

EXTRACT OF THE MINUTES OF THE 123rd COUNCIL
MEETING OF THE SEDIBENG DISTRICT MUNICIPALITY
HELD ON 27/05/2020

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

9.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): DRAFT OVERSIGHT
REPORT FOR 2018/2019 FINANCIAL YEAR

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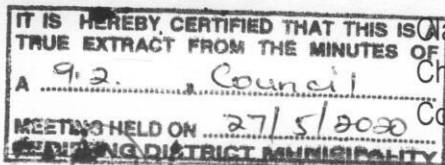
Office of the Speaker

(The Chairperson of Municipal Public Accounts Committee (MPAC), Councillor SJ Mochawe presented the two reports below).

RESOLVED

Municipal Public Accounts Committees (MPAC) recommend to Council to approve the Annual Report with the following reservations:

1. a) THAT the draft oversight report on 2018/2019 financial years, Draft Annual Report, attached as Annexure "A", be hereby adopted with the following reservations in that it did not contain quality and risk assurance from the Audit Committee:
- b) THAT the Audit Committee report with regards to the annual audited Annual Financial Statement (AFS) and Annual Performance Review (APR) in terms of Clause 10.1 (f)(i) of the Audit and Performance Audit Committee (APAC) Charter be included in the MPAC report which must be submitted to the next Council meeting end of June 2020
- c) THAT it be hereby approved that Council ensures the comprehensive implementation of the Action Plans in order to avoid reoccurrence's on issues raised by the office of the Auditor General.
- d) THAT the governance structures perform its responsibilities and provide assurance on the finances, performance and compliance matters as this was identified by the office of the Auditor General as a weakness.
- e) THAT the Audit Committee be hereby delegated to formally present its intervention report to Council on a quarterly basis.
- f) THAT it be noted that reports on the misconduct with regard to financial misappropriation such as fraud and corruption, consequence management is effected and money lost be recouped and a report be tabled before Council on a quarterly basis.
- g) THAT the foreword of the Executive Mayor, the Municipal Manager's executive summary be signed off and be aligned to the National Treasury regulation template.
- h) THAT the Council through MPAC monitor the implementation of the Action Plan and all resolutions which may have negative bearing to the outcome of the municipality and a progress report be tabled after six (6) months.



- i) THAT the Municipal Manager develop a turnaround strategy on the Vereeniging Produce Market, Aerodrome and a report be tabled after six (6) months.
- j) THAT the Municipal Manager continues to follow up on how far is the finalization of the waivers with regards to his salary, the Executive Director's salaries and Emfuleni Municipality debt as they were identified as irregular expenditure.
- k) THAT the recruitment processes and vetting before the employment of any individual's appointment be thoroughly followed to avoid reoccurrences.
- l) THAT the amount of R54 million owed by Emfuleni Local Municipality be addressed and steps to recover that must be developed.
- m) THAT the Municipal Manager develops a turnaround strategy on how the license centres will sustain itself.

NB: THAT it be noted that the Democratic Alliance (DA) raised an objection against the report.

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8.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): DRAFT OVERSIGHT REPORT FOR 2018/2019 FINANCIAL YEAR

(3/P)

Office of the Speaker

1. PURPOSE

To present a final draft oversight report on the Annual Report for 2018/2019 financial year together with management responses on issues emanated from the hearing held on the 21 May 2020 through virtual meeting took place in different venue as part of observing lock down regulations before Council for approval.

2. INTRODUCTION

Municipal Public Accounts Committee is established in terms of Sections 33 and 79 of the Municipal Structures Act, 1998 as a statutory committee of Council in respect of those statutory duties delegated to it in terms of Section 59 of the Systems Act and as a committee of Council in respect to all other duties delegated to it by Council.

The Committee is mandated to draft and table an oversight report for the financial year 2018/2019. The Annual report under review was noted in Council on the 30 January 2020, and the committee has within 60 days to complete the oversight report. The MPAC committee had a meeting where the office of the Auditor General and Audit committee provided a briefing on the analysis with regard to the annual report for 2018/19 financial year. The committee also conducted Senior Management hearings which were held at different venues on the 21st May 2020 through virtual meeting as per COGTA/SALGA directives.

3. BACKGROUND

According to the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 as well as Circular No. 63 of the National Treasury the committee has been mandated to perform oversight on public accounts of the municipality. The 2018/19 oversight report is to be tabled before the Council in order to state its comments on the Annual Report. In line with the legal prescripts, section 129 (1) states that:

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

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

The preparation of the draft oversight report was guided by the framework and the committee's Terms of Reference. These documents serve as guidelines outlining the work of the committee.

4. DISCUSSION

During Council 121st Sitting held on 29 January 2020, it was inter alia resolved as follows:

1. *THAT the Draft Annual Report referred to in (1) above be referred to the Municipal Public Accounts Committee for further scrutiny."*

Accompanying this report is the following attached Annexures:

- i. *Draft oversight report for 2018/19 financial year as Annexure "A" (pages 1-34),*
- ii. *the questions to the administration as Annexure "B" (pages 1- 4),*
- iii. *management responses as Annexure "C (pages 1-40),*
- iv. *Presentation of the Auditor General as Annexure "D" (pages),*
- v. *Presentation of the Audit Committee as Annexure "E" (pages)*
- vi. *Minutes as Annexure "F" (pages); and*
- vii. *Action Plan as Annexure "G" (pages).*

5. FINANCIAL IMPLICATIONS

None.

6. LEGAL AND CONSTITUTIONAL IMPLICATIONS

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

7. ALIGNMENT WITH COUNCIL STRATEGIES

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

- Effective management of Council Business
- Strengthening oversight and accountability

8. CONCLUSION

According to the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 as well as circular No. 63 of the National Treasury the committee has been mandated to perform an oversight role on public accounts of the municipality.

9. RECOMMENDATIONS

It is therefore recommended:

9.1 THAT the draft oversight report on 2018/2019 Draft Annual Report, attached as Annexure “A”, be hereby approved with the following reservations:

Municipal Public Accounts Committees (MPAC) recommend to Council to adopt the Annual Report with the following reservations

- a) THAT it be hereby approved that Council ensures the comprehensive implementation of the Action Plans in order to avoid reoccurrence's on issues raised by the office of the Auditor General.
- b) THAT the Municipal Manager be hereby delegated to present to Council a progress report on how the municipality should raise other sources of revenue for the sustainability of the municipality.
- c) THAT the governance structures performs its responsibilities and provide assurance on the finances, performance and compliance matters as this was identified by the office of the Auditor Generals as a weakness.
- d) THAT the Audit Committee be hereby delegated to formally present its intervention report to Council on a quarterly basis.
- e) THAT it be noted that reports on the misconduct with regard to financial misappropriation such as fraud and corruption, consequence management is effected and money lost be recouped and a report be tabled before Council on a quarterly basis.
- f) THAT the foreword of the Executive Mayor, the MM's executive summary be signed off and be aligned to the National Treasury regulation template.
- g) THAT the Council through MPAC monitor the implementation of the Action Plan and all resolutions which may have negative bearing to the outcome of the municipality and present a progress report be tabled after 6 months.
- h) THAT the Municipal Manager develop a turnaround strategy on the Market, aerodrome be developed and a report be tabled after six (6) months.
- i) THAT the Municipal Manager continues to follow up on how far is the finalization of the waivers as they were identified as Irregular expenditure.
- j) THAT the recruitment processes and vetting before the employment of any individual's appointment be thoroughly followed to avoid reoccurrences.
- k) THAT the amount of R54 mil owed by Emfuleni Local Municipality be addressed and steps to recover that must be developed.

- I) THAT the Municipal Manager develops a turnaround strategy on how the license centres will sustain itself.

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