

THEMBISILE HANI LOCAL MUNICIPALITY



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE ANNUAL REPORT 2016/2017 FINANCIAL YEAR

29/03/2018

(i) ANNEXURES ATTACHED

- | | |
|-------------------|--|
| ANNEXURE A | MPAC MINUTES ON PROBING OF THE ANNUAL REPORT |
| ANNEXURE B | PORTFOLIO OF EVIDENCE (POE) ON ANNUAL REPORT PROCESSES |
| ANNEXURE C | MPAC QUESTIONNAIRE, RESPONSES OF THE ACCOUNTING OFFICER, COMMENTS AND RECOMMENDATIONS ON THE ANNUAL REPORT |
| ANNEXURE D | REPRESENTATIONS |

1. INTRODUCTION

In accordance with the provisions of Section 79(1) (a) of the Municipal Structures Act, no 117 of 1998 a municipal council may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers.

The Municipal Public Accounts Committee (MPAC) of Thembisile Hani Local Municipality was established by council through council resolution TH-NDC 23/06/2011 on the 29th of June 2011.

MPAC mandate is to assist Council to hold the executive accountable and ensure the effective and efficient use of municipal resources.

2. PURPOSE

The MFMA provides that the purpose of the annual report of a municipality or a municipal entity for each financial year is:

- to provide a record of activities;
- to provide a report on performance against the budget; and
- to promote accountability to the local community for decisions made throughout the year.

The Municipal Systems Act (MSA) provides that an Annual Performance Report must be prepared for each financial year to report on the performance of the municipality and each external service provider, compared with targets set for performance.

The annual report requirements are provided in Chapter 12 of the Municipal Finance Management Act (MFMA), sections 45 and 46 of the MSA and the annual Division of Revenue Act (DoRA).

Section 129 of the Municipal Public Finance Management Act no. 56 of 2003 requires the council of a municipality to consider the annual report of the municipality, 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 purpose of this report is therefore to table to council, the MPAC Oversight Report on the probing of Thembisile Hani Local Municipality Annual Report 2016/2017 for council consideration and adoption. Further this report serves to inform the local community on

3. Clr. Mitopi Andries Motena
4. Clr. Samuel Bongani Mogoboya
5. Clr. Laza Elsie Jiyane
6. Clr. Ntombi Mitta Motaung
7. Clr. Patrick Vusi Mahlangu
8. Clr. Rubber Mtsweni
9. Clr. Adelaide Mokwana
10. Clr. Mqosh Paulos Mashaba
11. Clr. Jan Masaka Makhubela

5. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- a) To assist council to hold the executive and municipal entities to account, and to ensure the effective and efficient use of municipal resources.
- b) MPAC in executing its roles on oversight function it does not duplicate other committees of council.
- c) It report directly to council through the speaker of the municipality and interface with the other committees of council through the speaker, where relevant.
- d) It is entitled to request for documents or evidence from the Executive Mayor of a municipality or a municipal entity and can request support of both the internal and external auditors (advisory) where necessary.
- e) 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, current in-year reports, and including quarterly and mid-year reports.

6. SUMMARY OF REPRESENTATIONS RECEIVED FROM THE COMMUNITY AND OTHER STAKEHOLDERS

The following table reflects the key written representations received from the respective bodies/individuals in relation to the Annual Report:

Representation Submitted by:	Key Issues Raised
Auditor General	Attached hereto as Annexure D
Audit Committee	None
Public Comments	None
SAMWU	None
IMATU	None
Other Spheres of Government	None

8. MPAC OVERSIGHT PROCESSES ON THE 2016/2017 ANNUAL REPORT

- a) In order to execute its oversight responsibility on the Annual Report, MPAC has developed an Oversight Process Plan (Calendar) as outlined hereunder. The plan was approved by council through council resolution TH-NDC 156/01/2018 on the 30 January 2018.



MPAC OVERSIGHT PROCESS PLAN ON THE THLM ANNUAL REPORT 2016/2017

ACTIVITY		TO ATTEND/SUPPORT	DATE
1. MPAC Probe the Annual Report and develop questionnaires	Day 1: - CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY and Development of Questions - CHAPTER 2 – GOVERNANCE and Development of Questions	MPAC, Chief Risk Officer, Chief Internal Auditor and Asst Manager PMS and Auditor General South Africa	12 February 2018
	Day 2: CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) and Development of Questions	MPAC, Chief Risk Officer, Chief Internal Auditor and Asst Manager PMS	13 February 2018
	Day 3: - CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE and Development of Questions - CHAPTER 5 – FINANCIAL PERFORMANCE and Development of Questions	MPAC, Chief Risk Officer, Chief Internal Auditor, Asst Manager PMS	14 February 2018
	Day 4: - CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS and Development of Questions - AUDIT ACTION PLAN and Development of Questions - CONSIDERATION OF AUDIT COMMITTEE COMMENTS, PUBLIC COMMENTS, COUNCIL COMMENTS ON THE ANNUAL REPORT.	MPAC, Chief Risk Officer, Chief Internal Auditor, Asst Manager PMS	15 February 2018

10. INVESTIGATION ON THE UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

MPAC was mandated by council through resolution TH-NDC 146/03/2017 to investigate the municipality's **Unauthorised, Irregular, Fruitless and Wasteful Expenditure report for the period July to November 2016** namely;

- (i) The extension of a contract between Thembisile HLM and Lindo Business Consulting amounting to R1 999 999.95 without the approval of Council
- (ii) VVT Industries' non-compliance to SARS TCC during the contract period, with expenditure amounting to R2 682 602.63
- (iii) Fruitless and Wasteful Expenditure incurred on payment of Eskom Bulk, Telkom SA and Basadzi Personnel, with expenditure amounting to R15 145.80

MPAC in its investigation report to council recommended as follows:

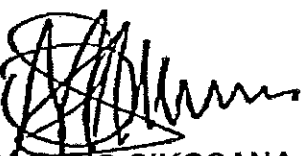
- 1. **THAT** the reasons for the unauthorised and irregular expenditure on **the extension of a contract between Thembisile HLM and Lindo Business Consulting amounting to R1 999 999.95 without the approval of Council** sound valid and acceptable and therefore be written off.
- 2. **That** the irregular expenditure on **VVT Industries' non-compliance to SARS TCC during the contract period amounting to R2 682 602.63** be written off as the expenditure was used fruitfully for the provision of municipal services.
- 3. **That** consequence management be applied on recovering **Fruitless and Wasteful Expenditure** incurred on payment of Basadzi Personnel amounting to **R15 145.80** on re-advertisement of Manager Corporate Services post as the Accounting Officer did not provide reasons in his report to council for the expenditure, in terms of Section 32(1) d of the Municipal Finance Management Act No. 56 of 2003.

The Instigation report was tabled to council on the 31st October 2017 for council consideration and adoption.

The report was adopted by council with the above recommendations through council resolution number TH-NDC 107/10/2017.

13. MPAC RECOMMENDATIONS TO COUNCIL

- 1 **THAT** Council having fully considered Thembisile Hani Local Municipality's Final Draft Annual Report for the financial year 2016/17 and the Oversight Report, adopt an oversight report and approve the Annual Report without reservations:
- 2 **THAT** the AG's Audit Action Plan for 2016/17 be implemented by no later than the end of the current financial year.
- 3 **THAT** the municipality to prioritise the appointment of the Chief Accountant position and capacitate the Supply Chain Management unit before the end of the first quarter of 2018/19 financial year.
- 4 **THAT** the recommendation of the AG on Consequence management for poor performance, be implemented.
- 5 **THAT** in the future the municipality must not rely only on the statistics provided by STATS SA, but must also conduct its own survey on services rendered to the community to ensure that they report accurately.
- 6 **THAT** the oversight report be made public in accordance with Section 129(3) of the Municipal Finance Management Act, no. 56 of 2003 read with Section 21A of the Municipal Systems Act, no. 32 of 2000.
- 7 **THAT** the Annual Report and the Oversight Report of Thembisile Hani Local Municipality 2016/2017 be submitted to the provincial legislature within 7 days after the adoption by the municipal council, as required by Section 132(2) of the Municipality Finance Management Act, 56 of 2003.



CLR M.O SIKOSANA
MPAC CHAIRPERSON

Adopted by Council: 29 March 2018



REF.: 3/2/4/3

THEMBISILE HANI LOCAL MUNICIPALITY



MINUTES

**OF THE 4TH 2017/2018 SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
MEETING HELD ON THE 12 – 15 FEBRUARY 2018 AT ROODEVALLEI
CONFERENCING AND MEETING HOTEL, 81 KAMEELDRIFT EAST, PRETORIA**



PRESENT DAY 3: 14/02/2018

Clr. MO Sikosana
Clr. SB Mogoboya
Clr. PV Mahlangu
Clr. A Mokwena
Clr. LE Jiyane
Clr. M Msiza
Clr. MA Motena
Clr. NM Motaung
Clr. R Mtsweni
Clr. JM Makhubela

ABSENT

OFFICIALS PRESENT

KO Bapela – Asst Manager MPAC
Researcher, Monitoring and Evaluation
HB Diphofa – MPAC/AC Secretary
T Baloyi – Chief Risk Officer
AS Malope – Chief Audit Executive

PRESENT DAY 4: 15/02/2018

Clr. MO Sikosana
Clr. SB Mogoboya
Clr. PV Mahlangu
Clr. A Mokwena
Clr. LE Jiyane
Clr. M Msiza
Clr. MA Motena
Clr. NM Motaung
Clr. R Mtsweni
Clr. JM Makhubela

ABSENT

OFFICIALS PRESENT

KO Bapela – Asst Manager MPAC
Researcher, Monitoring and Evaluation
HB Diphofa – MPAC/AC Secretary
T Baloyi – Chief Risk Officer
AS Malope – Chief Audit Executive



Non-Delegated Items Index

ITEM NO.	SUBJECT
TH-MPAC 04/02/2018	MPAC PROBING OF THE THLM ANNUAL REPORT THE YEAR ENDED 30 JUNE 2017



- Align their performance reports to the predetermined objective they committed to in their SDBIP; and/or
- Set clear performance indicators and targets to measure their performance indicators and targets to measure their performance against their predetermined objectives; and/or
- Report reliably on whether they achieved their performance targets; and/or
- Determine which legislation they should comply with and implement the required policies, procedures and controls to ensure compliance.

AG informed the meeting that THLM audit opinion for 2016/17 financial year is an **Unqualified with findings**.

AG cited that the 2016/17 financial statements and annual performance report submitted for audit contained material misstatements which were subsequently corrected and thus resulted in an unqualified audit opinion.

AG commended that THLM has made significant progress as compared to the previous two years in this regard. However, she added that, AG draw attention to the municipality to maintain the daily discipline of internal controls and minimise as far as possible the use of consultants to create sustainability and continuity in the operational processes.

Status of key controls and assurance level

AG highlighted the following key reasons for the status of key controls:

- Poor quality annual financial statements (AFS) were submitted for audit and they could not be supported with the underlying accurate records on the general ledger (GL), trial balance (TB) and fixed assets register (FAR).
- The municipality continues to place heavy reliance on consultants to assist on the preparation of the AFS and FAR and thus far the municipality has not instituted measures in place to take permanently that function to enable the municipality to perform timely reviews and oversight on the quality of the AFS submitted for audit.
- The continued increase on the irregular expenditure incurred which was identified through the audit process indicates lack of capacity and controls on the ability of the municipality to prevent the incurred of the said expenditure as required by the MFMA

Unauthorised, Irregular, Fruitless and Wasteful Expenditure

AG commended the municipality for making significant progress in the unauthorised expenditure and took a note of the non-cash unauthorised expenditure incurred in 2016/17 relating to amnesty on debtors overdue.



RESOLVED

1. **THAT** the MPAC to request the AO to provide the status quo on implementation of council resolution on MPAC oversight on the probing of the Annual Report 2015/16.
2. **That** the MPAC preliminary questionnaire on the probing of the Annual Report 2016/17 be referred to the next MPAC special meeting for adoption.

4. DEPUTATIONS

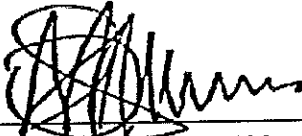
None

5. MOTION

None

6. CLOSURE

The chairperson in conclusion thanked all members for their full participation.
The meeting was officially closed on the 15th March 2018.



MR. M. SIKOSANA
(MPAC CHAIRPERSON)

26/03/2018
DATE



ATTENDACE

PRESENT

Clr. MO Sikosana
Clr. PV Mahlangu
Clr. A Mokwena
Clr. LE Jiyane
Clr. SB Mogoboya
Clr. MA Motena
Clr. R Mtsweni

ABSENT

Clr. JM Makhubela
Clr. M Msiza
Clr. NM Motaung

OFFICIALS PRESENT

HB Diphofa – MPAC/AC Secretary



Finally he sent his felicitations to the president of the African National Congress (ANC) for being elected into the presidency of the republic of South Africa.

5. DISCLOSURE OF INTEREST

None

6. MINUTES OF THE PREVIOUS MEETINGS

None

7. QUESTIONS OF WHICH NOTICE HAD BEEN GIVEN

None

8. MATTERS DEFERRED FROM THE PREVIOUS MEETING

None

9. REPORTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

TH-MPAC 04/02/2018



TH-MPAC 04/02/2018

**MPAC PROBING OF THE THLM ANNUAL
REPORT FOR THE YEAR ENDED 30 JUNE
2018**

DISCUSSIONS

The chairperson presented the preliminary questionnaire on the probing of the Annual Report for year ended 30 June 2017 for the committee consideration and adoption.

Necessary corrections additions were made to the questionnaire

RESOLVED

1. **THAT** the preliminary questionnaire on the probing of the Annual Report for Year Ended 30 June 2017 is adopted
2. **THAT** the preliminary questionnaire be submitted to the office of the Executive Mayor to respond by no later than 1st March 2018.



REF.: 3/2/4/3

THEMBISILE HANI LOCAL MUNICIPALITY



MINUTES

**OF THE 6TH 2017/2018 SPECIAL MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
MEETING HELD ON THE 13 MARCH 2018 IN MAYORAL BOARDROOM,
THEMBISILE HANI LOCAL MUNICIPALITY**



1. OPENING AND WELCOME

Mr. Diphofa HB, MPAC Secretary read the notice to the house.

Chairperson officially declared the meeting opened and welcomed everyone to the meeting. He called for full participation of members.

2. APPLICATION FOR LEAVE OF ABSENCE

LEAVE OF ABSENCE

- Cllr L.E JIYANA

RESOLVED

THAT the application for leave of absence by Cllr. LE Jiyane is accepted

3. OFFICIAL ANNOUNCEMENTS

Mr. Diphofa HB made the following announcements:

- **Revised areas of the MPAC Oversight Process Plan on the THLM Annual Report 2016/17**

RESOLVED

THAT the dates on MPAC Oversight Process Plan probing THLM Annual Report 2016/17 is noted:

Activity	Old Date	Revised Date
<i>Discussion of Responses from the Executive Mayor</i>	<i>08 March 2018</i>	<i>13 March 2018</i>
<i>Hearing with the Executive Mayor</i>	<i>14 March 2018</i>	<i>15 March 2018</i>
<i>Consolidation, adoption and submission of the oversight report</i>	<i>21 March 2018</i>	<i>20 March 2018</i>

- **Accounting Officer's communique answering to the MPAC letter which was issued to invite the Executive Mayor to MPAC one-on-one Hearing**



Matters Differed Non-Delegated Items Index

ITEM NO.	SUBJECT
TH-MPAC 04/02/2018	MPAC PROBING OF THE THLM ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017



4. DEPUTATIONS

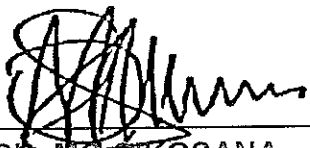
None

5. MOTION

None

6. CLOSURE

The meeting was officially closed.



Cll. M. SIKOSANA
(MPAC CHAIRPERSON)

26/03/2018
DATE



ATTENDACE – 13 MARCH 2018

PRESENT

Clr. MO Sikosana
Clr. PV Mahlangu
Clr. A Mokwena
Clr. MA Motena
Clr. R Mtsweni
Clr. M Msiza
Clr. JM Makhubela
Clr. NM Motaung
Clr. LE Jiyane

ABSENT

Clr. SB Mogoboya

OFFICIALS PRESENT

ON Nkosi – Municipal Manager
HB Diphofa – MPAC/AC Secretary
KO Bapela – Assistant Manager: MPAC Researcher Monitoring and Evaluation

MEMBERS OF THE EXECUTIVE PRESENT

None



1. OPENING AND WELCOME

Mr. Diphofa HB, MPAC Secretary read the notice to the house.

Chairperson officially declared the meeting opened and welcomed everyone to the meeting. He called for full participation of members.

2. APPLICATION FOR LEAVE OF ABSENCE

LEAVE OF ABSENCE

13 March 2017

- Cllr SB Mogoboya

RESOLVED

THAT the application for leave of absence by Cllr. SB Mogoboya is accepted

23 March 2017

None

3. OFFICIAL ANNOUNCEMENTS

13.03.2018

The Accounting Officer informed the meeting that he was delegated by the Executive Mayor to come and respond on MPAC questionnaire.

The committee did not approve the arrangement made between the Accounting Officer and the Executive Mayor that the AO should represent the EM and therefore resolved:

THAT the meeting be adjourned pending the availability of the Executive Mayor to come and account personally to MPAC.

4. MOTION OF SYMPATHY AND CONGRATULATIONS

One motion of Sympathy was presented by Cllr PV Mahlangu. He dedicated a motion of sympathy to the Masilela family for the passing of Mr Masilela, a well-known member of the society known with Isithembu (polygamy) kwaMasilela Emzinomkhulu.



Matters Differed Non-Delegated Items Index

ITEM NO.	SUBJECT
TH-MPAC 04/02/2018	MPAC PROBING OF THE THLM ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017



4. DEPUTATIONS

None

5. MOTION

None

6. CLOSURE

Mr. MO SIKOSANA
(MPAC CHAIRPERSON)

26 March 2018
DATE



PRESENT

Clr. MO Sikosana
Clr. PV Mahlangu
Clr. A Mokwena
Clr. M Msiza
Clr. NM Motaung
Clr. LE Jiyane
Clr. SB Mogoboya

ABSENT

Clr. MA Motena
Clr. R Mtsweni
Clr. JM Makhubela

OFFICIALS PRESENT

HB Diphofa – MPAC/AC Secretary

OFFICIALS ABSENT

KO Bapela – Assistant Manager MPAC Researcher, Monitoring and Evaluation



6.2. Minutes of the 5th (2017/18) Special MPAC meeting held on the 23 February 2018.

RESOLVED

THAT the Minutes of the 5th (2017/18) Special MPAC meeting held on the 23 February 2018 is adopted

Mover: Clr. SB Mogoboya

Seconder: Clr. A Mokwena

6.3. Minutes of the 6th (2017/18) Special MPAC meeting held on the 13 March 2018.

RESOLVED

THAT the Minutes of the 6th (2017/18) Special MPAC meeting held on the 13 March 2018 is adopted.

Mover: Clr. Mahlangu PV

Seconder: Clr. SB Mogoboya

6.4. Minutes of the 7th (2017/18) Special MPAC meeting held on the 15 & 23 March 2018.

RESOLVED

THAT Minutes of the 7th (2017/18) Special MPAC meeting held on the 15 & 23 March 2018 is adopted.

Mover: Clr. LE Jiyane

Seconder: Clr PV Mahlangu

7. QUESTIONS OF WHICH NOTICE HAD BEEN GIVEN

None

8. MATTERS DEFERRED FROM THE PREVIOUS MEETING

None

9. REPORTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

TH-MPAC 05/03/2018



TH-MPAC 05/03/2018

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
DRAFT OVERSIGHT REPORT ON THE
ANNUAL REPORT 2016/17**

DISCUSSIONS

The chairperson informed the meeting that the purpose of the meeting is to consider the MPAC Oversight Report on the Annual Report 2016/17 and make recommendations to council.

RECOMMENDATIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

1. **THAT** the Draft MPAC Oversight Report on the Annual Report 2016/17 is considered, approved and recommended to council for adoption with the following recommendations:
 - A. **THAT** Council having fully considered Thembisile Hani Local Municipality's Final Annual Report for the financial year 2016/17 and the Oversight Report, adopt an oversight report and approve the Annual Report with the following reservations:
 - (i) Recurring findings for 2 to 3 consecutive years be prioritised for implementation amongst the others:
 - Annual Financial Statements (non-compliance to section 122 of the MFMA),
 - Assets Management (non-compliance to section 63(2)(c) of the MFMA),
 - Expenditure Management (non-compliance to 62(1)(d) MFMA),
 - Procurement and Contract Management pages 229 (2015/16) and 234 (2016/17)
 - B. **THAT** the AG's Audit Action Plan for 2016/17 be implemented by no later than the end of the current financial year.
 - C. **THAT** the municipality to prioritise the appointment of the Chief Accountant position and capacitate the Supply Chain Management unit before the end of the first quarter of 2018/19 financial year.
 - D. **THAT** the recommendation of the AG on Consequence management for poor performance, be implemented.
 - E. **THAT** the oversight report be made public in accordance with Section 129(3) of the Municipal Finance Management Act, no. 56 of 2003 read with Section 21A of the Municipal Systems Act, no. 32 of 2000.
 - F. **THAT** the Annual Report and the Oversight Report of Thembisile Hani Local Municipality 2016/2017 be submitted to the provincial legislature within 7 days after the adoption by the municipal council, as required by Section 132(2) of the Municipality Finance Management Act, 56 of 2003.



**MEMORANDUM
CORPORATE SUPPORT SERVICES**

TO : MUNICIPAL MANAGER'S OFFICE
FROM : MUNICIPAL MANAGER
SUBJECT : IMPLEMENTATION OF COUNCIL RESOLUTIONS
DATE : 31/01/2018

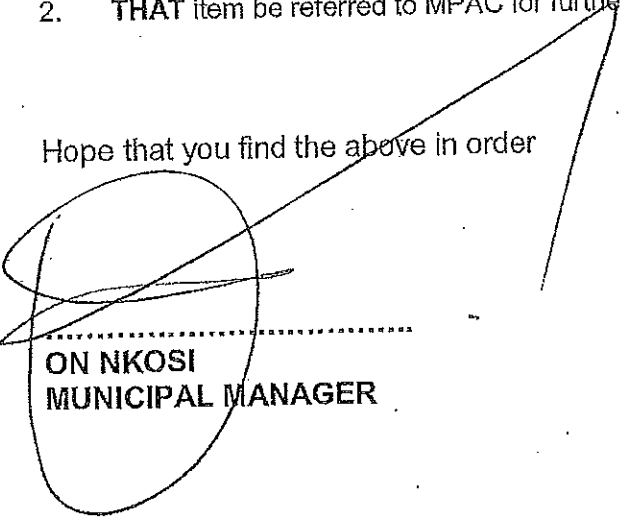
At its Ordinary Council meeting held on the 30th January 2018, council resolved among others the following:

TH-ND C 153/01/2018 2016/2017 FINAL DRAFT ANNUAL REPORT

RESOLVED

1. **THAT** the 2016-2017 Final Draft Annual Report be noted.
2. **THAT** item be referred to MPAC for further scrutiny

Hope that you find the above in order

A large, stylized signature in black ink, consisting of several overlapping loops and a long horizontal stroke, is written over the name and title.
ON NKOSI
MUNICIPAL MANAGER

Thembisile Hani Local Municipality

NOTICE TO THE PUBLIC: 2016/2017 FINAL DRAFT ANNUAL REPORT

Notice is hereby given in terms of section 127 (5) (a) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 OF 2003), and in terms of section 47 of the Local Government: Municipal System Act, 2000 (Act No 32 of 2000), to notify members of the community and interested groups to submit written comments or representations on the Final Draft Annual Report of 2016/2017 as tabled for public comment in the Municipal Council on Tuesday 30 January 2018. The Final Draft Annual Report can be accessed and viewed during normal working hours (07H45-16H00) and on our municipal website, from the 02nd February 2018 to 22nd February 2018 at the places stated below.

In terms of section 21A of the said Municipal System Act, the 2016/2017 Final Draft Annual Report of Thembisile Hani Local Municipality is available at the Municipal head office at Kwaggafontein, Municipal satellite offices at Kwamhlanga and Tweefontein "K", Municipal public libraries at Kwaggafontein, Phumula, Verena and Municipal Website at www.thembisilehanilm.gov.za

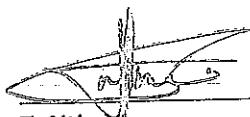
Representations may be directed to the Municipal Manager, Thembisile Hani Local Municipality, Private Bag X4041, Empumalanga, 0458, or submitted at any Satellite unit offices.

The closing date for the submission of representations is Thursday, 22 February 2018.

Administrative enquiries may be directed to the following official during office hours:

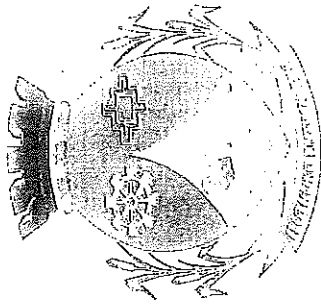
- The Assistant Manager: Performance Management System: Mrs Sinah Moripe at 013 986 9100

ACKNOWLEDGEMENT OF RECEIPT 2016/2017 FINAL DRAFT ANNUAL REPORT FOR WEBSITE PUBLICATIONS

 01/02/2018

T. Ntimahe
Assistant Manager: ICT

Date: 2018/02/01 16:24



THEMBISILE HANI LOCAL MUNICIPALITY

ACKNOWLEDGE OF RECEIPT

2016-2017 FINAL DRAFT ANNUAL REPORT

NO:	SURNAME & NAME	ORGANISATION/DEPARTMENT	TELEPHONE/CELL	DATE RECEIVED	SIGNATURE
1	Budoville Nkomo	Thembisile Hani Local Municipality New Building	063 648 5480	07.02.18	[Signature]
2	Lwazi Matsima	Thembisile Hani Local Municipality Old Building	011 788 9057	07/02/18	[Signature]
3					

RETURN THE COPY

Private Bag X4041
Empumalanga
1198

Tel: 012 366 5165
Fax: 012 366 5165

Email: info@nationaltreasury.gov.za
www.nationaltreasury.gov.za

OFFICE OF THE COMPTROLLER AND CHIEF FINANCIAL OFFICER

Ref: F/W/1

Enquiries: Sina Mavima (Tel. 0123)

ATT: A Moseki
National Treasury
Private Bag X115
Pretoria
0001

RE: SUBMISSION OF 2016/2017 FINAL DRAFT ANNUAL REPORT

In terms of section 127 (5) (b) of the Municipal Finance Management Act, Thembisile Hani Local Municipality is hereby submitting the 2016/2017 Final Draft Annual Report for your consideration.

Hoping that you will find the above to be in order

Kind regards



M. Nkosi

Municipal Manager

Date: 31/01/2018

ACKNOWLEDGEMENT OF RECEIVED

Receiver's name M. M. Mamelela

Date received 01-02-18

Department National Treasury

Contact of receiver _____

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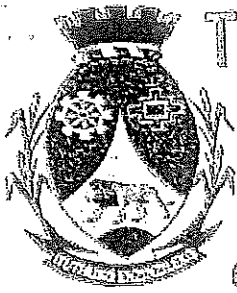
CHECKED

1 FEB 2018

NATIONAL TREASURY

SIGNATURE:

Vision
To better the lives of our people through equitable, sustainable service
delivery and economic development



THEMBISILE HANI LOCAL MUNICIPALITY

Private Bag X4041
Empumalanga
0458

Tel: (013) 986 9100
Tel: (013) 986 0995
Email:
municipalmanager@thembisilehani.m.gov.za
www.thembisilehani.m.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Ref: 9/1/1

Enquiries: Sinah Moripe (Ext. 9123)

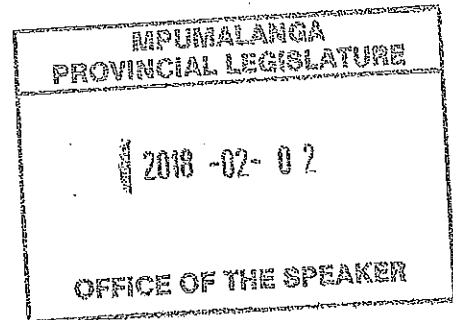
Hon. Speaker

Mpumalanga Provincial Legislature

Private Bag X11289

Nelspruit

1200



RE: SUBMISSION OF 2016/2017 FINAL DRAFT ANNUAL REPORT

In terms of section 127 (5) (b) of the Municipal Finance Management Act, Thembisile Hani Local Municipality is hereby submitting the 2016/2017 Final Draft Annual Report for your consideration.

Hoping that you will find the above to be in order.

Kind regards

ON Nkosi

Municipal Manager

Date: 31/01/2018

ACKNOWLEDGEMENT OF RECEIVED

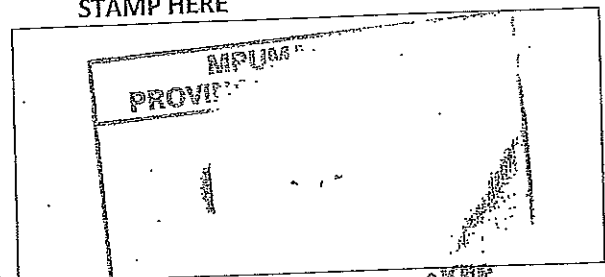
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Vision

To better the lives of our people through equitable, sustainable service delivery and economic development

ANNEXURE C

MPAC QUESTIONNAIRE, RESPONSES OF THE ACCOUNTING OFFICER, COMMENTS AND RECOMMENDATIONS

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE

COMPONENT A Mayor’s Foreword

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
According to MFMA Circular 63 bullet number 4 of the Mayor’s Foreword, the foreword should include Statement of corrective actions whereby service delivery can be improved. 1. Can the Executive Mayor confirm to MPAC whether Municipality has complied with Circular 63 in this regard?	Yes Page 8 under the key service delivery improvements.		Noted

Signature:  MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
The committee has observed that the number of households provided with refuse removal service differ from the households provided with free basic water. 2. What informed the difference?		A. What informs the deference is that the provision of refuse removal is done in some areas within the municipality while Free Basic Water is done in the entire municipal area. The STATS	municipality must compile its own data. We may not completely ignore the STATS SA - AO
3. How did the municipality arrive at the figure of basic removal 56 855?	The figures were derived from Statistics South Africa of Community survey after they have done desktop analysis.	Q. Provide POE (Copy of the report) and provide the year in which the report was issue? A. The number is derived from the Billing Report that was audited by Auditor General. Further the municipality has control sheet system that is used to record the refused that is collected by each truck per house. Attached annexure D Control Sheet Copy	Noted

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
	Kwaggafontein water scheme Bulk pipe line from Kwagga to Mathysenloop 2016/17 (replacing Asbestos pipe) to reduce leaks. Development of water use efficiency and Water Demand Management plan by Rand water 2017/18. Internal maintenance teams working on leakages on daily basis and two maintenance contractor for bulk infrastructure for as and when. Construction of new water scheme at Moses river(augmentation on boreholes and Kwamhlanga bulk water storage)	The water leakages are reported through customer care either telephonically (013 986 9774/7176) or physically. , SMS and Telephonically. Turnaround time is 2 days. FQ. Can you confirm this 2 days turnaround time? We resolved that within 6 hours water leakages must be responded to – what informs the 2 days. FA. We are saying 2 days but in can happen that we attend to the leakages within 2 days. It is supposed to be 6 hours but realistically it takes up to 2 days. FW. How do you monitor the team? FA. We have a job card that is issued and within 2 days and a report must provide about the fixing. The senior artisan is the one that make sure that the leakages are attended to.	Reticulation Replacement of Asbestos Pipes was made.

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

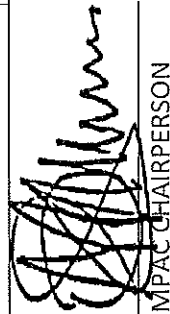
Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
		Bulk supply line from Mathysenloop to Boekenhouthoek. See attached annexure E1	
WATER PROVISION MPAC observed that City of Tshwane supplied the municipality with 6 – 9kl p/day instead of 16.6kl and Dr JS Moroka with 3kl p/day instead of 5kl against the contract. Page 69. 6. Can the Executive Mayor clarify to the committee if there were any engagement with the suppliers on the matter, if 'Yes' can the Committee be furnished with relevant POE?	Yes there were letters send to City of Tshwane.	Q. The question is not answered appropriately/satisfactory. Can the Executive Mayor respond appropriately to this question? A. There were engagements done on the matter. Letters were sent to CoT, DWS and COGTA. FW. Did the municipality make follow-ups? Was there any formal solution to the problem? FQ. We made up necessary follow-up with City of Tshwane and Dr. JS Moroka engaging on fewer mega litres provided to us, but with City of Tshwane we did not get satisfactory response. We visited Dr JS Moroka	Noted. Recommended that the intervention of the MEC for Gauteng and Mpumalanga and Minister be sought for to assist of non-cooperation of City of Tshwane.

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
	to allow for this work to be completed before the end of this financial year.	provision of R877 344 has been made to attend to the following areas: -Kwagga (A, B & C)-Moloto -Verena D See attached annexure G FW. Is it possible to adjust something that was not budgeted for in the first place – is there any legislation? FA. Sec 28, (2) (a) (b) (f) (g) MFMA – G specifically covers that. FW. More clarity requested on subsection b. When it says revenue, doesn't it refers to own collected revenue – did the municipality collect more what is has targeted to collect? FA. Revenue does not limit us only to what we have collected from the community – the municipality had enough revenue and that is why we funded the project above. Therefore	

Signature:



MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
		Cllr Obed Skosana misled to report the case instead of the AO. FA. On the issue of requesting Cllr Obed Skosana to report the case, I am not so sure who made the request. The reason why other cases where not reported, in many instance the majority of solar were still under liability and defects period. FQ. So can it be confirmed that the municipality did not incur any costs. FA. I currently don't have any direct answer to say we did not incur any costs or not – MM to confirm.	
On the introduction to basic services: Electricity for energising high mast light and maintenance		Q. Can the Executive Mayor provide the reason for taking ±90 days to energise the high mast lights?	Noted

Signature:  _____
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respónd	Committee Comments and Recommendations
	street lights has been budgeted for		
COMPONENT B			
ROADS & STORM WATER, BUSINESS LICENCING AND ADMIN, SAFETY & SECURITY			
Line no. 8 – 9 Page 84 under 3.7 Roads and Storm Water.	It's an error in writing it was supposed to be FY for financial year.		Noted
12. Can the committee be clarified with the meaning of the phrase 'The challenges faced by the municipality during 2016/17 <u>fee</u> ,'?			

Signature:

Date: 23 March 2018



MPAC CHAIRPERSON

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
not budgeted for and no expenditure to that effect?	Rand Water, only the blockage team is working on daily reported issues. Rand water is paid on monthly basis and with regard to budget allocation issue the money was paid for under water.	A. It was budgeted for under repairs and maintenance VOTE 450: sanitation services See attached annexure H (Extract from the Budget)	
15. Can the committee be clarified about the Table on Employee Information on page 90 – the totals does not tally?	There has been a typing error in the 2015/2016 column where the total number of employees ought to be 43 not 46 according to the numbers presented therein.	Q. With reference to page number 90 of the AR, Can the Executive Mayor benefit the committee with the formula used that gives a total of 43? A. I want to request the manager responsible: EM. On the question we would like to acknowledge that the numbers does not tally the correct answer is 24.	

Signature:  MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
In Page 92, component C under "Comment on Town Planning Performance Overall" MPAC has observed that there is a statement which say the Department of rural development and land reform is currently assisting the municipality to develop land use by-law. 18. How far is the progress of the department of rural development?	The process is complete and the by-law is operational. The by-laws is gazetted and was adopted by Council. POE attached	Noted	
19. What measures are currently in place to monitor and control the allocation of land?	Application Process that has an entry and exit point - Entry point being application form with supporting document - Exit point being the location of the land Finalisation of MOU between THLM and Traditional authorities within the municipality jurisdiction that	Q. Do we have any land or stands which have been currently sold to community? If YES how much were the stands sold for? A. In 2015/16 we allocated site to applicants, number totalling 120 Site at Tweefontein K and 130 KwaMhlanga B & A. We hoped that the MOU will be completed in January 2018 but we commit to finalize in early April.	That the Provincial Gazette be considered when signing of the MOU.

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
		with other mayors on how they handle this matter.	
21. If so please provide POE to support your answer. (2016/17 Annual work plan and minutes of subcommittees and LED forums)	POE's attached.		
On page 93, under LED Strategy, MPAC observed that there is a draft LED strategy which was re-developed and which was presented to LED Forum.	Yes, the LED strategy was presented to council and council adopted it.		Noted
22. Was the draft LED strategy presented to council for final approval, if yes provide POE if no, why?	POE attached		

Signature: 
MPAC CHAIRPERSON

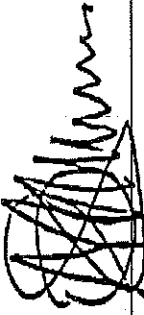
Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
manufactures and transport sectors?	Manufacturers (i) The date for all remaining sectors has been set for 7 th of March furthermore it should be noted that there is limited number of businesses which are operating or participating under these sector hence the challenge to convene.		
On page 94, under "Outreach meetings" MPAC has observed that 2 Outreach	The one correct is that one on page 192. The confusion arose in the fact that we normally	Q. What was the financial impact on the additional 2 meetings?	Noted

Signature:  MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
27. On the table of "Jobs created" under 2015/16, there seem to be a mathematical error in terms of calculations of total, what causes these error?	The error is noted and it was caused by the high volume of work to be reviewed. It is a miscalculation. The correct figure is 1471	Q. With reference to page 94, under "JOBS CREATED" of the AR, Can the Executive Mayor benefit the committee with the formula use that gives a total of 1471? A. CWP=1271 EPWP=130 MRTT=90 Total =1 491 Error acknowledged	Before the AR can be dispatched
On page 95, on the table above of employment information, MPAC has observed that on post level 4-6 there is an outstanding post which has not been filled. 28. How long has these post been vacant?	The Information was incorrectly captured. Total number of posts on level 4-6 is 2 and they are all filled. To this effect receive the approved organisational structure under the LED unit as POE.		Noted

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
32. Why is the information still reflecting 2015/16 on the 2016/17 annual report?			
33. Was the AR reviewed before it can be presented to Council?	The reviewal was done at the departmental level by each department then the PMS unit consolidate the report.	Q. The committee has identified up to 28 errors in the AR. Does PMS consolidate the report without any further reviewal? Don't you think this error will make the report to be not eligible? A. We have looked in the international standard/practice and marginable allowed errors in a document. In that research a 7.2%. 78 000 words are contained in the AR. We found the % to be below 1%. Is technical and academic argument. Secondly we need to look at the legality of the AR. Section 32 of the MFMA will tell you that the AR is the final stage. With ref to section 127 (5)(i) mfma. The AC must make public the AR for representations. Number (6) we therefore still can make modifications to the AR.	THAT all errors be corrected. The committee is concerned about the content. The AR must be checked thoroughly before dispatched by the PMS. The committee raised the matter of error with a serious cause for concern. The committee has also noted that the management submit reports late to PMS and that is the other cause to this error.

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
answer must address each line item?		particular office like Mrs Mahlomuza. Overtime was paid into this effect. Medical and Contribution this would be caused by employees who added beneficiaries to their medical aid. Travelling and Subsistence – we did not do subsistence when planning our budget hence the over expenditure. The overall respond is the over expenditure was not anticipated. FQ. Will this be a tradition going forward FA. Not at all FQ. On the issue of Medical Aid, was it process through Section 29 of MFMA. FA. Yes the section 29 was considered and where a report on each department was reported accordingly to council.	

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
37. Can the executive mayor furnish the committee with the list of sports field that were graded including ward numbers?	28 Sports Field Graded in the current financial year 2017/2018 Ward Numbers- 1,2,3,4,5,6,7,8,10,15,16,17,18 21,24,25,26,27,28,29	Q. The question is not answered appropriately/satisfactory. Can the Executive Mayor respond appropriately to this question? A. 18 Sports Field were Graded in the current financial year 2016/17 Ward Numbers- 1,2,3,4,5,6,7,8,10,15,16,17,18 21,24,25,26,27,28,29 See attached annexure A	
Health and welfare – Page 107 MPAC observed the following activities that took place: a) National women's Day- 17 September 2014	Yes the dates are accurate however it should be noted that we omitted to put in the recent information which is as follows?	Q. If the information is accurate. How come that information on 2014 is report in 2016/17 financial year Annual Report?	THAT the appropriate information for appropriate year be populated not the other way.

Signature:  MPAC CHAIRPERSON

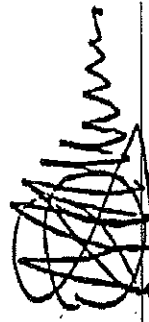
Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
	percentage must be at 0% not 60% as stated. The post level on 10-12 has no vacancy thus the percentage must be at 0% not 40% as stated. The post level on 13-15 has 01 vacancy thus the percentage must be at 33% not 0% as stated.		

Signature: 
MIPAC CHAIRPERSON

Date: 23 March 2018

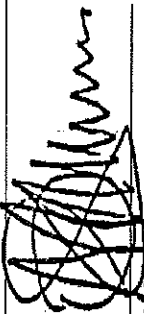
Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
Value Billed That Were Collected %?	(Property Rates, Water, sanitation etc....) and the percentage shows that the bills were sent out to those respective clients.		
42. Can the Executive Mayor provide the committee with the Housing Subsidy Policy that support the amount of R35 616 as appearing on page 122?	We are using the salary and wage collective agreement read together with annual circulars from SLAGA. POE attached.	Q. Can the Executive Mayor provide the following POE: - Housing Subsidy Policy - Report on beneficiaries of the R35 616 A. The committee has been furnished with the requested legislation relating to Housing subsidy as well as the list of beneficiaries. POE Provided	
The committee has observed that Printing and Stationery is repeated in the table provided on page 123.	On Chapter 3 page 123 the first Printing & stationery was erroneously captured as it is the same expenditure with long term bonus.	Q. Can the Executive Mayor explain the different on the Actual Spending on both Printing and Stationery expenditure since they are not the same?	

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
		FQ. Do we have a fleet management policy that we consider when performing the projections. FA. Policy was not considered in 13/14 and 15/16 financial years hence the vehicles are very old.	
45. What informed the high increase on the spending on vehicles (page 123) in 2016/17 as compared to the previous financial year?	The over spending on repair and maintenance is as a result of the condition of the Municipal Fleet i.e. ageing status and regular breakdowns.		Noted
46. Can the Executive Mayor share with the committee as to, how come that the municipality have x2 vehicles with the same Registration Number HCY 384 MP – Page 127, Water Carts?	It is a typing error, as the municipality has two water carts with the following registration HCY 382 MP and HCY 384 MP.	Q. Can the Executive Mayor reconfirm the total number of municipal fleet? A. The number of municipal fleet is 132.	
COMPONENT K CORPORATE POLICY OFFICES AND OTHER SERVICES			

Signature:



MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
		Q. What is the current status of the project since the pressure testing and manhole covers and closing report were still outstanding? A. The project has been Completed	
MPAC has observed on page 140, project code DTS017, that the municipality cited the challenges of "an error on the technical report" as part of reasons for none achievement. It is further indicated that municipality has connected 79 and 69 taps to household. 49. What corrective/disciplinary measures have been taken over the misleading technical report?	There were no disciplinary measures taken because the Technical report is the planning document not the final design document hence the number was then reduced to the actual verified.	Q. What is the difference between the Technical Report and Final Design document? A. Technical report is a concept based on estimates. Final Design document is based on the more in depth information.	
50. Why do we record these as none achievement of target since the actual	According to the annual Target appears to be 200 even on the IDP and PMS said it will be		Noted

Signature: _____

Date: 23 March 2018



MPAC CHAIRPERSON

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
52. What are the actual reasons for these project to start late?		A. During the beginning of the year it was not budgeted for because it was not prioritised. We only advertised after budget adjustment.	
On page 142, Project code DTS068, MPAC has noted that part of the reasons for none achievement is the "delays due to late advertisement" 53. What informs the over expenditure of R6 112 303.11 given the fact that the target was not achieved?	The expenditure of R 6 112 303.11 is informed by payments (R 4 009 670.03) of refurbishment work that was conducted on the High Mast Lights and Street Lights and reported under this section at the time, as the budget was yet to be adjusted. At budget adjustment stage, the items were then moved to their relevant line item (Refurbishment of High Mast Lights and Street Lights) on	Q. Can the Executive Mayor provide a written POE from COGTA advising A. It was a verbal advice there was no written document. The advice was not we should not incorporate it without approval.	THAT in the future the management must avoid taking verbal advices as legit.

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
55. What are the reasons was for re-advert?	The validity period lapsed before DWS issued approval letter, hence it was re-advertised after receiving approval		Noted
56. Was the amount of the initial re-advert recorded as fruitless expenditure?	The initial advert was not recorded as fruitless expenditure, and the amount is R42 057.79 which include other adverts	Q. Why it was not recorded as fruitless expenditure since every space in the advert has financial implications. Provide Copy of the advert. A. The advert was coupled with other adverts. It was not fruitless expenditure. See attached annexure: L	It is recommended therefore that the part of the advert which is the re-advert be considered to determine whether it was not falling under any of the UIFW and if so be presented to council as such.
On page 146, Project code DTS087, MPAC has observed that there are two contradicting/misleading statements which are indicated under the column of Challenges and Action Plan 57. Is the information captured under those	Yes, the information comes from the affected departments but PMS reviewed the document afterwards.		Noted

Signature:

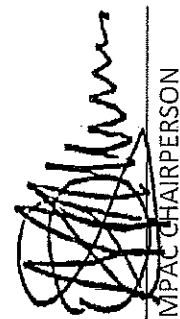


MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
MPAC has observed on several projects that the reasons which were captured under challenges and actual plans does not speak to the actual reasons for failure to achieve the targets. We further noted that targets were been reviewed/ lowed due to none submission of POE's. Example: - Page 146, Project code DTS 087 - Page 148, Project code DTS 041 - Page 149, Project code DTS 042 - Page 150, Project code DTS 071 60. What are the key reasons which caused none achievement?	DTS 041 & 042 reports not submitted on time. DTS 087 & 071 the Total on the report was lower than the required target during verification.		Noted

Signature: _____



MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
		FA. The used of R19m should not be interpreted in terms of number of reports produced. The money spent does not mean was used to produce 8 reports. The money was not used for reports but for WWTW Bulk Infrastructure. Part of 19m was used to pay other expenditure other than those of 2015/17.	
On page 155, Project code DTS070, MPAC has observed that there was 100% expenditure on the spending while the target is not achieved. Furthermore the reasons for none achievement is that "the billing system still contained the old number of household" 63. Who, in particular, is responsible to update the billing system, and why was the billing system not updated?	Assistant Manager: Revenue is the one who is responsible to update the billing system with information which should be submitted by Technical Services Department. THLM outsourced the service of operation and maintenance on Tweefontein k waste water and Kwamhlanga ponds hence expenditure is 100%.	Q. What action did the Executive Mayor take after realising that Technical Service did not provide information to revenue? A. The AO does reprimand and give directive when cases of this nature are brought to his attention. MM wrote a long email to management on this matter. The matter of billing was not raised with my office. My answer is that lot of complaint came from PMS that they are not getting joy when requesting for information. MM	

Signature:



MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
implemented internally/In house, and furthermore there is an expenditure of R407 973.19 indicated under expenditure column. 65. What informed the expenditure since these project was planned to be implemented internally?		A. There was a budget allocated to this activity. The budget is from the municipal equitable share classified as a training budget. The process followed is supported by MFMA in line with circular number 91, through budgetary processes. FQ. What is the different between the two projects DCS001 and DCS002 FA. The other one talks about the money spent and the other one talk to the percentage – it is the same item. The 1% is done in terms of the skills development Act. The % was worked out of the total of the salary of all municipal employees. FQ. When does in still saying 'In House' for project DCS002	

Signature:



MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
the 25 July 2017, if so please provide POE?			
On page 163, Project code DCS007, MPAC has observed that there is an over achievement of the target (14 vacant positions filled instead of 18) 69. What led to the over achievement of the target?	The Over Achievement is as a result of other terminations that occurred during the financial year adding on the already set target in the SDBIP.		Noted
70. Was the extra vacancies filled budgeted for? Please provide the list of these extra post? Also provide approved organogram and appointment letters of affected positions.	All positions were funded. Refer to the attached POE for extra posts		Noted

Signature: _____



MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
and the reason is that "staff shortage and too much work load for PMS Manager". Furthermore MPAC has previously, on its previous report, recommended that the PMS Office be capacitated with additional post. 73. Why is it taking so long to appoint the position of PMS coordinator since the post is catered for in the approved organogram?	financial year. The municipality had to source savings to fund for this post which could not be possible in the financial year.	A. The post has been allocated budget during the adjustment budget	
On the page 186, project code MM017, MPAC observed that the target was not achieved, the reason being "reports were parked as the agenda was big" 74. How was it determined that the agenda was big, or what measures was used to assess the volume of the agenda?	The AC reports were received late from the AC chairperson and the Council agenda was already finalised however all the reports were then tabled to the next council meetings. Council Resolution is attached as POE		Noted

Signature:  MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
being there was a lack of POE. 78. Who was responsible for these none submission of POE?			
On page 196, Project codes LED 009 MPAC has observed that the target was not achieved and the reason being there was a lack of POE. 79. Who was responsible for these none submission of POE?	The Assistant Manager: LED was responsible for submission of the POE. The POE in the form of minutes were submitted but they were not considered because the minutes were unsigned.		Noted
MPAC has noted on several occasion that the targets were amended by the PMS office because of failure by the departments to provide POE's. 80. We advise that the consequence management should be	Advice noted. We have already started with consequence management processes. Refer to POE attached		Noted

Signature: 
MPAC CHAIRPERSON

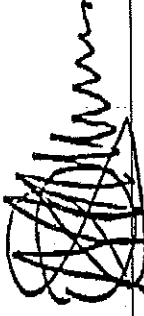
Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
On 4.1. Employees totals Turnover and Vacancies (Page 200) MPAC observed inconsistency of calculations on vacancy rate percentages of the following departments: 1. MM 2. SDS 3. Technical services Again on page 201, MPAC observed inconsistency of calculations on vacancy rate percentages on other sec57 Managers 1. Can the executive mayor provide MPAC with the clarity on calculations of the listed departments?	1. There was an error in the percentage of the MMs office, the correct percentage is 4.5% instead of 8.3%. 2. There was an error in the percentage of the SDS, the correct percentage is 5.3% instead of 2.52%. There was an error in the percentage of technical, the correct percentage is 3.1% instead of 1.8%. The calculation of the other sec57 managers was incorrectly captured as 33.3% and instead it is supposed to be 50% as there is 1 vacancy out of the 2 positions.	Q. So does this confirm that incorrect information was submitted to the relevant stakeholders? A. The only incorrect information submitted to Stakeholders is percentages and not numbers as provided.	Noted

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
- Employee Assistance Programme Policy (2015) - HIV/Aids Policy (2015) 2. Can the executive Mayor clarify the committee with the inconsistency noted?	will be circulated to internal structures for consultation in this financial year to check if there are any new amendments to be included for reviewal.		
Skills development and Training MPAC observed the Names of employees attending MFMP NQF 5 with the University of Pretoria. (page 206) Can the executive Mayor provide the committee with the Job Titles of the listed names?	Herewith is the position titles of the officials attended MFMP: 1. Ntuli FNA : Accountant SCM 2. Matladi SN: Chief Accountant Expenditure 3. Wright SE : Accountant Budget 4. Sekhukhune N: Senior Credit Control Clerk 5. Legodi M: Internal Auditor 6. Maseko JS: Accountant Billing & Revenue 7. Diphofa HB; Secretary MPAC & Audit Committee 8. NtimaneTM: Assistant Manager ICT& Administration 9. Baloyi T : Chief Risk Officer 10. Baloyi Mdaka L: Senior Cashier		Noted

Signature: 
MPAC CHAIRPERSON

Date: 23 March 2018

CHAPTER 5 QUESTIONNAIRE

FINANCIAL PERFORMANCE

Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
MPAC has observed the sub-heading 2015/16 variance under Grant Performance table in page 213. 1. Can the Executive Mayor confirm to MPAC if the financial year provided is correct?	The last two column headings should be the 2016/2017 financial year according to the analysis provided in the Annual Report		
MPAC has observed that the report on Other Transfers/Grants reflect 0%. – Under National Government P. 213 2. Can the Executive Mayor clarify the committee why there is a 0% whereas there was Original Budget and Adjustments Budget is provided in the table?	This particular table reflects the grants received from both the National and Provincial Treasury as well as sector departments. So the information provided in the table is correct.	Q. The question is not answered appropriately/satisfactory. Can the Executive Mayor respond appropriately to this question? A. There has been a typing error wherein the total % should have been 117.57% under original budget and 115.03%	

Signature: _____



MPAC CHAIRPERSON

Date: 23 March 2018

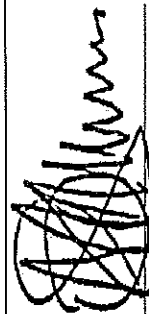
Question	Respond of the Executive Mayor	Follow-up Question & Respond	Committee Comments and Recommendations
payment within the prescribed period?	follow-ups to ensure collectively. The major challenge is that of the households where the Revenue Enhancement Strategy is being implemented to encourage payments of services through intensifying them on the debts owed.	A. Collection through using a debt collector is only done in businesses and government departments. Management has now (2017/2018) developed a new approach to collect revenue from households through working together with the traditional authorities. FQ. Is the revenue enhancement strategy is it bearing fruits? FA. Yes it does at the current moment 2017/18.	
Page 215 – CAPITAL EXPENDITURE 5. Can the Executive Mayor confirm the Original Budget of R117 504 000 000 as provided under Capital Expenditure?	The actual budget is 117 504 000 and it was erroneously captured as billions.		Noted

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With regard to 2015/16 Audit Action Plan 3. Can the Executive Mayor clarify the committee on the progress made on the implementation of the 2015/16 Audit Action Plan? Provide POE.	In terms of the report received from the Internal Audit only 40% of the 2015/2016 AAP was made and the remaining portion was dealt with in the 2016/2017 financial year.	Q. Since the respondent says that the remaining portion was dealt with in the 2016/17 financial year, provide the current status quo (2015/16) with supported evidence. A. In as far as 2016/17 financial year is concerned, all the Audit Action Plan issues were dealt with and necessary disclosures were made in the Annual Financial Statements hence the municipality managed to obtain a better audit opinion (Unqualified).	
The committee has observed the following recurring audit findings between the two consecutive financial years 2015/16 & 2016/17: (a) Annual Financial Statements (non-compliance to section 122 of the MFMA),	The 2016/2017 financial year's Audit Action Plan is detailed on this findings and provides a clear approach in dealing with all the identified recurring findings. The AG as well as Provincial treasury has also amended the Action Plan in such a way that is becomes more specific in dealing with the identified		

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(b) Assets Management (non-compliance to section 63(2)(c) of the MFMA), (c) Expenditure Management (non-compliance to 62(1)(d) MFMA), (d) Procurement and Contract Management pages 229 (2015/16) and 234 (2016/17) Furthermore the recurrence is also observed on pages 37 to page 42 of the Final Management Report in 3 consecutive financial years (2014/15 – 2016/17). 4. To what extend are these findings being resolved?	root causes which led to the identified findings and a clear programme of action is therefore in place.		
The committee has observed under page 231 Restatement of Corresponding Figures that there was a restatement of figures as a result of an error in the financial statements of the municipality. 5. What led to the error, who created the error and what	The financial statement are being prepared by an external service provider who during the course of the preparations mistakenly mapped some of the items incorrectly and during the audit this errors were picked up by the AG and identified them and ultimately corrected hence the municipality	Q. Why is the municipality still outsourcing the services of Consultant in preparation of the AFS and who is accountable to review the AFS before they are taken to the AGSA?	

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		FQ. Is the transfer of skills done based on SAQA? FA. The training is on job training they will only get the experience.	
MPAC observed that the municipality encountered water losses amounting to R13 536 916 however there is some improvement from the prior year. 6. What measures does the municipality put in place to ensure that there is no water loss?	Moloto pressure management project completed 2015/16 part of water conservation to reduce losses. Flow control valves in reservoirs 2016/17 part of water conservation. Kwaggafontein water scheme Bulk pipe line from Kwagga to Mathysenloop 2016/17 (replacing Asbestos pipe) to reduce leaks. Development of water use efficiency and Water Demand Management plan by Rand water 2017/18. Internal maintenance teams working on leakages on daily basis and two maintenance contractor for bulk infrastructure for as and when		Noted
The committee has observed the material increase on Material	This aspect has been caused by the low correction rate and as such this		Noted

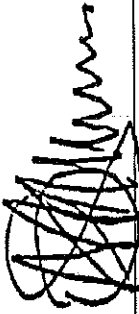
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The committee has observed that awards were made to providers who were in the service of other state institutions or whose directors or principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44. 9. What measures are in place to address this challenge since it is recurring?	The Municipality is currently using MBD forms which we are unable to detect the correctness of information. However national treasury is in process to upload employee profile of all Municipalities on the CSD profile so that the service provider in the service of state can be detected through the CSD summary. Implementation date not confirmed by treasury. Also the service provider have been appointed to assist on these regard.	Q. Did the municipality report the service providers to the National Treasury for blacklisting? A. Yes the report was sent to National Treasury but sent in terms of blacklisting.	
The committee observed that the municipality did not have an effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2) (c) of the MFMA. 10. What measures did you put in place to improve the system of internal control of assets?	The municipality ensured that the internal controls are developed and asset register was compiled and submitted to the office of the Auditor General on the 31st August 2017 for audit. It is also worth noting that there was an improvement in terms of the audit opinion around the assets.	Q. Provide POE on the submission to AG. The municipality made use of I@ Consulting for the compilation of the FAR (Attached see report). Management is currently (2017/18) acquiring the FAR system from the same service provider which will seek to address all the internal control related issues.	

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ANNEXURE D

REPRESENTATIONS/ COMMENTS

R Thousands	Audited Outcome	Original Budget	Adjusted Budget :	Actual Outcome	Actual Outcome As % Of Final Budget	Actual Outcome As % Of Original Budget
<u>Financial Performance</u>						
Property Rates	33 184	41 379 809	41 592 130	40 725 577	98.42%	97.92%
Service Charges	102 776	134 950 282	135 039 162	154 971 349	114.83%	114.76%
Investment Revenue	10 066	2 862 156	3 395 588	7 360 762	285.06%	216.77%
Transfers Recognised – Operational	390 998	340 061 200	346 186 000	415 889 981	122.30%	120.13%
Other Own Revenue	40 449	107 878 191	47 919 702	75 883 754	70.39%	158.38%
Total Revenue (Excluding Capital Transfers And Contributions)	577 473	628 951 648	574 132 540	694 841 423	110.85%	121.02%
Employee Costs	108 510	115 373 700	116 373 700	111 186 174	95.54%	95.54%
Remuneration Of Councillors	20 009	21 575 913	21 575 913	21 045 778	97.54%	97.54%
Depreciation & Asset Impairment	133 631	160 966 106	160 966 106	82 552 516	51.28%	51.28%
Finance Charges	396	0	0	3 611	0%	0%
Materials And Bulk Purchases	119 250	129 113 000	129 113 000	115 443 818	89.41%	89.41%
Transfers And Grants	57 467	42 414 983	42 414 983	108 332 949	255.41%	255.41%
Other Expenditure	288 267	139 417 442	279 072 066	265 322 652	190.31%	95.07%
Total Expenditure	(737 430)	(609 861 144)	(749 515 788)	(703 887 498)	115.42%	93.91%
Surplus/(Deficit)	(159 957)	16 990 504	-175 383 228	-9 046 075		
Transfers Recognised – Capital	125 087	117 504 000	117 504 000	117 504 000	100%	100%
Contributions Recognised – Capital & Contributed Assets	–	–	–	117 504 000	100%	100%
Surplus/(Deficit) After Capital Transfers & Contributions	(34 870)	134 494 504	-57 879 228	108 457 925		
Share Of Surplus/ (Deficit) Of Associate	–	–	–	–		
Surplus/(Deficit) For The Year	(34 870)	134 494 504	-57 879 228	108 457 925		
<u>Capital Expenditure & Funds Sources</u>						

Commented [M2]: The amount don't include amount for loss on disposal of assets, decrease in leave provision, and amnesty written off to value of 3.4million

7. As disclosed in note 37 and 38 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Material losses

8. As disclosed in note 5 to the financial statements, material water losses to the amount of R13 534 916 (2015-16: R15 075 116) was incurred which represents 12% (2015-16: 13%) of total water purchased.