is to improve service delivery standards. As the committee we believe that to fully discharge our council obligation and to oversee the executive function, more work needs to be done. Our work is modeled on National and Provincial oversight systems.

The committee also wants to commend the work of the administration in ensuring that the municipality improves its work and outcome as the office of the Audit General has expressed a Clean Audit Opinion for 2012/13 financial year. The municipality has achieved this OPCA vision before the deadline 2014 and hope that our locals will follow suit as they have sustained their previous qualifications.

Finally, I wish to congratulate the commitment, the unity and contribution made by the committee members and the support the Speaker gave to this committee from its inception until to date.

Towards enhanced service delivery and financial accountability



Clr S.M. Mokako

MPAC Chairperson

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RECOMMENDATION

GLOSSARY

AFS	-	Annual Financial Statements
AG	-	Auditor General
ANC	-	African National Congress
APAC	-	Association of Public Accounts Committees
CFO	-	Chief Financial Officer
CAPEX	-	Capital Expenditure
CPIX	-	Consumer Price Index
DA	-	Democratic Alliance
E-PMS	-	Electronic Performance Management System
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 2012/13 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.

Government departments were invited to clarify on the views regarding the overall performance of the institution and they briefed the committee on important issues which were not considered during the 2012/13 financial year with regard to financials, pre-determined objectives etc.

Auditor General provided a broad outline on the gaps and key strategic areas which the municipality could not do correctly. Questions were formulated on specific areas of concern raised by different stakeholders of government and members of MPAC. Senior managers were also invited to respond and provide clarities on IDP and annual report. 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
- Annexure B- Presentation by Cooperative Government and Traditional affairs on Sedibeng District Municipality Annual Report 2012/2013
- Annexure C- SDM briefing or workshop by the Auditor General's office
- Annexure D- Presentation by Provincial Treasury
- Annexure E - Questions compiled for the management and the Executive Mayor

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.

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

				Compliance
	Audit Committee		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	Non compliance
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)S21 A-MSA	Accounting Officer	None complied pending the adoption of the oversight report.

				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

The oversight framework as attached contains the following key aspects:

4.1. Integrated Development Plan (IDP)

Was the IDP tabled and adopted by council?

The municipality adopted the IDP for 2012-2016/ and reviewed 2012/13 on the 62nd ordinary council meeting held on the 23rd May 2012 as per council resolution **A1101**.

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 not 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 by the Auditor General on the 32 targets which were not met as a result of lack of funding. The translation of the projects committed in the

IDP to the SDBIP is still a challenge and the municipality should organize training for its employees as part of capacity.

4.2. The IDP contains MEC comments for 2011/12 financial year as follows;

IDP contained MEC comments on the 2011/12 financial year Sedibeng District Municipality.

The IDPs are subjected to a form of assessment by the provincial government to assess relevance, effectiveness and whether the service delivery targets set jointly with stakeholders are met. The Municipal Systems Act of 2000 requires all municipalities to submit their IDPs to MEC for Local Government for comments. The MEC commented on the 2011/2012 Sedibeng District Municipality's IDP. The comments were structured into two sections with section one having general observation to issues affecting municipalities in the province and section two which focused on municipal specifics.

ISSUES RAISED BY THE MEC

Service Delivery

In light of the move towards Metro system of governance, the coordination role of the District Municipality is becoming more crucial. It is incumbent upon the district Municipality to coordinate district wide infrastructure planning, spatial planning and environmental management activities. Although the District does not provide direct services to the community, it has the responsibility of providing strategic vision and guidance in the entire region. The 2011/12 Sedibeng District IDP does not indicate how the District intends on mobilising the local municipalities towards the metro system of governance as well as ascertaining that its aspirations are realised. The district is urged to utilise instruments such as the Growth and Development Strategy pillars to begin to direct, influence and shape spatial planning by Local Municipalities.

RESPONSES:

The district has noted the comments and is jointly engaged with local municipalities in a process towards becoming a single metropolitan municipality in the region. The District invited all its local municipalities during the formulation of GDS 2.

Financial Viability.

The municipality is indicating that the capital budget for 2011/12 financial year amounts to about 50 million. It is indicated that of the R4 million will be funded from internally generated revenue and R26 million (Neighbourhood Development Grant and MSIG) from the national and provincial grants and the remainder of the funding (20 million) is still to be sourced. Section 16 of the MFMA requires that a budget must be funded from realistically anticipated revenue, and it is clear in the case of Sedibeng District Municipality that the capital budget does not

meet this specific provision of the Act since R20 million worth of the funding is to be sourced from an unknown source.

The municipality has indicated that it is implementing cost curtailment measures to cut on the general expenses budget (non-core) and has managed to decrease general expenses budget by R24 million in 2010/11; adjustment budgets to a sum of R82 million for 2011/12. These savings were distributed towards service delivery orientated expenses items. This is a commendable initiative demonstrative of the general expenses budgets among the local municipalities within the district. As part of its coordination initiatives, the district is urged to share the cost curtailment initiatives with its locals, particularly with regards to non-core expenditure items.

RESPONSES:

The project amounting to R20 million were included in the budget in agreement with the user departments that applications for funding were made and the response was awaited and being hopeful that a positive feedback will be received. This was later rectified in the adjustment budget to ensure full compliance with Section 16 of the MFMA and implement uniform financial management systems, policies and procedures.

GOVERNANCE

The 2011 IGR conference has identified a need for revitalisation, streamlining and consolidation of the IGR structured across the district in order to facilitate inter-governmental development planning. The district is urged to take active steps towards ensuring the coordination of IGR initiatives in line with the provincial conference resolutions and recommendations.

RESPONSES:

From August 2011, there have been a series of IGR forums being successful concluded in the Region led by the PMT Offices. This culminated in the two benchmarking trips to Buffalo City and Mangaung Metro. Subsequently, a District Wide Mayoral Committee Lekgotla was held to develop the basis for the second Generation Sedibeng Growth.

The District Wide Mayoral Committee Meetings were held, with the latest being the IDP Lekgotla which sought to align the IDPs of the Sedibeng District Municipality and the three constituent local Municipalities. All these alignments were carried out with a view to align these IDPs with the National and Provincial priorities. We however stand committed to the outcomes and decisions which find expression in the Provincial Conference going forward especially in matters relating to IGR.

Institutional Development

The municipality is commended for making considerable strides with regards to cost reduction in non-core service delivery issues. It is important to link the **Cost Reduction Strategy with the Reviewed organisational Structure** and fast track the filling of key posts (Communication) as well as critical posts

It is also important that the municipality implement a comprehensive HRM & D Strategy to **ensure the effective management of the human capital** which will be guided by the Employment Equity Plan and IDP objectives.

RESPONSES:

The municipality notes the comments of the MEC of the Local Government and will improve as recommended by the MEC.

Spatial Planning

The municipality has alluded to numerous challenges which hamper the review of the **Spatial Development Framework**. The IDP indicates that the municipality has not reviewed the SDF since 2009 and therefore has not been able to provide the spatial guidance across the region. Some of the challenges alluded to include lack of capacity and funding to ensure that the necessary review is undertaken. The municipality is therefore called upon to establish strategic partnerships with relevant stakeholders like the Department of Economic Development (DED) and Development Bank of South Africa (DBSA) for assistance regarding capacity building and funding. Spatial planning is amongst the most efficient instruments of the district wide coordination and the district SDF should be utilised to this effect.

RESPONSES:

Sedibeng District Municipality has appointed consultants to assist with the development of the District Wide SDF. Partnerships between Sedibeng District Municipality and the Department of Rural Development and Land Reform (National) and Gauteng Province Department of Economic Development and Planning (Provincial) has been established through meetings that took place to discuss Spatial Planning, Land Use and GIS issues

Local Economic Development

The establishment of the **Sedibeng Economic Development Agency** is an expression of a realisation that the development initiatives should be coordinated efficiently in order to make a meaningful impact in the region. It is important that the municipality brings to the finality the process of setting up the Sedibeng Economic Development Agency so as to guide and coordinate economic development initiatives.

RESPONSES

The District had a plan to establish a development agency. MEC for Economic Development advised against such an initiative. However, the District has resolved to resuscitate the initiative as recommended by the MEC for Local Government and Housing.

4.3 Service Tariffs

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

4.4 Auditor General's Report

Findings of the Auditor General are as follows;

OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sedibeng District Municipality as set at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA.

EMPHASIS OF MATTERS

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

SIGNIFICANT UNCERTAINTIES

As disclosed in note 27 of the financial statements, Sedibeng District Municipality are in dispute over the treatment of VAT on licencing agency services. The municipality may be liable for an amount of R42 352 828.

RESTATEMENT OF CORRESPONDING FIGURES

As disclosed in note 28 to the financial statements, the corresponding figures 30 June 2012 have been restated as a result of an error discovered during 30 June 2013 in the financial statements of Sedibeng District Municipality at, and for the year ended, 30 June 2012.

MATERIAL UNDERSPENDING OF THE CONDITIONAL GRANTS

As disclosed in note 6 to the financial statements, Sedibeng District Municipality did not spend R9 824 677 (2012: R12 793 066) on the conditional grants received. As a consequence, projects were not completed as planned. (Under review/ pre assurance)

ADDITIONAL MATTERS

I draw attention to these matters below. My opinion is modified in respect of these matters.

UNAUDITED SUPPLEMENTARY SCHEDULES

The supplementary information set out on pages XX to XX does not form part of the financial statements and presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

PREDETERMINED OBJECTIVES.

I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages XX to XX of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant required by the *National Treasury Framework for managing programme performance information*.

There were no material findings on the annual performance report concerning the usefulness and reliability of information.

ADDITIONAL MATTER

I draw attention to the matter below. This matter does not have an impact on the predetermined objectives reported above.

ACHEIVEMENT OF PLANNED TARGETS

Of the total number of 106 targets planned for the year, 32 of targets were not achieved during the year under review. This was mainly due to leadership not monitoring the implementation of action plans effectively to address the issue of not achieving of the set targets and indicators of projects in the IDP not supported with funding.

COMPLIANCE WITH LAWS AND REGULATIONS

I performed procedures to obtain evidence that the entity has complied with applicable laws and regulation regarding financial matters, financial management and other related matters.

I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

INTERNAL CONTROL

I considered internal control relevant to my audit to the financial statements, annual performance report and compliance with laws and regulations.

I did not identify any deficiencies in internal control which considered sufficiently significant for inclusion in this report.

4.5. Annual Report.

The Annual Report was tabled before council for approval on the 30st January 2014 and with regard to timelines the municipality did comply. The annual report did not comply in terms of the content even though new reporting template was followed.

According to the Oversight Report Framework, annual reports are required in terms of s (46) 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 Executive Mayor; an overview by the Municipal Manager, an organisational structure, the report of the Auditor General on the performance of the municipality, audited Financial Statements, Audited Report of the financial Statements , disclosure on government grants and 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. Circular 32.63 and 11 of National Treasury

The Municipal Public Account Committee will be guided by the above mentioned regulation in doing an 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.

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

MPAC committee will continue to monitor the implementation of the Action Plan as it has been submitted and also attached to the Revised Annual Report which is complying with the new reporting table by the National and Provincial Treasury.

4.9. Municipal Bank Account

The council is using a main account which is ABSA. And the council is also using other savings accounts for investments such as FNB and Standard bank.

4.10. Cash, Investments, and Asset Management

Cash investment policy was last reviewed and tabled to council on the **10/08/2011** as council resolution **A1021**) For the period 2012/13 the policy was not reviewed and the municipality is currently reviewing the policy.

4.11. Debt Register

The debt register was in existence and operational.

4.12. Financial Management

According to Municipal Systems Act (MSA), 2000 s46 sub s3 (a) (i) stipulate the Annual Report should be published and written notice be sent to the Auditor General and the MEC. The Sedibeng District Municipality website has been uploaded with the Annual Report for 2012/13 financial year and performance contract of the section 57 employees for the first time which forms part of the compliance. Only one cluster which the performance contract for sec 57 is not uploaded to the website. In terms of regulation 66 of the MFMA act the municipality has adhered to the best practice with regard to corporate governance and the full compliance.

4.13. Supply Chain Management

The SCM Policy has been reviewed, tabled and approved by Council on the **01/08/2013** during council **69** with resolution number **A1226**. Sedibeng also reviewed and amended an unauthorised, irregular, fruitless and wasteful

expenditure policy which was held on the 06/11/2013 as per council resolution A1287 in a council which was held in 06/11/2013.

4.14. Internal Audit Function

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

The committee advises the municipality to establish a fully-fledged unit as part of building internal capacity permanently. Furthermore the committee will monitor and follow up on the performance of outsourced company.

4.15 Audit Committee

In line with section 166 of the Local Government: Municipal Finance Management Act, No 56 of 2003, the following Audit Committee members were appointed for a two (2) year period that commenced on 01 April 2010 and ended on 30 June 2012. The term of office was extended for a further period of three (3) months and expired on 30 September 2012. Audit committee has been appointed and in terms of their reports this committee is functional. The committee has the following members in place;

Chairperson –Professor E. Ababio

Mrs M. Mutlaneng

Mr F Safla

Mr N.Nkosi

Mr S. Dlamini

Mr T.R. Ramawa

Mr R Walker.

The charter amongst others specifies measures with regard to risks. It also specifies the role of the internal audit committee. The audit committee is functional and is meeting.

4.16 Credit control and debt control

The Credit and debt collection policy was last reviewed on the 10/08/11 as council resolution A (1021). For the period 2012/13 the policy was not reviewed.

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

Tender documents are now 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.

4.17. Audit Queries

The committee will look beyond what the Auditor General has raised as a root causes and perform its oversight accordingly in improving and sustaining the current outcome expressed by the office of the Audit General for the financial year 2012/13.

5. CONCLUSION

The Annual Report for the financial year 2012/13 complied with the tabling of the Annual Report. And there was noncompliance with regard to the content expected. The committee also picked grey areas to the report and advice the administration to take its work very serious as this report has to be tabled to public. The committee will ensure that the institution is geared towards sustaining the current outcome and furthermore monitor the gradually improvement of the local municipalities in attaining the clean audit through the IGR district policy framework. Municipal Public Accounts Committee advice the municipality to consider and implement the comments made by Provincial stakeholders as part of enhancing quality reporting.

RECOMMENDED

1.2.1 THAT after the MPAC committee having fully considered the Annual Report resolved "that the council deferred the Annual Report back to administration for further revision of certain components "namely

1.2.1.1 Chapter 1: Executive Mayor's Foreword and Executive Summary

1.2.1.2 Chapter 2: Governance – special focus at Public Accountability and Participation, Intergovernmental Relations, Administrative Structures, Corporate Policy Offices and other services and Anti-corruption and fraud, Public Satisfaction on municipal Services and all municipal oversight committees

1.2.1.3 Chapter 3: Service Delivery Performance – focus areas; relevant tables and financial years to be populated correctly and the related commentary thereof

1.2.1.4 Chapter 4: Organisational Development Performance – Introductory notes to the chapter, municipal personnel; capacitating municipal workforce and interpretation of the used tables

1.2.1.5 Chapter 5: Interpretation of used tables and correct financial years; grants, asset management,

1.2.1.6 Appendices: Annexure "G" – correct and adequate filling of the table

The revision of the annual report 2012/2013 was due to non-compliance to Council resolution 2.3 (69th C August 2013) "That the Annual Report compilation for 2012/13 financial year be aligned to the new reporting template"

2.2.2 THAT the revised annual report be table to Council at the next sitting of the Council.