

2016/17



**[OVERSIGHT REPORT]**

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## Introduction

Council is vested with the responsibility to oversee the performance of their respective municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). Section 129 of the MFMA requires the Municipal Council to consider the Annual Report of its municipality and municipal entities and to adopt an Oversight Report.

a. What is an Annual Report

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

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.

Other components required to be included in the annual report are set out in the MFMA section 121 and the MFMA Circular No 11 issued 14 January 2005.

Section 127 of the MFMA states "The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control."

Section 129 further stipulates the process of the Oversight and Annual Report:

"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 a 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 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.

## 2. STATEMENT AND PURPOSE OF THE MPAC

It is imperative to have an understanding of the accountability framework for municipalities in order to correctly understand the role of the Oversight Report as distinct from that of the Annual Report and any other reports required from the municipality.

The following table displays the nature of the accountability framework for local government:

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

## 3. THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

MPAC is a committee of Council established under section 79 of the Municipal Structures Act, 1998 and Resolution no C113/2014 to perform an oversight function on behalf of council and not

a duplication of other committees of council, such as Finance Committee or that of the Audit Committee.

The Municipal Public Accounts Committee consists of the following Councillors

**Chairperson:** Ald C November  
Cllr CM Lamprecht  
Cllr R Brinkhuys  
Cllr S Fredericks  
Cllr DA Appel

**External Member:** Chairperson of the Audit Committee – Mr. E Lakey

Council has delegated to the following function to the MPAC Committee:

- 1) Undertake a review and analysis of the Annual Report
- 2) Invite, receive and consider inputs from Councillors and Portfolio Committees, on the Annual Report
- 3) Consider written comments received on the Annual Report from the public consultation process
- 4) Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report
- 5) Receive and consider Councils' Audit Committee views and comments on the annual financial statements and the performance report
- 6) To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the annual report
- 7) Evaluation of in-year, and mid-year assessments.
- 8) To examine the AFS and audit reports, and in doing so, the Committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee and the Auditor General's recommendations have been implemented.
- 9) To promote good governance, transparency and accountability on the use of municipal resources

#### **4. PROCESS AND CIRCULATION OF THE ANNUAL REPORT**

The draft annual report was submitted to the Auditor General on 15 October 2017 where after it was presented to the Performance Audit Committee on January 2018.

The draft annual report was then presented to council by the Executive Mayor on 24 January 2018 and, after adoption, subsequently submitted to the Auditor General, National Treasury and Provincial Treasury on 26 January 2018.

The draft annual report was advertised for comments from 25 January 2018 to 22 February 2018.

The Annual Report was circulated by making copies available and advertising its availability for comments as follows:

- On the municipality's website [www.twk.org.za](http://www.twk.org.za) as well as the following offices:
  - 6 Plein Street, Caledon
  - Arbour Drive Grabouw
  - Hoofweg Villiersdorp
  - Fontein Street Botrivier
  - Ds. Botha Street Greyton
  - Strydom Avenue Genadendal
  - Buitekant Street Riviersonderend
  -

**The following MPAC meetings took place:**

1. **06 February 2018:** pose questions to Management to get clarity on the contents of the Annual Financial statements and the Annual Report.
2. **01 March 2018:** Public hearings - The local community and any organ of state were to be allowed to make representations on the annual report.
3. **08 March 2018:** Presentation of the draft oversight report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organ of states, Councils audit committee and Councillors.

#### **5. SUMMARY OF FINDINGS RELATED TO ANNUAL REPORTING**

The MPAC are satisfied with the processes followed relating to the annual report and concur that all legal requirements relating to annual reporting has been followed.

#### **6. SUMMARY OF PRESENTATIONS RECEIVED FROM COMMUNITY AND OTHERS**

The following table reflects the key written representation received from the respective organisations/individuals relating to the content of the Annual Report:

Representation Submitted by:	Key Issues Raised	Determination by MPAC
Individual Councillors	None	
Private Individuals	None	
Other organised community structures (business, churches, sporting bodies, agriculture, labour, etc )	None	See attached notice to community requesting for comments on the Annual Report : Appendix1
Internal Auditors	Corrective measures related to Issues Raised by the Auditor General in the Audit Report not included in the Annual Report	Will be included in the final 2016/17 Annual Report
Audit Committee	None	
Auditor General	See Appendix	The comments of the Auditor General relating to the annual report are noted and will be addressed in future Annual Reports
Other spheres of government	None	

## 7. COMMENTS AND ISSUES RAISED DURING VARIOUS PLATFORMS AND COMMITTEES WHERE THE ANNUAL REPORT WAS DISCUSSED.

### 7.1 Performance Audit Committee

The following issues were raised during the Performance Audit Committee meeting on 19 January 2018 (See Appendix 1):

- Inconsistency of sources used for statistical purposes in the Annual Report.
- Explanatory note to table on financial viability (pg. 24), explaining extraordinary variances.
- Check Annual Report for general grammatical and spelling errors.

#### Response

- Stats SA (Census 2011 Data) provide us with detailed data however it is outdated therefore where other sources exist with more recent/accurate data those sources are used. Census 2011 is also unfortunately the only source of statistics that gives detailed statistics subsequent surveys e.g. only provide high-level statistics.
- A note explaining the extraordinary variance on page 24 will be included in the final Annual Report that will be presented to council.

- A final spelling and grammatical check will be done before submission of the final Annual Report to Council

## 7.2 1<sup>st</sup> MPAC/Oversight Committee Meeting

The following comments were raised during the first MPAC meeting relating to the annual report:

- Pg. 32 should indicate 14 wards and not 13
- Pages 32 -33 the roles of councillors incorrectly displayed
- Page 258 indicates that there are no councillors that benefit from contracts, however this practise does exist, and the disclosure of financial interest must be revisited and corrected.

### Response

- Will be corrected in final Annual Report
- Will be corrected in final Annual Report
- Referred to Human resource department and any omission will be rectified with the submission of final Annual Report.

## Conclusion

As Chairperson of the MPAC I would like to thank the MPAC Committee Members, the Executive Mayor and Mayoral Committee, the Municipal Manager and Executive Management Team (EMT), as well as the various contributors to the Annual Report 2016/2017 for their diligence and constructive commitment during the oversight period. The MPAC is satisfied that the Annual Report 2016/2017 provides an accurate overview of the process of financial and non-financial performance during the period under review and therefore would like to recommend the adoption thereof.

In formulating the resolution the following MPAC members were in attendance

Name	Capacity	Meeting Attendance, 08 March 2018
Ald C November	Chairperson	✓
Cllr CM Lamprecht	Member	✓
Cllr R Brinkhuys	Member	✓
Cllr S Fredericks	Member	✓
Cllr DA Appel	Member	Apology
Mr. E Lakey	Member	Apology



## **8. RECOMMENDATIONS TO COUNCIL**

- 1. That cognisance be taken of the Oversight Report on the 2016/2017 Annual Report of Theewaterskloof Municipality**
- 2. That council note the concern of MPAC with regards to related party transactions (awarding of contract to family members of councillors and employees)**
- 3. That the administration should strive to achieve equity in awarding of contracts and refrain from using the same companies over and over again**
- 4. After the management report from the AG is presented to the Steering committee an MPAC meeting must be convened where this report is presented.**
- 5. That the Council, having fully considered the 2016/2017 Annual Report , adopts the Oversight Report**
- 6. That the 2016/2017 Annual Report of Theewaterskloof Municipality be adopted without reservation**
- 7. That the Oversight Report be made public in accordance with section 129(3) of the Municipal Finance Management Act (Act 56 of 2003)**
- 8. 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)**

.....  
Ald C November  
**CHAIRPERSON**

# **APPENDIX 1. THE SECOND QUARTER INTERNAL AUDIT REPORT**



**Theewaterskloof Municipality**

**SDBIP 2<sup>nd</sup> Quarter Audit 2017/2018**

**January 2018**

## Scope of the Audit

Department	Dates	Scope	Error Rate
Development Services – IDP & Performance Management	1 October 2017 – 31 December 2017	1. Ensure compliance with the following acts that refers to the SDBIP:  1.1 Municipal Systems Act  1.2 Municipal Structures Act  1.3 Municipal Planning and Performance Management Regulations  1.4 Municipal Finance Management Act  1.5 TWK Performance Management Policy	2%  0%  0%  4%  6%
Development Services – IDP & Performance Management	1 October 2017 – 31 December 2017	2. Ensure that all Top Layer KPI's have system descriptions.	76%
Development Services – IDP & Performance Management	1 October 2017 – 31 December 2017	3. Ensure that all Top Layer KPI's are SMART:  3.1 Specific 3.2 Measurable 3.3 Achievable 3.4 Relevant 3.5 Time Phased	3%
Development Services – IDP & Performance Management	1 October 2017 – 31 December 2017	4. Ensure that all Top Layer KPI's are Valid, accurate and complete	13%

## Findings

Risk Rating			Number of Findings
Critical	Significant	Housekeeping	
0	5	6	11

## Key Findings:

The following findings were found during the course of the audit:

Finding Name	Risk Rating
ANNUAL REPORT	Housekeeping
IDP SENT TO MEC	Housekeeping
SYSTEM DESCRIPTIONS	Housekeeping
SYSTEM DESCRIPTIONS INCORRECT	Housekeeping
REPORT ON CUSTOMER RELATIONS	Housekeeping
SMART KPI'S	Housekeeping
PERFORMANCE AGREEMENTS OF THE SENIOR MANAGEMENT TEAM	Significant
KPI'S FOR COUNCIL	Significant
CAPITAL PROJECTS	Significant
AMMENDED SDBIP	Significant
DIFFERENCES IN KPI'S	Significant

A detailed summary of findings is included in this report. All our findings have been discussed with and agreed to by management.

## Reporting framework

The findings identified have been broadly categorized into:

Rating	Suggested Management Action
Critical	Significant control weaknesses requiring immediate management action
Significant	Control weaknesses that are regarded as serious and require management action within a short period of time.
Housekeeping	These control weaknesses do not represent a significant risk to the control environment and can normally be corrected at a minimal cost. The correction of these control weaknesses will have the effect of an improved control environment.

In order to assist management with allocation of resources to address the weaknesses and improve internal control, we have assigned subjective ratings to each of our recommendations. These ratings are for guidance purposes only and management must evaluate them in light of their own experience and risk appetite.

Individual ratings do not necessarily take into account the effect of compensating controls or control weaknesses in other areas. Therefore, individual ratings should not be considered in isolation and their effect on other objectives and area also be considered.

## ***Appreciation***

We would like to thank the management and staff for their cooperation and assistance during the course of the review.

## ***Independence***

The Audit team of Theewaterskloof Municipality certifies that, we are in all respects independent, and seen as being independent, with regard to the auditing of the SDBIP.

Anton Opperman:  
CHIEF AUDIT EXECUTIVE

\_\_\_\_\_  
Date

## BACKGROUND INFORMATION

In accordance with the Internal Audit plan for the 2017-2018 financial year, as agreed to by the Audit Committee, Internal Audit was required to perform a quarterly SDBIP audit.

The purpose of the audit was to evaluate the adequacy and effectiveness of the information and communication relating to the reliability and integrity of the top layer SDBIP's portfolio of evidence.

***It must be noted that subsequent work focused only on those risks identified through the risk identification process, which does not necessarily represent all risks associated with the process.***

## INTERNAL AUDIT OPINION:

**Some Improvement Needed** - A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met with regards to the SDBIP.

## 2.1 HOUSEKEEPING FINDINGS

### 2.1.1 ANNUAL REPORT

Finding / Condition	Possible Cause	Impact / Risk	Audit Recommendation	Management comment / Corrective action
<p><b>Background:</b> According to the Municipal Finance Management Act (MFMA) Section 121(3): The annual report must include: (g) Particulars to any corrective action taken or to be taken in response to issues raised in the audit reports.</p> <p><b>Finding:</b> It seems that the 2016/2017 Annual Report does not include particulars to any corrective action taken or to be taken in response to issues raised in the Auditor-Generals audit reports.</p>	Oversight	Non Compliance to section 121(3) of the MFMA	All information, as specified in Section 121(3) of the MFMA, should be included in the Annual Report.	<p><b>MANAGEMENT AGREE WITH AUDIT RECOMMENDATION</b></p> <p>YES <input type="checkbox"/></p> <p>NO <input checked="" type="checkbox"/></p> <p><b>IF NO: I ACCEPT THE RISK</b></p> <p><b>IF YES:</b></p> <p><b>ACTION DATE:</b></p> <p><b>PERSON RESPONSIBLE:</b> IDP Manager</p> <p><b>POSITION:</b></p> <p><b>CORRECTIVE ACTION:</b> There were no material issues raised in the audit report as contained in the annual report. I cannot see anything raised that require corrective action.</p>
<p><b>COMMENTS: CHIEF AUDIT EXECUTIVE:</b> The response is not acceptable. The audit action plan for 2016/17 has a number of findings indicating corrective actions. It is recommended that Management must ensure that the particular action plans be included in the annual report irrespective of material or not.</p>				



# **APPENDIX 2. MINUTES OF THE MPAC MEETINGS**

MUNISIPALITEIT - UMASIPALA - MUNICIPALITY

**THEEWATERSKLOOF**



**MUNICIPAL PUBLIC ACCOUNTS  
COMMITTEE MEETING  
[MPAC] /  
MUNISIPALE KOMITEE OOR  
OPENBARE REKENINGE [MKOOR]**

**MINUTES / NOTULE**

**06 FEBRUARY / FEBRUARIE 2018**

**MUNICIPALITY THEEWATERSKLOOF MUNISIPALITEIT**

**MPAC COMMITTEE MEETING/**

**MKOOR KOMITEEVERGADERING**

**MINUTES / NOTULE**

**[06 FEBRUARY / FEBRUARIE 2018]**

<b>ITEM NR</b>	<b>ITEM BESKRYWING / DESCRIPTION</b>	<b>BLADSY / PAGE NR</b>
A.	<b><u>OPENING: WELCOME /</u></b>  <b><u>OPENING: VERWELKOMING</u></b>	1
B.	<b><u>ATTENDANCE REGISTER /</u></b> <b><u>BYWONINGSREGISTER</u></b>	
B.1.	Present/ Teenwoordig	1
B.2.	Application(s) for leave of absence Aansoek(e) om verlof tot afwesigheid	2
C.	<b><u>ANNOUNCEMENTS BY THE CHAIRPERSON/</u></b> <b><u>AANKONDIGINGS DEUR DIE VOORSITTER</u></b>	
D.	<b><u>CONFIRMATION OF MINUTES / BEKRAGTIGING VAN NOTULE</u></b>  None / Geen	
E.	<b><u>DISCUSSIONS / BESPREKINGS</u></b>	
1.	Briefing Note – AG Office	3
2.	Annual report	
F.	<b><u>URGENT MATTERS / DRINGENDE AANGELEENTHEDE</u></b>	
G.	<b><u>ADJOURNMENT / VERDAGING</u></b>	4

# **THEEWATERSKLOOF** **MUNISIPALITEIT / MUNICIPALITY**

**NOTULE VAN DIE MKOOR KOMITEE SE VERGADERING GEHOU OP 06 FEBRUARIE 2018 OM 14:00 IN DIE RAADSAAL, MUNISIPALE KANTORE, CALEDON**

**MINUTES OF THE MPAC COMMITTEE MEETING HELD ON 06 FEBRUARY 2018 AT 14:00 IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, CALEDON**

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## **A. OPENING EN VERWELKOMING/**

Die Voorsitter, Raadsheer C November, verwelkom almal teenwoordig.

Raadslid S Fredericks open die vergadering met gebed.

### **OPENING AND WELCOME**

The Chairperson, Alderman C November, welcomed all present.

Councillor S Fredericks opened the meeting with prayer.

## **B. BYWONINGSREGISTER/ATTENDANCE REGISTER**

### **B.1 Teenwoordig/Present**

Rdh/Ald C November	Voorsitter / Chairperson
Rdl./Cllr CM Lamprecht	
Rdl./Cllr R Brinkhuys	
Rdl./Cllr S Fredericks	
Me./Mrs. B Swartland	Acting Municipal Manager
Mnr./Mr. F vd Westhuizen	Wnde Munisipale Bestuurder
	Wnde Direkteur : Finansiële Dienste
	Acting Director : Financial Services
Me./Mrs. T Rossouw	Namens Direkteur : Operasies
	On behalf of Director : Operations
Me./Mrs. Z Nel-Gagiano	Wnde Direkteur : Ontwikkeling
	Acting Director : Development
Mnr./Mr. D Damons	Adjunk-Direkteur : Tegniese Dienste
	Deputy Director : Technical Services
Mnr./Mr. J Pienaar	Wnde Direkteur : Ontwikkelingsdienste
	Acting Director : Development Services
Me./Mrs. J Uys	On behalf of Chief Executive Auditor
	Namens Hoof Uitvoerende Ouditeur
Me./Miss M Staal	Secretariat Services
	Sekretariaatdienste
Mnr./Mr. A Allie	AG Office / OG Kantoor

**B.2      Aansoek(e) om verlof tot afwesigheid : (3/2/1/3)**  
**Application(s) for leave of absence : (3/1/1/3)**

Cllr./Rdl. DA Appel                      -              Written Apology / Skriftelike Verskoning

Mnr./Mr. E Lakey                                      Verskoning / Apology

Mnr./Mr. D Louw                                      Siekverlof / Sick Leave

**C.              ANNOUNCEMENTS BY THE CHAIRPERSON**  
**AANKONDIGINGS DEUR DIE VOORSITTER**

None / Geen

**D.              CONFIRMATION OF MINUTES**  
**BEKRAGTIGING VAN NOTULE**

None / Geen

**E.              BESPREKINGS / DISCUSSIONS**

## **E.1 MPAC BRIEFING NOTE**

Mnr Allie verduidelik die inhoud van die “Briefing Note” aan die Komitee wat as aanhangsel aangeheg word tot die notule.

Mnr Allie wens ook vir Theewaterskloof Munisipaliteit geluk met hul skoon oudit.

## **E.2. ANNUAL REPORT / JAARVERSLAG**

Die volgende punte/regstellings is uitgewys ten opsigte van die Jaarverslag :

1. Bl. 32 – Daar is 14 wyke en nie 13 soos aangetoon nie.
2. Bl. 32 – Die hoofswep DA : Rdl Koegelenberg moet vervang word met Rdl Brinkhuys.
3. Bl. 32 – Die hoofswep ANC : Rdl November moet vervang word met Rdl Appel.
4. Bl.32 – Portfolio Chair Operasies : Rdl Koegelenberg moet vervang word met Rdl Stanfliet.
5. Bl. 32 – Portfolio Chair Finansies : Rdl Stanfliet moet vervang word met Rdl Koegelenberg.
6. Bl. 258 – Wys dat daar geen Raadslid is wat voordeel trek uit kontrakte nie, maar daar is wel. Daar moet weer gaan kyk word na die openbaarmaking van belange van Raadslede en dit wat reggestel moet word moet reggestel word.

**F. URGENT MATTERS**  
**DRINGENDE AANGELEENTHEDE**

Geen / None

**G. ADJOURNMENT / VERDAGING**

Die vergadering verdaag om 14:50.  
The meeting was adjourned at 14:50.

**OPGESTEL EN BYGEHOUD DEUR : .....**

**COMPILED AND RECORDED BY : M STAAL**  
**SEKRETARIAATDIENSTE /**  
**SECRETARIAT SERVICES**

MUNISIPALITEIT - UMASIPALA - MUNICIPALITY

**THEEWATERSKLOOF**



**MUNICIPAL PUBLIC ACCOUNTS  
COMMITTEE MEETING  
[MPAC] /  
MUNISIPALE KOMITEE OOR  
OPENBARE REKENINGE [MKOOR]**

**MINUTES / NOTULE**

**01 MARCH / MAART 2018**



**MUNICIPALITY THEEWATERSKLOOF MUNISIPALITEIT**

**MPAC COMMITTEE MEETING/**  
**MKOOR KOMITEEVERGADERING**  
**MINUTES / NOTULE**  
**[01 MARCH / MAART 2018]**

<b>ITEM NR</b>	<b>ITEM BESKRYWING / DESCRIPTION</b>	<b>BLADSY / PAGE NR</b>
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H. **OPENING: WELCOME /**

**OPENING: VERWELKOMING**

I. **ATTENDANCE REGISTER /**  
**BYWONINGSREGISTER**

B.1. Present/  
Teenwoordig

B.2. Application(s) for leave of absence  
Aansoek(e) om verlof tot afwesigheid

J. **ANNOUNCEMENTS BY THE CHAIRPERSON/**  
**AANKONDIGINGS DEUR DIE VOORSITTER**

K. **CONFIRMATION OF MINUTES / BEKRAGTIGING VAN NOTULE**

MPAC vergadering : 06 Februarie 2018

L. **DISCUSSIONS / BESPREKINGS**

3. Annual report

M. **URGENT MATTERS / DRINGENDE AANGELEENTHEDE**

N. **ADJOURNMENT / VERDAGING**

# **THEEWATERSKLOOF**

## **MUNISIPALITEIT / MUNICIPALITY**

**NOTULE VAN DIE MKOOR KOMITEE SE VERGADERING GEHOU OP 01 MAART 2018 OM 14:20 IN DIE RAADSAAL, MUNISIPALE KANTORE, CALEDON**

**MINUTES OF THE MPAC COMMITTEE MEETING HELD ON 01 MARCH 2018 AT 14:20 IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, CALEDON**

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### **D. OPENING EN VERWELKOMING/**

Die Voorsitter, Raadsheer C November, verwelkom almal teenwoordig.

Mnr A Opperman open die vergadering met gebed.

### **OPENING AND WELCOME**

The Chairperson, Alderman C November, welcomed all present.

Mr A Opperman opened the meeting with prayer.

### **E. BYWONINGSREGISTER/ATTENDANCE REGISTER**

#### **B.1 Teenwoordig/Present**

Rdh/Ald C November	Voorsitter / Chairperson
Rdl./Cllr CM Lamprecht	
Rdl./Cllr R Brinkhuys	
Me./Mrs. B Swartland	Acting Municipal Manager
	Wnde Munisipale Bestuurder
Mnr./Mr. D Louw	Direkteur : Finansiële Dienste
	Director : Financial Services
Mnr./Mr. J Barnard	Direkteur : Operasies
	Director : Operations
Mnr./Mr. J Pienaar	Wnde Adjunk-Direkteur : Ontwikkelingsdienste
	Acting Deputy Director : Development Services
Mnr./Mr. A Opperman	Chief Executive Auditor
	Hoof Uitvoerende Ouditeur
Mnr./Mr. V Arendse	Manager : IDP
	Bestuurder : GOP
Me./Ms A Sauls	Administrative Clerk : IDP
	Administratiewe Klerk : GOP
Me./Miss M Staal	Secretariat Services
	Sekretariaatdienste

#### **B.2 Aansoek(e) om verlof tot afwesigheid : (3/2/1/3)**

**Application(s) for leave of absence : (3/1/1/3)**

Cllr./Rdl. S Fredericks - Written Apology / Skriftelike Verskoning  
Cllr./Rdl. DA Appel Sick / Siek

Mnr./Mr. E Lakey Verskoning / Apology

**F. ANNOUNCEMENTS BY THE CHAIRPERSON**  
**AANKONDIGINGS DEUR DIE VOORSITTER**

None / Geen

**D. CONFIRMATION OF MINUTES**  
**BEKRAGTING VAN NOTULE**

**Minutes of a MPAC meeting : 06 February 2018**

**RESOLVED** : To on proposal by Councillor CM Lamprecht, seconded by Councillor R Brinkhuys, approve, confirm and have signed the Minutes of a MPAC Meeting of 06 February 2018 as prima facie evidence of its correctness.

**Notule van 'n MKOOR vergadering : 06 Februarie 2018**

**BESLUIT** : Om op voorstel van Raadslid CM Lamprecht, gesekondeer deur Raadslid R Brinkhuys, die Notule van 'n MPAC vergadering van 06 Februarie 2018 hiermee goed te keur, te bekragtig en te laat onderteken as prima facie bewys van die juistheid daarvan.

**E. BESPREKINGS / DISCUSSIONS**

**E.1 ANNUAL REPORT / JAARVERSLAG**

Die volgende bespreking vind plaas :

- Ons het geen kommentaar ontvang vanaf die publiek, raadslede of “Organs of State” nie.
- Die GOP Bestuurder sal nou die veranderinge aanbring wat tydens die vorige vergadering uitgewys was.
- Die oorsigverslag sal tydens die volgende MPAC vergadering voorgelê word wat dan na die Raad sal gaan.

**F. URGENT MATTERS  
DRINGENDE AANGELEENTHEDE**

Geen / None

**G. ADJOURNMENT / VERDAGING**

Die vergadering verdaag om 14:25.  
The meeting was adjourned at 14:25.

**OPGESTEL EN BYGEHOU DEUR : .....**  
**COMPILED AND RECORDED BY :**

**M STAAL**  
**SEKRETARIAATDIENSTE /**  
**SECRETARIAT SERVICES**

MUNISIPALITEIT - UMASIPALA - MUNICIPALITY

**THEEWATERSKLOOF**



**MUNICIPAL PUBLIC ACCOUNTS  
COMMITTEE MEETING  
[MPAC] /  
MUNISIPALE KOMITEE OOR  
OPENBARE REKENINGE [MKOOR]**

**MINUTES / NOTULE**

**08 MARCH / MAART 2018**

**MUNICIPALITY THEEWATERSKLOOF MUNISIPALITEIT**

**MPAC COMMITTEE MEETING/**  
**MKOOR KOMITEEVERGADERING**  
**MINUTES / NOTULE**  
**[08 MARCH / MAART 2018]**

<b>ITEM NR</b>	<b>ITEM BESKRYWING / DESCRIPTION</b>	<b>BLADSY / PAGE NR</b>
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O. **OPENING: WELCOME /**

**OPENING: VERWELKOMING**

P. **ATTENDANCE REGISTER /**  
**BYWONINGSREGISTER**

B.1. Present/  
Teenwoordig

B.2. Application(s) for leave of absence  
Aansoek(e) om verlof tot afwesigheid

Q. **ANNOUNCEMENTS BY THE CHAIRPERSON/**  
**AANKONDIGINGS DEUR DIE VOORSITTER**

R. **CONFIRMATION OF MINUTES / BEKRAGTIGING VAN NOTULE**

MPAC vergadering : 06 Februarie 2018

S. **DISCUSSIONS / BESPREKINGS**

4. Oversight report in respect of the 2016/17 Annual Report for  
Theewaterskloof Municipality

T. **URGENT MATTERS / DRINGENDE AANGELEENTHEDE**

U. **ADJOURNMENT / VERDAGING**

# **THEEWATERSKLOOF**

## **MUNISIPALITEIT / MUNICIPALITY**

**NOTULE VAN DIE MKOOR KOMITEE SE VERGADERING GEHOU OP 08 MAART 2018 OM 14:00 IN DIE RAADSAAL, MUNISIPALE KANTORE, CALEDON**

**MINUTES OF THE MPAC COMMITTEE MEETING HELD ON 08 MARCH 2018 AT 14:00 IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, CALEDON**

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### **G. OPENING EN VERWELKOMING/**

Die Voorsitter, Raadsheer C November, verwelkom almal teenwoordig en open die vergadering met gebed.

### **OPENING AND WELCOME**

The Chairperson, Alderman C November, welcomed all present and opened the meeting with prayer.

### **H. BYWONINGSREGISTER/ATTENDANCE REGISTER**

#### **B.1 Teenwoordig/Present**

Rdh/Ald C November	Voorsitter / Chairperson
Rdl./Cllr CM Lamprecht	
Rdl./Cllr R Brinkhuys	
Rdl./Cllr S Fredericks	
Me./Mrs. B Swartland	Acting Municipal Manager
Mnr./Mr. D Louw	Wnde Munisipale Bestuurder
Mnr./Mr. J Barnard	Direkteur : Finansiële Dienste
	Director : Financial Services
	Direkteur : Operasies
	Director : Operations
Me./Mrs. Z Nel-Gagiano	Wnde Direkteur : Ontwikkeling
	Acting Director : Development
Mnr./Mr. J Pienaar	Wnde Adjunk-Direkteur : Ontwikkelingsdienste
	Acting Deputy Director : Development Services
Mnr./Mr. A Opperman	Chief Executive Auditor
	Hoof Uitvoerende Ouditeur
Me./Miss M Staal	Secretariat Services
	Sekretariaatdienste

**B.2      Aansoek(e) om verlof tot afwesigheid : (3/2/1/3)**  
**Application(s) for leave of absence : (3/1/1/3)**

Cllr./Rdl. DA Appel	Verskoning / Apology (Aanvaar deur Voorsitter / Accepted by Chairperson)
Mnr./Mr. E Lakey	Verskoning / Apology
Mnr./Mr. D Damons	Ander vergadering / Other meeting
Mnr./Mr. V Arendse	Opleiding / Training

**I.            ANNOUNCEMENTS BY THE CHAIRPERSON**  
**AANKONDIGINGS DEUR DIE VOORSITTER**

Die Voorsitter bedank almal dat almal die pad tot dusver geloop het, asook 'n spesiale dank aan mnr V Arendse vir die samestelling van die dokument. /

The Chairperson thanked everyone involved in the journey thus far, and gave special thanks to Mr V Arendse for compiling the document.

**D.            CONFIRMATION OF MINUTES**  
**BEKRAGTIGING VAN NOTULE**

**Minutes of a MPAC meeting : 01 March 2018**

**RESOLVED :**    To on proposal by Councillor CM Lamprecht, seconded by Councillor R Brinkhuys, approve, confirm and have signed the Minutes of a MPAC Meeting of 01 March 2018 as prima facie evidence of its correctness.

**Notule van 'n MKOOR vergadering : 01 Maart 2018**

**BESLUIT :**    Om op voorstel van Raadslid CM Lamprecht, gesekondeer deur Raadslid R Brinkhuys, die Notule van 'n MPAC vergadering van 01 Maart 2018 hiermee goed te keur, te bekragtig en te laat onderteken as prima facie bewys van die juistheid daarvan.



## **E. BESPREKINGS / DISCUSSIONS**

### **E.OVERSIGHT REPORT IN RESPECT OF THE 2016/17 ANNUAL REPORT FOR THEEWATERSKLOOF MUNICIPALITY**

The following discussions took place :

- The committee raised their concern in terms of the deviation appointments for family members of Councillors and Administration. This was in terms of the notes to the financial statements on pages 81 & 82 of the report. The municipality must avoid making use of the same companies over again.
- That it be determined and feedback be given on the procedure with regards to the MPAC Committee's participation during the discussion of the Auditor General Management report and action plan.
- That after the report is updated, it be forwarded to the Chairperson for approval before loading it on Collaborator.

### **RECOMMENDATION BY THE MPAC COMMITTEE TO COUNCIL : 08 MARCH 2018**

**It is recommended:**

- 1. That cognizance be taken of the Oversight Report on the 2016/2017 Annual Report of Theewaterskloof Municipality.**
- 2. That the Council, having fully considered the Annual Report 2016/2017, adopts the Oversight Report.**
- 3. That the 2016/2017 Annual Report of Theewaterskloof Municipality be adopted without reservation.**
- 4. That the Oversight Report be made public in accordance with section 129(3) of the Municipal Finance Management Act (Act 56 of 2003).**
- 5. 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. URGENT MATTERS**  
**DRINGENDE AANGELEENTHEDE**

Geen / None

**G. ADJOURNMENT / VERDAGING**

Die vergadering verdaag om 14:30.  
The meeting was adjourned at 14:30.

**OPGESTEL EN BYGEHOU DEUR : .....**  
**COMPILED AND RECORDED BY : M STAAL**  
**SEKRETARIAATDIENSTE /**  
**SECRETARIAT SERVICES**

**APPENDIX 3. MINUTES OF COUNCIL  
MEETING WHERE DRAFT ANNUAL REPORT  
WAS ADOPTED**



**MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY**

**[24 JANUARIE / JANUARY 2018]**

**RAADSVERGADERING / COUNCIL**  
**MEETING**

**NOTULE / MINUTES**

**24 JANUARIE / JANUARY 2018**

## ITEM TITEL/ITEM TITLE

**C02/2018**      **DIRECTORATE DEVELOPMENT : DEPARTMENT DEVELOPMENT SERVICES: IDP:**  
**2016/2017 DRAFT ANNUAL REPORT**

**R02/2018**      **DIREKTORAAT ONTWIKKELING : DEPARTEMENT ONTWIKKELINGSDIENSTE: GOP:**  
**2016/2017 KONSEP JAARVERSLAG**

*[Report compile in both languages / Verslag saamgestel in beide tale]*

## LêER NOMMER/FILE NUMBER

9/1/1

## PURPOSE / AIM OF REPORT

To submit the 2016/2017 Annual Report to Council for discussion and comments in order to comply with chapter 12 of the MFMA and for the purpose as detailed below.

### DOEL VAN VERSLAG

Om die 2016/2017 Jaarverslag aan die Raad voor te lê vir bespreking en kommentaar ten einde te voldoen aan hoofstuk 12 van die MFMA en vir die doel soos hieronder uiteengesit.

## BACKGROUND

The **purpose** of the Annual Report is as follows:

- To provide a record of the activities of the municipality (or entity)
- To provide a report on performance in service delivery and the implementation of the budget.
- To promote accountability to the local community.

### AGTERGROND

Die **doel** van die Jaarverslag is soos volg:

- Om 'n rekord van die aktiwiteite van die munisipaliteit (of entiteit) te voorsien.
- Om 'n verslag oor prestasie by dienslewering en die implementering van die begroting te voorsien.
- Om aanspreeklikheid aan die plaaslike gemeenskap te bevorder.

## DISCUSSION

**Processes & Legislation**

Every municipality (and municipal entity) must prepare an Annual Report for each financial year in accordance with Chapter 12 of the MFMA.

As a medium capacity municipality it is required that we compile our Annual Report in terms of Chapter 12 of the MFMA and National Treasury's Circular Number 63 with effect from 2012.

In terms of Section 127 (2) the Mayor must within seven (7) months after the end of the financial year, table in the Municipal Council the Annual Report of the municipality (and municipal entity under the municipality's sole and shared control).

Immediately after the Annual Report is tabled to council, the accounting officer must (in accordance with Section 21A of the Municipal Systems Act) make the Annual Report public and invite the local community to submit comments pertaining to the Annual Report which then is to be submitted to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.

**Inability to Table Annual Report:**

If the Mayor, for whatever reason, is unable to table the Annual Report to the council (and municipal entity under the municipality's sole and shared control) within the seven (7) months after the end of the financial year to which the report relates, the Mayor must promptly submit to the council a written explanation referred to in Section 133 (1) (a) setting out the reasons for the delay, together with any components of the Annual Report listed in Section 121 (3) or (4).

The council of the municipality must within nine (9) months after the financial year end (March) adopt the Annual Report of the municipality (and of any municipal entities under the municipality's sole and shared control in terms of Section 129 of the MFMA).

**Oversight Reports on Annual Reports:**

In terms of Section 129(1) the council of the municipality must consider the Annual Report of the municipality (and municipal entity under the municipality's sole and shared control), and must adopt an Oversight Report containing the council's comments on the Annual Report by no later than two (2) months from the date on which the Annual Report was tabled in the council. It must include a statement whether the council has:

- Approved the Annual Report with or without reservations;
- Rejected the Annual Report; or
- Referred the Annual Report for revision of those components that can be revised.

**In terms of Section 129 (2) the Accounting Officer must:**

- Attend council and council committee meetings where the Annual Report is discussed for the purpose of responding to questions concerning the report; and
- Submit copies of the Minutes of those Meetings to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.

- Section 129 (3) requires the accounting officer to make public an Oversight Report within seven (7) days of its adoption (in accordance with Section 21A of the Municipal Systems Act).

#### **Council Meeting open to public and certain public officials:**

In terms of Section 130 the meetings of the municipal council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any other organs of state, and a reasonable time must be allowed for discussion of written submissions received from the local community or organs of state and for them to address the council.

#### **Submissions to Provincial Legislature:**

The accounting officer must submit the Annual Report tabled in terms of Section 127 (3) and the Oversight Report on the Annual Report adopted in terms of Section 129 (1) to the Provincial Legislature within seven (7) days after the council has adopted the relevant Oversight Report.

#### **BESPREKING**

#### **Prosesse & Wetgewing**

Elke munisipaliteit (en munisipale entiteit) moet 'n Jaarverslag vir elke finansiële jaar voorberei in ooreenstemming met Hoofstuk 12 van die MFMA.

As 'n medium kapasiteit munisipaliteit word vereis dat ons ons Jaarverslag opstel ingevolge Hoofstuk 12 van die MFMA en Nasionale Tesourie se Omsendbrief Nommer 63 met ingang vanaf 2012.

Ingevolge Artikel 127 (2) moet die Burgemeester binne sewe (7) maande na die einde van die finansiële jaar, die Jaarverslag van die munisipaliteit (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) by die Munisipale Raad ter tafel lê.

Onmiddellik nadat die Jaarverslag by die Raad ter tafel gelê is moet die rekenpligtige amptenaar (in ooreenstemming met Artikel 21A van die Munisipale Stelsels Wet) die Jaarverslag rugbaar maak en die plaaslike gemeenskap nooi om kommentare in te dien oor die Jaarverslag wat dan by die Ouditeur-Generaal, die relevante Provinsiale Tesourie en die Provinsiale Departement van Plaaslike Regering ingedien moet word.

#### **Onvermoë om Jaarverslag Ter Tafel te lê:**

Indien die Burgemeester, vir watter rede ookal, nie by magte is om die Jaarverslag by die Raad Ter tafel te lê nie (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) binne die sewe (7) maande na die einde van die finansiële jaar waarna die verslag verwys, moet die Burgemeester onmiddellik 'n skriftelike verduideliking, na verwys in Artikel 133 (1)(a), aan die raad indien wat die redes vir die vertraging uiteensit, tesame met enige komponente van die Jaarverslag gelys in Artikel 121 (3) of (4).

Die Raad van die munisipaliteit moet binne nege (9) maande na die finansiële jaar-einde (Maart) die Jaarverslag van die munisipaliteit (en van enige munisipale entiteite onder die munisipaliteit se alleen- en gedeelde beheer ingevolge Artikel 129 van die MFMA), goedkeur.

#### **Oorsig Verslae oor Jaarverslae:**

Ingevolge Artikel 129 (1) moet die raad van die munisipaliteit die Jaarverslag van die munisipaliteit (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) oorweeg, en moet 'n Oorsig Verslag goedkeur wat die raad se kommentare oor die Jaarverslag, teen nie later nie as twee (2) maande vanaf die datum waarop die Jaarverslag by die raad ter tafel gelê was. Dit moet 'n stelling insluit of die raad:

- Die Jaarverslag goedgekeur het met of sonder voorbehoude;
- Die Jaarverslag verwerp het; of
- Die Jaarverslag verwys het vir hersiening van daardie komponente wat hersien kan word.

#### **Ingevolge Artikel 129 (2) moet die Rekenpligtige Amptenaar:**

- Raad en raadskomitee vergaderings bywoon waar die Jaarverslag bespreek word vir die doel om te reageer op vrae oor die verslag; en
- Afdrukke van die Notules van daardie Vergaderings aan die Ouditeur-General, die relevante Provinsiale Tesourie en die Provinsiale Departement van Plaaslike Regering indien.
- Artikel 129 (3) vereis dat die rekenpligtige amptenaar 'n Oorsigverslag binne sewe (7) dae van die goedkeuring daarvan rugbaar maak (in ooreenstemming met Artikel 21A van die Munisipale Stelsels Wet).

#### **Raadsvergadering oop vir die publiek en sekere openbare amptenare:**

Ingevolge Artikel 130 moet die vergaderings van die munisipale raad waarop 'n Jaarverslag bespreek gaan word of waarop besluite oor 'n Jaarverslag geneem gaan word oop wees vir die publiek en enige ander staatsorgane, en moet 'n redelike tyd toegelaat word vir bespreking van geskrewe vertoë ontvang vanaf die plaaslike gemeenskap of staatsorgane, en vir hulle om die raad aan te spreek.

#### **Voorleggings aan die Provinsiale Wetgewer:**

Die rekenpligtige amptenaar moet die Jaarverslag, ter tafel gelê ingevolge Artikel 127 (3), en die Oorsigverslag oor die Jaarverslag goedgekeur ingevolge Artikel 129 (1), aan die Provinsiale Wetgewer indien binne sewe (7) dae nadat die raad die toepaslike Oorsigverslag goedgekeur het.

### **WETLIKE VERANTWOORDELIKHEID/LEGAL RESPONSIBILITIES**

As indicated under discussions / Soos aangetoon onder bespreking.

### **FINANSIËLE IMPLIKASIES/FINANCIAL IMPLICATIONS**

None / Geen



## **KLIËNTESORG IMPLIKASIE / CLIENT CARE IMPLICATION**

None / Geen

### **RECOMMENDATION BY ITEM AUTHOR TO COUNCIL :**

**It is recommended:**

- 1. That the tabling of the 2016/17 Draft Audited Annual Report in Council by the Executive Mayor, be noted;**
- 2. That the Draft Audited Annual Report be made public immediately after the tabling in Council; and**
- 3. That the local community be invited to submit representations in connection with the draft annual report.**

### **AANBEVELING DEUR ITEM OUTEUR AAN RAAD :**

**Daar word aanbeveel:**

- 1. Dat die Konsep Geouditeerde Jaarverslag vir 2016/17 soos voorgelê aan die Raad deur die Uitvoerende Burgemeester, in ag geneem word;**
- 2. Dat die Konsep Geouditeerde jaarverslag openbaar gemaak word onmiddellik nadat dit aan die Raad voorgelê is; en**
- 3. Dat die plaaslike gemeenskap uitgenooi word om kommentaar te lewer in verband met die konsep jaarverslag.**

### **RESOLVED BY COUNCIL : 24 JANUARY 2018**

After the Chairperson had given the Councillors an opportunity, and the item had been thoroughly discussed, on a proposal by Alderman PU Stanfliet, and seconded by Councillor C Wood, it was resolved as follows:

- 1. Council note the tabling of the 2016/17 Draft Audited Annual Report in Council by the Executive Mayor;**
- 2. That the Draft Audited Annual Report be made public immediately after the tabling in Council; and**
- 3. That the local community be invited to submit representations in connection with the draft annual report.**

*For finalization by the Acting HOD : Development Services, Mr. J Pienaar.*

## **BESLUIT VAN DIE RAAD : 24 JANUARIE 2018**

Nadat die Voorsitter geleentheid aan die Raadslede gegee het, en die item behoorlik bespreek is, word op aanbeveling van Raadsheer PU Stanfliet, gesekondeer deur Raadslid C Wood, as volg besluit :

- 1. Die Raad het die Konsep Geouditeerde Jaarverslag vir 2016/17 soos voorgelê aan die Raad deur die Uitvoerende Burgemeester, in ag geneem.**
- 2. Dat die Konsep Geouditeerde jaarverslag openbaar gemaak word onmiddellik nadat dit aan die Raad voorgelê is; en**
- 3. Dat die plaaslike gemeenskap uitgenooi word om kommentaar te lewer in verband met die konsep jaarverslag.**

*Vir afhandeling deur die Wnde HOD : Ontwikkelingsdienste, Mnr. J Pienaar.*

## **APPENDIX 4. MINUTES OF PERFORMANCE AUDIT COMMITTEE**

MUNISIPALITEIT - UMASIPALA - MUNICIPALITY

# THEEWATERSKLOOF



## **PERFORMANCE- AND AUDIT COMMITTEE MEETING**

### **MINUTES**

**19 JANUARY 2018**

# **MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY**

## **PERFORMANCE- AND AUDIT COMMITTEE MEETING**

### **MINUTES**

**[19 JANUARY 2018]**

<b>ITEM NR</b>	<b>ITEM BESKRYWING / DESCRIPTION</b>	<b>BLADSY / PAGE NR</b>
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A. **OPENING: VERWELKOMING**  
**OPENING: WELCOME**

B. **BYWONINGSREGISTER**  
**ATTENDANCE REGISTER**

B.1 Present

B.2. Apologies

C. **CONFIRMATION OF MINUTES**

Performance- and Audit Committee Meeting:

24 November 2017

C.1 **MATTERS ARISING FROM MINUTES**

C.2        **ADDITIONAL POINTS FOR DISCUSSION TODAY**

D.        **PRESENTATIONS**

None

E.        **MATTERS FOR DISCUSSION**

P&AC01/2018        Directorate Development : Department Development  
Services : IDP : 2016/2017 Annual Report [9/1/1]

F.        **GENERAL**

G.        **CLOSURE**

## THEEWATERSKLOOF MUNICIPALITY

### **MINUTES OF THE PERFORMANCE- AND AUDIT COMMITTEE MEETING HELD ON 19 JANUARY 2018 AT 09:30 IN THE COUNCIL CHAMBERS, THEEWATERSKLOOF MUNICIPAL OFFICES, CALEDON**

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#### **A. OPENING / WELCOME**

The Chairman, Mr E Lakey, welcomed all the members of the Performance- and Audit Committee and Officials present and which everybody a Happy New Year.

#### **B. ATTENDANCE REGISTER**

##### **B.1 Present**

Mr E Lakey	-	Chairman [Member of the Audit Committee]
Mr GN Lawrence	-	Member of the Audit Committee
Mr A Pienaar	-	Member of the Audit Committee
Cllr CJM Vosloo	-	Executive Mayor
Cllr R Mienies	-	Member of the Opposition
Mrs Z Nel-Gagiano	-	Acting Director : Development
Mr J Barnard	-	Director : Operations
Mr D Louw	-	Director : Financial Services
Mr J Pienaar	-	Acting Deputy Director: Development Services
Mr J Amansure	-	Acting Deputy Director : Institutional Development
Mr A Opperman	-	Chief Audit Executive
Mr V Arendse	-	Manager : IDP

Ms A Madyosi	-	Health & Safety & Risk Officer
Mrs J Uys	-	Internal Auditor
Mr I Pietersen	-	Assistant Internal Auditor
Ms M Staal	-	Secretariat Services
Mr A Riddles	-	Chief Risk Officer

## **B.2     Apologies**

Mr V van der Linde	-	Resigned
Mrs B Swartland	-	Apology
AG Office	-	Apology



**C. CONFIRMATION OF MINUTES**

**Minutes of a Performance- and Audit Committee Meeting : 24 November 2017**

**RESOLVED:**

On a proposal by Mr GN Lawrence, seconded by Mr A Pienaar, to approve the Minutes of the Performance- and Audit Committee Meeting held on 24 November 2017 as *prima facie* proof of the correctness thereof.

**D. PRESENTATIONS**

1. Mr. A Riddles

**E. MATTERS FOR DISCUSSION**

**ITEM OPSKRIF/ITEM HEADING**

**P&AC01/2018                      DIRECTORATE DEVELOPMENT : DEPARTMENT DEVELOPMENT SERVICES : IDP :  
2016/2017 ANNUAL REPORT**

**P&OK01/2018                      DIREKTORAAT ONTWIKKELING : DEPARTEMENT ONTWIKKELINGSDIENSTE: GOP:  
2016/2017 KONSEP JAARVERSLAG**

*[Report compile in both languages / Verslag saamgestel in beide tale]*

**LÊER NOMMER/FILE NUMBER**

## **PURPOSE / AIM OF REPORT**

To submit the 2016/2017 Annual Report to Performance Audit and Audit Committee for discussion and comments in order to comply with chapter 12 of the MFMA and for the purpose as detailed below.

## **DOEL VAN VERSLAG:**

Om die 2016/2017 Jaarverslag aan die Prestasie en Ouditkomitee voor te lê vir bespreking en kommentaar ten einde te voldoen aan hoofstuk 12 van die MFMA en vir die doel soos hieronder uiteengesit.

## **BACKGROUND**

The **purpose** of the Annual Report is as follows:

- § To provide a record of the activities of the municipality (or entity)
- § To provide a report on performance in service delivery and the implementation of the budget.
- § To promote accountability to the local community.

## **AGTERGROND**

Die **doel** van die Jaarverslag is soos volg:

- § Om 'n rekord van die aktiwiteite van die munisipaliteit (of entiteit) te voorsien.
- § Om 'n verslag oor prestasie by dienslewering en die implementering van die begroting te voorsien.
- § Om aanspreeklikheid aan die plaaslike gemeenskap te bevorder.

## **DISCUSSION**

### **Processes & Legislation :**

Every municipality (and municipal entity) must prepare an Annual Report for each financial year in accordance with Chapter 12 of the MFMA.

As a medium capacity municipality it is required that we **compile our Annual Report** in terms of Chapter 12 of the MFMA and National Treasury's Circular Number 63 with effect from 2012.

In terms of **Section 127 (2)** the Mayor must **within seven (7) months** after the end of the financial year, **table in the Municipal Council the Annual Report** of the municipality (and municipal entity under the municipality's sole and shared control).

Immediately **after the Annual Report is tabled** to council, the accounting officer must (in accordance with Section 21A of the Municipal Systems Act) make the Annual Report public and **invite the local community to submit comments** pertaining to the Annual Report which then is to be **submitted** to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.

#### **Inability to Table Annual Report:**

If the Mayor, for whatever reason, is **unable to table** the Annual Report to the council (and municipal entity under the municipality's sole and shared control) **within the seven (7) months** after the end of the financial year to which the report relates, the Mayor must promptly submit to the council a written explanation referred to in Section 133 (1) (a) setting out the reasons for the delay, together with any components of the Annual Report listed in Section 121 (3) or (4).

The council of the municipality must **within nine (9) months** after the financial year end (March) **adopt** the Annual Report of the municipality (and of any municipal entities under the municipality's sole and shared control in terms of Section 129 of the MFMA).

#### **Oversight Reports on Annual Reports:**

In terms of **Section 129(1)** the council of the municipality must **consider** the Annual Report of the municipality (and municipal entity under the municipality's sole and shared control), and must **adopt an Oversight Report** containing the council's comments on the Annual Report by no later than **two (2) months** from the date on which the Annual Report was tabled in the council. It must include a statement whether the council has:

- Approved the Annual Report with or without reservations;
- Rejected the Annual Report; or
- Referred the Annual Report for revision of those components that can be revised.

In terms of **Section 129 (2)** the Accounting Officer must:

- **Attend council and council committee meetings** where the Annual Report is discussed for the purpose of responding to questions concerning the report; and
- **Submit copies** of the Minutes of those Meetings to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.
- **Section 129 (3)** requires the accounting officer to **make public** an Oversight Report within seven (7) days of its adoption (in accordance with Section 21A of the Municipal Systems Act).

#### **Council Meeting open to public and certain public officials:**

In terms of **Section 130** the **meetings** of the municipal council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be **open to the public** and any other organs of state, and a reasonable time must be allowed for discussion of written submissions received from the local community or organs of state and for them to address the council.

### **Submissions to Provincial Legislature:**

The accounting officer must **submit the Annual Report** tabled in terms of **Section 127 (3) and the Oversight Report** on the Annual Report adopted in terms of **Section 129 (1) to the Provincial Legislature within seven (7) days** after the council has adopted the relevant Oversight Report

### **BESPREKING**

#### **Prosesse & Wetgewing :**

Elke munisipaliteit (en munisipale entiteit) moet 'n Jaarverslag vir elke finansiële jaar voorberei in ooreenstemming met Hoofstuk 12 van die MFMA.

As 'n medium kapasiteit munisipaliteit word vereis dat ons **ons Jaarverslag opstel** ingevolge Hoofstuk 12 van die MFMA en Nasionale Tesourie se Omsendbrief Nommer 63 met ingang vanaf 2012.

Ingevolge **Artikel 127 (2)** moet die Burgemeester **binne sewe (7) maande** na die einde van die finansiële jaar, **die Jaarverslag** van die munisipaliteit (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) **by die Munisipale Raad ter tafel lê**.

Onmiddellik **nadat die Jaarverslag by die Raad ter tafel gelê** is moet die rekenpligtige amptenaar (in ooreenstemming met Artikel 21A van die Munisipale Stelsels Wet) die Jaarverslag rugbaar maak en **die plaaslike gemeenskap nooit om kommentare in te dien** oor die Jaarverslag wat dan by die Ouditeur-Generaal, die relevante Provinsiale Tesourie en die Provinsiale Departement van Plaaslike Regering **ingedien** moet word.

#### **Onvermoë om Jaarverslag Ter Tafel te lê:**

Indien die Burgemeester, vir watter rede ookal, **nie by magte is om** die Jaarverslag by die Raad **Ter tafel te lê** nie (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) **binne die sewe (7) maande** na die einde van die finansiële jaar waarna die verslag verwys, moet die Burgemeester onmiddelik 'n skriftelike verduideliking, na verwys in Artikel 133 (1)(a), aan die raad indien wat die redes vir die vertraging uiteensit, tesame met enige komponente van die Jaarverslag gelys in Artikel 121 (3) of (4).

Die Raad van die munisipaliteit moet **binne nege (9) maande** na die finansiële jaar-einde (Maart) die Jaarverslag van die munisipaliteit (en van enige munisipale entiteite onder die munisipaliteit se alleen- en gedeelde beheer ingevolge Artikel 129 van die MFMA), goedkeur.

## **Oorsig Verslae oor Jaarverslae:**

Ingevolge **Artikel 129 (1)** moet die raad van die munisipaliteit die Jaarverslag van die munisipaliteit (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) **oorweeg**, en moet 'n **Oorsig Verslag goedkeur** wat die raad se kommentare oor die Jaarverslag, teen nie later nie as **twee (2) maande** vanaf die datum waarop die Jaarverslag by die raad ter tafel gelê was. Dit moet 'n stelling insluit of die raad:

- Die Jaarverslag goedgekeur het met of sonder voorbehoude;
- Die Jaarverslag verwerp het; of
- Die Jaarverslag verwys het vir hersiening van daardie komponente wat hersien kan word.

Ingevolge **Artikel 129 (2)** moet die Rekenpligtige Amptenaar:

- **Raad en raadskomitee vergaderings bywoon** waar die Jaarverslag bespreek word vir die doel om te reageer op vrae oor die verslag; en
- **Afdrukke** van die Notules van daardie Vergaderings aan die Ouditeur-General, die relevante Provinsiale Tesourie en die Provinsiale Departement van Plaaslike Regering **Indien**.
- **Artikel 129 (3)** vereis dat die rekenpligtige amptenaar 'n Oorsigverslag binne sewe (7) dae van die goedkeuring daarvan **rugbaar maak** (in ooreenstemming met Artikel 21A van die Munisipale Stelsels Wet).

## **Raadsvergadering oop vir die publiek en sekere openbare amptenare:**

Ingevolge **Artikel 130** moet die **vergaderings** van die munisipale raad waarop 'n Jaarverslag bespreek gaan word of waarop besluite oor 'n Jaarverslag geneem gaan word **oop wees vir die publiek** en enige ander staatsorgane, en moet 'n redelike tyd toegelaat word vir bespreking van geskrewe vertoë ontvang vanaf die plaaslike gemeenskap of staatsorgane, en vir hulle om die raad aan te spreek.

## **Voorleggings aan die Provinsiale Wetgewer:**

Die rekenpligtige amptenaar moet **die Jaarverslag**, ter tafel gelê ingevolge **Artikel 127 (3)**, en die **Oorsigverslag** oor die Jaarverslag goedgekeur ingevolge **Artikel 129 (1)**, **aan die Provinsiale Wetgewer indien binne sewe (7) dae** nadat die raad die toepaslike Oorsigverslag goedgekeur het.

## **LEGAL RESPONSIBILITIES**

As indicated under discussions

## **WETLIKE VERANTWOORDELIKHEID**

Soos aangetoon onder Bespreking.

**FINANCIAL RESPONSIBILITIES**

None

**FINANSIËLE VERANTWOORDELIKHEID**

Geen

**CLIENT CARE IMPLICATION**

None

**KLIËNTESORG IMPLIKASIE**

Geen

**RECOMMENDATION BY ITEM AUTHOR TO THE PERFORMANCE- AND AUDIT COMMITTEE :**

It is recommended that the Performance- and Audit Committee takes note of the 2016/17 Annual Report.

**AANBEVELING DEUR ITEM OUTEUR AAN PRESTASIE- EN OUDITKOMITEE :**

Daar word aanbeveel dat die Prestasie- en Ouditkomitee kennis neem van die 2016/17 Jaarverslag.

**RESOLVED BY THE PERFORMANCE- AND AUDIT COMMITTEE : 29 JANUARY 2018**

1. The Performance- and Audit Committee takes note of the 2016/17 Annual Report.
2. That explanations be given by means of footnotes to make it more clear and understandable for the public.

*For finalization by the Manager : IDP, Mr. V Arendse.*

**BESLUIT VAN DIE PRESTASIE- EN OUDITKOMITEE : 29 JANUARIE 2018**

1. Die Prestasie- en Ouditkomitee neem kennis van die 2016/17 Jaarverslag.

2. Dat voetnotas aangebring word waar verduidelikings verskaf word om dit meer duidelik en verstaanbaar te maak vir die publiek.

*Vir afhandeling deur die Bestuurder : GOP, Mnr. V Arendse.*

**COMPILED AND MAINTAINED BY** .....

**M STAAL**

**SECRETARIAT SERVICES**

**APPROVED BY THE CHAIRPERSON OF THE PERFORMANCE- AND AUDIT COMMITTEE:**

.....

**MR E LAKEY**

**DATE:.....**

# **APPENDIX 5. ADVERT INVITING PUBLIC COMMENTS**



**THEEWATERSKLOOF MUNICIPALITY**  
**NOTICE: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) -**  
**REVIEW AND ANALYSIS OF 2016/2017 ANNUAL REPORT**  
**AND INVITATION FOR PUBLIC COMMENTS**

Notice is hereby given in terms of the MFMA Circular No 32 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) that the Theewaterskloof Municipality's Municipal Public Accounts Committee, responsible for the Review and Analysis of the **2016/2017 Annual Report** is scheduled to meet as follows:

1. **06 February 2018:** pose questions to Management to get clarity on the contents of the Annual Financial statements and the Annual Report.
2. **01 March 2018:** Public hearings - The local community and any organ of state will be allowed to make representations on the annual report. (**Any request for presentations** should be forwarded to Mr. V. Arendse: - [Verohnear@twk.org.za](mailto:Verohnear@twk.org.za) before the **22 February 2018**. **Any request for presentations must be accompanied by written submission of comments on the 2016/17 Annual Report.**)
3. **08 March 2018:** Presentation of the draft oversight report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organ of states, Councils audit committee and Councillors.
4. **22 March 2018:** Tabling of resolution at council.

The Draft Annual Report for the 2016/2017 financial year was tabled at the Council Meeting of **24 January 2018** in terms of Section 127 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and is available for public comments from **25 January 2018 to 22 February 2018**.

It is available on the municipality's website [www.twk.gov.za](http://www.twk.gov.za) as well as the following offices:

- 6 Plein Street, Caledon
- Arbour Drive Grabouw
- Hoofweg Villiersdorp
- Fontein Street Botrivier
- Ds. Botha Street Greyton
- Strydom Avenue Genadendal
- Buitekant Street Riviersonderend

The local public as well as organs of state are hereby invited to make submissions in writing on the Draft Annual Report as well as financial statements and submit **no later than 22 February 2018** to the following address:

- The Acting Deputy Director Development at 6 Plein Street / P.O. Box 24 Caledon 7230 or
- email to [johannespi@twk.org.za](mailto:johannespi@twk.org.za)
- Comments can also be submitted in writing to the Municipal Manager at the under-mentioned address before Tuesday, **22 February 2018** (12h00) or clearly marked **Draft Annual Report: 2016/2017** and placed in the Tender Box at the Caledon Offices.

**Mrs. B Swartland**  
**ACTING MUNICIPAL MANAGER**  
6 Plein Street / P.O. Box 24  
Caledon 7230

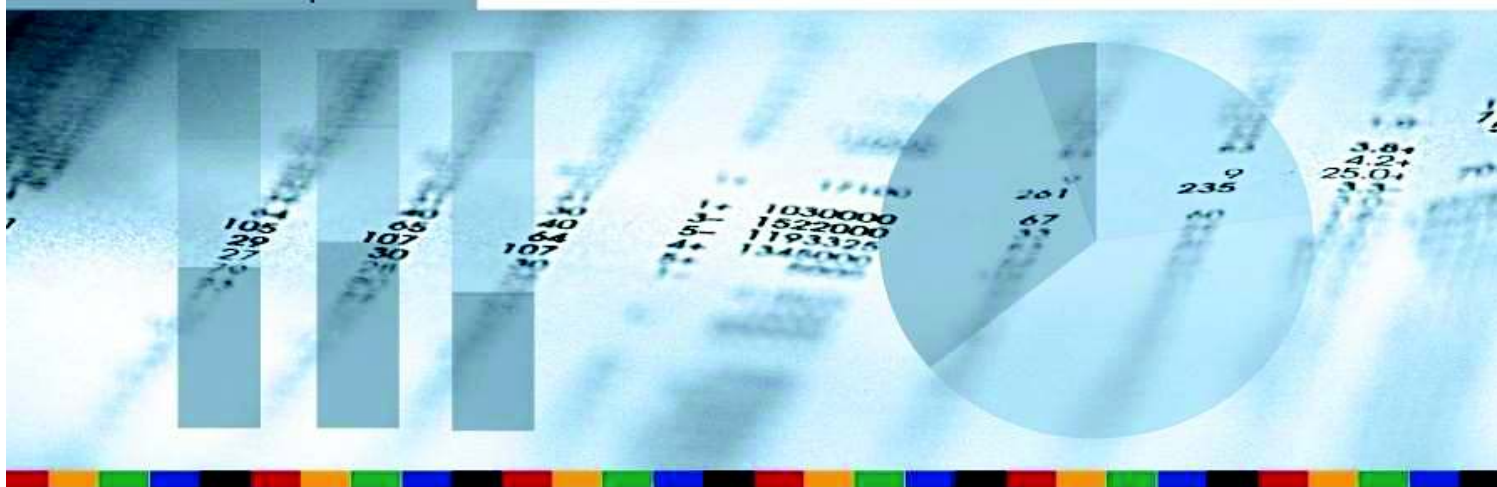
  
**Theewaterskloof**  
Municipality

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**APPENDIX 6. MPAC BRIEFING DOCUMENT**

**FROM THE AUDITOR GENERAL**

# MPAC BRIEFING NOTE



Theewaterskloof Municipality

6 February 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**THEEWATERSKLOOF MUNICIPALITY****CONTENTS**

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3.	Key focus areas	4
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## **1. INTRODUCTION**

### **1.1 Reputation promise of the Auditor-General of South Africa**

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

### **1.2 Purpose of document**

The purpose of this document is to provide an executive summary of the audit outcomes of the financial audit, audit of performance information and compliance with laws and regulations of the Theewaterskloof Municipality for the 2016 -17 financial year.

### **1.3 Overview**

#### **Key Strategic Outcomes for the municipality**

- Sustainable municipality.
- Developing and growing communities.
- Functional stakeholder relations and participation in a model of participative local governance.
- An environment conducive for growth and development.
- An environment of political stability and maturity.
- An effective municipal administration that provides excellent services in a milieu of growth, development and financial sustainability.
- Growing infrastructure that supports community and local economic growth and development.
- Synergy between municipal abilities and public expectations.

## 1.4 Organisational structure

Designation	Incumbent
Executive Mayor	Clr Christelle Vosloo
Executive Deputy Mayor	Clr Isaac Mbulelo Sileku
Speaker	Clr Daniel Francois Du Toit
Acting Municipal Manager (as at audit report date)	Belinda Swartz
Chief Financial Officer	Davy Louw
Director: Corporate services	Joseph Isaacs (contract terminated 7 December 2016)
Director: Development services	Monwabisi Gxoyiya (contract terminated 7 December 2016)
Director: Technical Services	Conrad van Heerden (contract terminated 1 September 2016)

## 1.5 Funding

The Theewaterskloof Municipality spent R432 million of an operational budget of R468 million resulting in an operational under-expenditure of R36 million (7,6%) and furthermore spent R706,8 million of its capital budget of R706,1 million resulting in a capital under-expenditure of R0.7 million (0,09%) as disclosed in the consolidated statement of comparison of budget and actual amounts of the municipality on pages 8 and 9 of the financial statements as disclosed within the annexure of the annual report.

## 2. AUDIT OPINION HISTORY

Details	2016-17	2015-16	2014-15
Audit opinion	Unqualified with no other matters	Unqualified with no other matters	Unqualified with no other matters
Findings on compliance with laws & regulations	No	No	No
<ul style="list-style-type: none"> <li>Material misstatements in financial statements submitted</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Procurement and contract management</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Expenditure management</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Human resource management and compensation</li> </ul>	No	No	No
<ul style="list-style-type: none"> <li>Service delivery matters</li> </ul>	No	No	No
Findings on predetermined objectives	No	No	No

**Audit opinions**

	CLEAN AUDIT OPINION (no findings on PDO or compliance with laws & regulations)
	UNQUALIFIED with findings on PDO and/or compliance
	QUALIFIED AUDIT OPINION (with or without findings)
	DISCLAIMER/ADVERSE AUDIT OPINION

PDO = Predetermined objectives (audit of performance information/service delivery/annual performance report)

## **2.1 Emphasis of matters**

### **Restatement of corresponding figures**

- 2.1.1** As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the 2016-17 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2017.

### **Material losses/impairments**

- 2.1.2** As disclosed in note 3 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R105,9 million (2015-16: R90,4 million).
- 2.1.3** As disclosed in note 4 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R54,4 million (2015-16: R49,3 million).

## **2.2 Significant additional matters**

### **Unaudited supplementary schedules**

- 2.2.1** The supplementary information set out in pages 83 to 91 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### **Unaudited disclosure notes**

- 2.2.2** In terms of section 125(2)(e) of the MFMA, the municipality and its municipal entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion thereon.



### 3. KEY FOCUS AREAS

#### 3.1 Predetermined objectives

No material findings were raised.

#### 3.2 Procurement and contract management

No material findings were raised.

#### 3.3 Human resource management and compensation

No material findings were raised.

#### 3.4 Material misstatements to financial statements

No material findings were raised.

### 4. MPAC RESOLUTION

Any outstanding resolution is dealt with as part of the schedule of matters receiving attention that forms part of each meeting's agenda.

### 5. EMERGING RISKS

#### 5.1) ACCOUNTING, PERFORMANCE MANAGEMENT/REPORTING AND COMPLIANCE MATTERS

##### New pronouncements: Standards of GRAP

The ASB has issued the following GRAP pronouncements, with effective dates as indicated:

GRAP pronouncement	Effective date
Conceptual framework for general purpose financial reporting	Applicable once published
GRAP 20, Related party disclosures	To be determined
GRAP 32, Service concession arrangements: grantor	To be determined
GRAP 34, Separate financial statements	To be determined
GRAP 35, Consolidated financial statements	To be determined
GRAP 36, Investments in associates and joint ventures	To be determined
GRAP 37, Joint arrangements	To be determined
GRAP 38, Disclosure of interests in other entities	To be determined
GRAP 108, Statutory receivables	To be determined
GRAP 109, Accounting by principals and agents	To be determined
GRAP 110, Living and non-living resources	To be determined

GRAP pronouncement	Effective date
IGRAP 17, Service concession arrangements where a grantor controls a significant residual interest in an asset	To be determined
IGRAP 18, Recognition and derecognition of land	1 April 2019
IGRAP 19, Liabilities to pay levies	1 April 2019
Directive 12, The selection of an appropriate reporting framework by public entities	1 April 2018

### Guideline on accounting for arrangements undertaken in terms of the national housing programme

The municipality should note the content of the guideline on accounting for arrangements undertaken in terms of the national housing programme, as issued by the Accounting Standards Board in March 2017. The objective of the guideline is to clarify matters relating to housing arrangements undertaken under this programme and outlines the accounting for transactions and events arising from the national housing programme undertaken by accredited and non-accredited municipalities. As a result, the municipality faces the risk of inappropriately accounting for associated transactions under this programme.

## 5.2) RISK THAT REQUIRE CONTINUOUS MONITORING

### B-BBEE certificates

Footnote 3 in Treasury Instruction 4A of 2016-17 noted that the Central Supplier Database (CSD) does not verify B-BBEE status level and set a date for verification of B-BBEE status (1 October 2016). The office of the chief procurement officer (OCPO) failed to achieve this deadline and up to now the CSD does not verify the B-BBEE status of suppliers. The instruction did not exempt institutions from complying with the PPPF Act requirements for obtaining a valid evidence of B-BBEE level status (e.g. sworn affidavits).

### Use of national contracts procured by other organs of state

During the 2016-17 audit of the RT57 2016 National Treasury contract for the purchase of motor vehicles, three suppliers were identified that did not have a valid tax clearance certificate. The municipality did not take part in the adjudication process of the contract and also did not purchase vehicles from these suppliers. Therefore, no irregular expenditure had to be disclosed by the municipality. It is recommended that the municipality monitors/reviews the certificates and other compliance documentation relating to suppliers on national transversal contracts before making any purchases on those contracts to avoid irregular expenditure.

### Suppliers in service of state – monitoring by CSD

The central supplier database has a field to indicate whether any directors of the company are government employees. Based on feedback received from Provincial Treasury, this field interfaces with the PERSAL system for departments and the employee records from municipalities. The possibility exists that employees that are employed in public entities or other spheres of government may not be identified by this field. A request will be made to the National Treasury audit team to include this field in their walk throughs to assess whether reliance can be

placed on the field. The municipality should however monitor this to prevent non-compliance and also use alternate sources of information to confirm that directors of companies are not employed by the state.

### **Deviation from competitive bidding processes**

In terms of SCM regulation 36, an accounting officer may deviate from official competitive bidding procurement processes established by the SCM policy and procure any required goods or services through any convenient process, provided that such deviation is properly approved and justifiable. SCM regulation 36(1)(a) sets out the circumstances under which a deviation could be justifiable and SCM regulation 36(2) sets out the recording and reporting requirements regarding such deviations.

Our audits at municipalities have brought to light that this SCM regulation is increasingly being used by municipalities and approved by the accounting officer even though it was not impractical to invite competitive bids. For future audits increased focus will be placed on evaluating whether the deviations are appropriately justified and/or that the justification can be appropriately supported through adequately documented reasons, to confirm that this regulation is not being used to circumvent competitive bidding.

Theewaterskloof Municipality disclosed in note 55.7 to the financial statements that R34,2 million of goods and/or services were procured during the 2016-17 financial year using SCM regulation 36 (2015-16: R28,5 million), the largest procurement deviation relating to impracticality. The municipality is advised to ensure that demand and acquisition is properly planned to limit the use of SCM regulation 36 to instances where deviations are unavoidable and that such cases are properly motivated/justifiable and documented.

### **Minimum requirements for composition of bid adjudication committees (BAC)**

Attention is drawn to the requirements for the composition of a BAC. Each competitive bidding process must be adjudicated by a bid adjudication committee that is constituted in accordance with the municipality's supply chain management (SCM) policy. The SCM policy is also required to be in line with Municipal SCM regulation 29(2). The regulations set the minimum requirements for the composition of the BAC.

In terms of SCM regulation 29(2), a validly constituted BAC meeting must be attended by the following officials (as appointed by the accounting officer):

- (a) Four senior managers: In the case of small municipalities where it is impractical to have four senior managers, the requirement for the BAC to be composed of senior managers must be applied within the context of the organisational structure of each municipality. In this case, the committee members should at least be formally appointed by the accounting officer/municipal manager.
- (b) Of the four senior managers, the chief financial officer (CFO) or designate, SCM senior practitioner and a technical expert/user in the commodity to be procured must be members. It is important to note that the CFO cannot represent both seats of CFO and SCM practitioner.
- (c) If any of the three senior members i.e. the CFO or designate, SCM senior practitioner and a technical expert in the commodity to be procured are not present, the meeting will not constitute a valid BAC.

The municipality is urged to ensure that its SCM policy is aligned to the SCM regulations regarding the composition of BACs to prevent irregular expenditure arising from BACs that were not properly/validly constituted.

### **Performance management system for employees other than section 56 and 57 employees**

The Guidelines for the Development of a PMS Policy Framework in Municipalities issued in August 2001 provides practices for performance management for employees other than section 56 and 57 employees. The municipality is in progress with this implementation. Whilst the guidelines have not been legislated the municipality should have written standard processes and policies to address guidelines to prevent possible non-compliance in the future, should legislation be gazetted.

### **Minimum competency framework**

According to Exemption Notice No. 91 of 3 February 2017: Exemption from regulations 15 and 18 of Municipal Regulations on Minimum Competency levels 2007, municipalities and municipal entities may continue to employ existing financial and supply chain management officials who do not meet the minimum competency level in the unit standards for each competency area, as required for the position in terms of the regulations, provided that the following condition is put in place:

*The affected officials must attain the minimum competency level in the unit standards for each competency area within 18 months from the date of publication of the exemption notice (i.e. by 31 July 2018).*

Based on audit work performed it was noted that there are eight officials at Theewaterskloof Municipality who have not attained minimum competencies at year-end. The municipality should ensure that officials will attain the minimum competencies by 31 July 2018 to avoid non-compliance.

The above condition must be included as a performance target in the affected officials' performance agreements, if such agreements are required. If no such agreements are required, the municipality must conclude an agreement with the official giving effect to the condition.

Municipalities must submit reports to the National Treasury and/or relevant Provincial Treasury detailing progress on the implementation of the conditions contained in the notice, as well as employment information, registration for training and progress made.

### **5.3) AUDIT FINDINGS ON THE ANNUAL PERFORMANCE REPORT THAT MAY HAVE AN IMPACT ON THE AUDIT OUTCOME IN FUTURE**

For the 2016-17 cycle, the planned and reported performance information of selected objectives was audited against additional criteria as developed from the Performance Management Reporting Framework. The additional criteria, as indicated in the engagement letter and audit strategy includes:

- *Consistency:*
  - Reported achievement is consistent with the planned and reported indicator and target

- *Presentation and disclosure:*
  - Actual performance compared to planned targets and prior year performance is disclosed.
  - Measures taken to improve performance are disclosed.
  - Measures taken to improve performance are supported by corroborating source documentation.
  - Overall presentation of the performance information in the APR is relevant, comparable and understandable.

Audit findings in relation to the additional criteria do not have an impact on the audit outcome for 2016-17 (reported in the management report), however, going forward findings arising from the audit against the additional criteria will have an impact on the audit outcome as the material findings in that regard will be reported in the audit report.

The following findings were identified from the audit against the additional criteria:

### **Presentation and disclosure**

#### **SFA 2 – Financial Viability**

A comparison between the current and previous year's performance was not disclosed, or the measures taken to improve performance were not disclosed, as required by section 46(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

#### **SFA 4 – Basic Service Delivery**

A comparison between the current and previous year's performance was not disclosed, or the measures taken to improve performance were not disclosed, as required by section 46(c) of the MSA.

No findings were identified during the 2016-17 audit in relation to the following additional criteria tested:

- *Consistency:*
  - Reported achievement is consistent with the planned and reported indicator and target.
- *Presentation and disclosure:*
  - Measures taken to improve performance are supported by corroborating source documentation.
  - Overall presentation of the performance information in the APR is relevant, comparable and understandable.

**6.1 Performance audits**

No performance audits were conducted during the period 2016-17.

**6.2 Other audits**

No other audits were conducted during the period 2016 -17.