

**EXTRACT OF THE MINUTES OF THE 142<sup>ND</sup> COUNCIL MEETING HELD ON 31 MARCH 2023.**

**9.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): OVERSIGHT REPORT ON THE ANNUAL REPORT FOR 2021/22 FINANCIAL YEAR.**

(3/P)

*Office of the Speaker*

**RESOLVED**

- 1.1 THAT the draft oversight report on 2021/2022 be hereby approved with the following reservations:
  - 1.1.1 THAT the Executive Mayor monitor the Accounting Officer on the implementation of Mokhari investigation recommendations.
  - 1.1.2 THAT the progress report be tabled into Council on the recouping of money from the late Municipal Manager, Mafoko security company saga and Prince Mudau and Associates.
  - 1.1.3 THAT consequence management process be instituted against head of department of Licensing and head of Human Resources for failure to institute disciplinary process against Vanderbijlpark Licensing Department center employees who were suspended for three (3) months without being charged.
  - 1.1.4 THAT the 2020 Council resolutions on the usage of internal legal services in recouping the money owed to the municipality by Mafoko security company, Prince Mudau and associates and the late Municipal Manager estate be rescinded.
  - 1.1.5 THAT a quarterly report on fuel consumption by political offices be presented to Council as part of mitigating and tracking expenditure pattern.
  - 1.1.6 THAT an investigation be done on employee/s who is employing EPWP outside the municipal approval.
  - 1.1.7 THAT the Municipality adhere to Supply Chain Management policies and ensure that internal vetting takes place when awarding tenders and non-adherence to that consequence management must take place.
  - 1.1.8 THOSE officials who are found having contravened supply chain management regulations be disciplined through consequence management policy.
  - 1.1.9 THAT all grants received be utilized for intended purpose and failure to that disciplinary measures be instituted to the transgressors.
- 1.1.10 THAT all UIFW be investigated and report on the outcome be presented before Council for noting.
- 1.1.11 THAT the progress report on all the above mentioned recommendations be tabled to Council before the end of June 2023."

It is hereby certified that this is a true extract  
from the minutes of a meeting of the Sedibeng  
District Municipality.

Council held on: 31 March 2023  
Signed by: R. Mhlwatiqa  
Designation: Director  
Legal And Support Services

**8.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): OVERSIGHT REPORT ON THE ANNUAL REPORT FOR 2021/22 FINANCIAL YEAR.**

(3/P)

**Office of the Speaker**

**1. PURPOSE**

To present before Council, MPAC oversight report on the Annual Report for 2021/22 Financial Year for approval.

**2. INTRODUCTION**

The Council's oversight function is one of the cornerstones of democracy and an indicator of good governance. Oversight is a key function of governance that is aimed at ensuring that activities are implemented as planned by providing strategic direction to principal recipients, ensuring policies and procedures are met, instituting financial controls (including independent audits), and following through with key recommendations. The oversight concept encompasses many aspects which include political, administrative, financial, ethical, legal and strategic elements. Therefore, the core function of oversight is to ensure that resources are used efficiently and effectively for the benefit of the society at large.

Legislatures exercise their oversight prerogative based upon the existence of a legal framework that guarantees their powers and independence within the political system. Oversight detects and prevents abuse, illegal and unconstitutional conduct by the executive authority and public agencies. At its core, the oversight function aims to protect the rights and liberty of citizens.

**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 committee as the draft Annual Report for 2021/22 financial year was presented before the council; the expectation is that the committee will be hard at work in interrogating and engaging different stakeholders on how the municipality has performed.

The preparation of the draft oversight report, which attached herein as Annexure A, is guided by the framework and the committee's Terms of Reference. These documents serve as guidelines in outlining the work of the committee. And also in the process of concluding this exercise a new reporting template issued by the National Treasury has been of great assistance.

**4. DISCUSSIONS**

The Annual Report was tabled before Council on 31 January 2023 and after that process it was referred to MPAC for the Committee to play its oversight and submit the report after 60 days in terms of section 127/129 of the municipal finance management act. The committee will be expected to table the oversight report on the 29<sup>th</sup> of March 2023 as part of compliance.

Attached hereto find the list of the following Annexures in the separate package for 2021/22 financial year.

Annexure A	- Oversight Report
Annexure B	- Minutes of the meetings of the Municipal Public Accounts Committee
Annexure C	- Questions compiled for the Senior Management
Annexure D	- Sedibeng Senior Management Responses
Annexure E	- Auditor General Report

5. **FINANCIAL IMPLICATIONS**

None

6. **LEGAL AND CONSTITUTIONAL IMPLICATIONS**

- Constitution of the Republic of South Africa, 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

7. **ALIGNMENT TO COUNCIL STRATEGIES**

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

- Effective management of Council Business
- Strengthening oversight and accountability

8. **CONCLUSION**

When conducting oversight, oversight bodies should uphold the principles of cooperative governance and intergovernmental relations. Organs of state must perform their functions in a manner that does not encroach on the terrain and functional integrity of governance in another organ of state. The Local Government government have evolved and grown tremendously since the inception of democracy. Oversight structures are continuously monitored and revised as we learn from best practice, including our own experience over the years of democracy. Public accountability and transparency are indispensable pillars of good governance which build public confidence.

9. **RECOMMENDATIONS**

It is therefore recommended

- 9.1 THAT the draft oversight report on 2021/2022 be hereby approved with the following reservations;
- 9.1.1 THAT the Executive Mayor monitor the Accounting Officer on the implementation of Mokhari investigation recommendations.
- 9.1.2 THAT the progress report be tabled into Council on the recoupment of money from the late Municipal Manager, Mafoko security company saga and Prince Mudau and Associates.

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- 9.1.3 THAT consequence management process be instituted against head of department of Licensing and head of Human Resources for failure to institute disciplinary process against Vanderbijlpark Licensing Department center employees who were suspended for three (3) months without being charged.
- 9.1.4 THAT the 2020 Council resolutions on the usage of internal legal services in recouping the money owed to the municipality by Mafoko security company, Prince Mudau and associates and the late Municipal Manager estate be rescinded.
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- 9.1.8 THOSE officials who are found having contravened supply chain management regulations be disciplined through consequence management policy.
- 9.1.9 THAT all grants received be utilized for intended purpose and failure to that disciplinary measures be instituted to the transgressors.
- 9.1.10 THAT all UIFW be investigated and report on the outcome be presented before Council for noting.
- 9.1.11 THAT the progress report on all the above mentioned recommendations be tabled to Council before the end of June 2023.

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE   OVERSIGHT REPORT**

**2021/2022**

**SEDIBENG DISTRICT MUNICIPALITY**

**CONFIDENTIAL**

## **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEMBERS**

- Cllr Y. Mahomed (ANC) - **Chairperson**
- Cllr T. Buthongo (ANC)
- Cllr S. Sefatsa (ANC)
- Cllr T. Khoza (ANC)
- Cllr I. Khithika (EFF)
- Cllr T. Tlhokwe (DA)
- Cllr T. Ramongalo (DA)
- Cllr R. Lubber (FF+)
- Cllr M. Kantso (PAC)
  
- Cllr. Maipone. M - Speaker of the council, serving in ex-officio capacity

## FOREWORD BY CHAIRPERSON

The 2021/22 financial year marks the second (2) year during the political term under the sixth administration which has started since May 2021 and it is important for council to note that this report immediately after the Annual Report was tabled to Council in 31 January 22, the report was referred to MPAC for further scrutiny and that MPAC must present the oversight report to council after sixty (60) days in terms of sec 129 of the Municipal Finance Management Act. The MPAC committee members were deployed to this important committee of council with a clear mandate that it will play oversight over the executive in terms of its terms of references adopted by Sedibeng Council.

The office of the Auditor General also presented its outcome and findings on the performance and the financial performance of the municipality on the 31 of January 2023. Sedibeng continue to receive the same outcome with an increase on matters of emphasis on the predetermined objectives/ performance and weaknesses on the three layers of assurance providers in playing oversight role over the executive. I must indicate to this august body that MPAC committee has been hard at work in trying to influence the change of attitude on how the administration should conduct its business.

The committee derives its mandate from the constitution of the republic of South Africa and other pieces of legislation, its sole purpose is that of enhancing democracy and create an environment in which accountability and transparency thrives. MPACs exist to assist Council to hold the executive or municipal entities to account, and to ensure the efficient and effective use of municipal resources and the public purse.

Functions of oversight committees are

- To improve the transparency of government operations and enhance public trust in the government, which is itself a condition for effective policy delivery.
- To detect and prevent abuse, arbitrary behaviour or illegal and unconstitutional conduct on the part of the government and public agencies.
- At the core of this function is the protection of the rights and liberties of citizens.
- To hold the government to account in respect of how the taxpayers' money is used. It detects waste within the machinery of government and public agencies. Thus it can improve the efficiency, economy and effectiveness of government operations.
- To ensure that policies announced by government and authorised by Council are actually delivered. This function includes monitoring the achievement of goals set by legislation and the government's own programmes.

Functions of accountability include amongst the following:

- To enhance the integrity of public governance in order to safeguard government against corruption, nepotism, abuse of power and other forms of inappropriate behaviour.
- As an institutional arrangement, to effect democratic control.
- To improve performance, this will foster institutional learning and service delivery.
- To enable the public to judge the performance of the government by the government, giving account in public.
- In regard to transparency, responsiveness and answerability, to assure public confidence in government and bridge the gap between the governed and the government.

### **Legal Framework**

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

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

The Municipal Finance Management Act (MFMA), Circular No 32, stipulate clearly the way the overall financial activities of the council should be handled and more emphasis is on the functionality of the oversight committee.

### **Stakeholders**

The committee convened a stakeholders meeting in a form of strategic session with the office of the Auditor General , Audit committee, Treasury were invited to present before the committee its findings as part of support to the committee. The three (3) days strategic session was convened from the 1,2and 3<sup>rd</sup> March 2023 to solicit information on the findings in order to be able to work on the draft questions to senior management for 2020/21 financial year. It must be noted by council that indeed these engagements are a necessity as they deepen and shape our thinking and understanding our democracy and its challenges.

### **Committee Meetings**

The MPAC convened a meeting on the 17<sup>th</sup> and 18<sup>th</sup> of February 2023 and in 1, 2 and 3 March 2023 to work on the preliminary oversight report draft and to develop a process plan as to how these meetings will be conducted and chapters as outlined in the Annual Report were assigned to individual councilors assisted by the staff on technical arrears from the office of the Speaker.

### **Capacity Building**

Members of the MPAC attended a nationwide local government training which took a week and the training was conducted by SALGA throughout the country.

### **Conclusion**

The success in delivering a credible report to Council by the committee rest with the support given the office of the Speaker and the council. As the committee of council we did experience some challenges in relation to receiving some responses from management as the situation of the municipality has not been stable in relation to acting of senior managers and officials responsible for the responses.

Finally, I wish to congratulate the commitment, the unity and contribution made by the committee members and the support the Speaker and her office gave to this committee since from 2016 August Local Government elections LG.

Towards enhanced service delivery and financial accountability

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Clr Y. Mohamed

MPAC Chairperson

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**GLOSSARY**

AG	-	Auditor General
ANC	-	African National Congress
APAC	-	Association of Public Accounts Committees
EFF	-	Economic Freedom Fighters
NH	-	New Horizon
CFO	-	Chief Financial Officer
CAPEX	-	Capital Expenditure
CPIX	-	Consumer Price Index
DA	-	Democratic Alliance
E-PMS	-	Electronic Performance Management System
FF Plus	-	Freedom Front Plus
IDP	-	Integrated Development Plan
MEC	-	Member of Executive Council
MFMA	-	Municipal Finance Management Act
MPAC	-	Municipal Public Account Committee
MSA	-	Municipal Systems Act
OPEX	-	Operating Expenditure
PAC	-	Pan Africanist Congress
SDM	-	Sedibeng District Municipality

## PREAMBLE

The oversight report covers the period 2021/22 financial year and started off with a broad outline of the objectives of the Municipal Public Account Committee (MPAC). The Sedibeng MPAC committee set out to achieve the following objectives; -

- That the municipality gets value for money whenever money is spent
- That the budget and IDP is properly aligned

- That there is proper service delivery in all areas of our jurisdiction and always take into consideration the needs of the people, needs established through public participation.
- That the impact of our report will be of such a nature, that it is useful to council and that in the final analysis, the committee is able to advise the council correctly.
- There is no fraud or corruption in the administration or in council
- There is legal compliance whenever required

Methods used by the committee in preparing the oversight report included the convening of meetings where the Annual Report, IDP, SDBIP and all supporting documentation were scrutinized.

Questions were formulated on specific areas of concern for the management to provide responses and present them back to the members of MPAC. Senior managers led by the acting Municipal Manager Manager were invited before the committee as part of the committee's Terms of References adopted by the council and the dates for these meeting were held at Council chamber on the 07<sup>th</sup> and 08<sup>th</sup> of March 2022. All these engagements have assisted the committee in developing the final draft oversight report to be tabled to council.

Accordingly the oversight report will cover: The Integrated Development Plan, Annual Report; Service Tariffs and Auditor General's Report, Audit committee report, policies of council according to the checklist used developed by Nation and Provincial Treasury in assisting local government when performing its oversight work.

## **2 LIST OF DOCUMENTS**

A list of documents were considered in the process of finalization of the oversight report, not all documents will be attached to the report, only those documents that had a direct bearing on the work of the committee are attached. Other documents can be found in the Office of the Speaker for inspection or perusal and for the purpose of transparency and the promotion of good governance. Attached are the following:

- Annexure A - Oversight Report
- Annexure B - Minutes of the meetings of the Municipal Public Accounts Committee
- Annexure C - Questions compiled for the Senior Management
- Annexure D - Sedibeng Senior Management Responses

- Annexure E Auditor General Report

### **3 TIME FRAMES FOR ANNUAL REPORT**

The following outlines the major steps in the Annual Reporting process indicating responsibilities and dates prescribed in the Municipal Finance Management Act and Municipal Systems Act.

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Compliance
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager	Complied
31 August	Submit municipal entity AFS to parent municipality and to Auditor-General	S126(2)	Municipal Entity Accounting Officer	Complied
30 September	Submit consolidated AFS to Auditor-General (municipalities and entities)	S126(1)(b)	Municipal Manager	Complied
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS.	S133(2)	Auditor-General	Complied
Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General	Complied
On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality	Complied
31 December	Entity submits annual report to Municipal Manager	S127(1)	Municipal Entity Accounting Officer	Complied
31 December	Annual Reports of municipality and entities tabled in Council	S127(2)	Mayor	Complied

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Compliance
Immediately after annual report is tabled	Annual report made public and local community invited to submit representations.	S127(5)(a)(MSA)S21A and B	Municipal Manager	Complied
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager	Complied
When meetings held to discuss the annual report	Attend meetings to respond to questions concerning	S129(2)(a)	Accounting Officer of municipality and entity	Complied
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government	S129(2)(b)	Accounting Officer of municipality and entity	Complied
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)		Pending the submission of the oversight report within the prescribed time frame as outlined in the reporting cycle.
Within seven days of adoption of oversight report	Make public the oversight report	S129(3)S21A -MSA	Accounting Officer	None complied pending the adoption of the oversight report.
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1)& (2)	Accounting Officer	None complied pending the adoption of the oversight report.

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Compliance
As necessary	Monitor compliance with submission of reports to provincial legislature	S132(3)	MEC for local government in the province	Complied
Within 60 days of receiving annual reports	Report to provincial legislature any omissions by municipalities in addressing issues raised by the Auditor-General	S131(2)	MEC for local government in the province	Complied
Annually	Report to Parliament on actions taken by MEC's for local government to address issues raised by Auditor-General on municipal and entity AFS	S134	Cabinet member responsible for local government	Not applicable to municipality

#### 4

#### OVERSIGHT FRAMEWORK (report)

The oversight report as attached contains the following key aspects:

##### **4.1. Integrated Development Plan**

**Was the IDP tabled before the council? Yes**

**The Process Methodology**

The current IDP 2021/22 was reviewed in line with the Sedibeng Growth and Development Strategy two (2) (SGDS 2), Five year IDP 2022 /26 will be developed in line with the National Development Plan and Gauteng TMR.

**Was there any compliance with regard to the format and components and timelines?**

The IDP complies with the provision made in the Municipal Systems act, s (26) with regard to the components. The MEC's comments were considered on the reviewed for the following financial year.

**Alignment to the budget.**

There was no alignment with regard to IDP and the Budget, evidence to that is the finding from the internal audit reports that were presented before council and how clusters could not achieve targets set during the financial year 2021/22. The translation of the projects committed in the IDP to the SDBIP is still a challenge as misalignment more -especially under Transport, Infrastructure and Environment (TIE).

**4.2. The IDP contains MEC comments for 2021/22 financial year as follows;**

After the adoption of the IDP 2021/22 financial year, the Sedibeng District Municipality submitted its five year IDP to the MEC for Local government for comments. Below are the comments from the MEC of Local Government and Housing the Sedibeng IDP.

**MEC Comments on Sedibeng District Municipality 2019/20 IDP:**

**Comments made by MEC for CoGTA on Final IDP 2021/22**

Chapter 05 of the Municipal Systems Act of 2000 requires all municipalities to submit their IDPs to MEC for Local Government for commenting. The IDPs are subjected to a form of assessment by the provincial government to assess relevance, effectiveness and whether the service delivery targets set with stakeholders are met. The

comments were structured into two sections with section one having general observation to issues affecting municipalities in the province and section two which focused on municipal specifics. The table below provides a summary of the comments made by the MEC for COGTA.

MEC Comments	Municipal Response
<p><b><u>Spatial Planning and Environment Development</u></b></p> <ol style="list-style-type: none"> <li>1. The municipality is acknowledged for including a full Spatial Development Framework (SDF) as part of its submission. However, the SDF summary falls short in reflecting national and spatial planning policies. Additionally, specific housing programmes have not been spatially identified and located, particularly the location of national and provincial housing programmes. The Municipality is urged to close these gaps in the SDF.</li> <li>2. In efforts to manage new settlement development, the SDF intends to consolidate the urban structure of the district around nodal points by promoting infill development and densification such as priority Housing Development Areas (PHDAs). To this effect, it is important that current and future bulk infrastructure requirements are specified, planned and budgeted for by the Municipality.</li> <li>3. The municipality is commended for identifying and prioritizing nodal areas at District level. This positive step advances nodal strengthening, maintenance as well as enhancement. In light of the district spatial characteristics, the municipality is urged to spatially indicate where existing small scale agricultural activities are situated and are being encouraged.</li> <li>4. In pursuing environmental management and eco-system protection, it is critical that Sedibeng IDP recognises and aligns to the Gauteng Provincial Environmental Management Framework (GPEMF). This is the provincial mandate in relation to National Environmental Management Act and alignment at a district level, through the GPEMF, is important. The municipality is urged to ensure that the next IDP cycle reflects this alignment.</li> <li>5. In light of the environmental challenges facing the Sedibeng District, the IDP indicates that the Municipality will be conducting environment awareness campaigns. While this is supported, clear progress on the outcomes and impact of the campaigns should be reflected in the IDP. Linkages on environmental issues should further be drawn through the District SDF, with strategies being put in place to address the environmental challenges.</li> </ol>	<p><b><u>Strategic Planning and Economic Development</u></b></p> <ul style="list-style-type: none"> <li>• Summaries differ, in our case, we do the summary based on what the municipality wants to achieve in the relevant financial year. The alignment with national and provincial policies also has been omitted in the summary since it is covered in the comprehensive document, we want the summary to be succinct and not cluttered.</li> <li>• We are incapacitated and require support on Geographic Information Systems.</li> <li>• The powers and functions of the district municipality as reflected in the Municipal Structures Act 117 of 1998 have been devolved to local municipalities. As a consequence, the district municipality has been suffering financially and subsequently has been engaging provincial CoGTA for intervention without success. The municipality can only plan and budget for bulk infrastructure when the power and functions are restored.</li> <li>• Comment is noted.</li> <li>• The comment is noted.</li> </ul>

<b>MEC Comments</b>	<b>Municipal Response</b>
<p><b><u>Local Economic Development</u></b></p> <ul style="list-style-type: none"> <li>a) It is noted that Sedibeng District Municipality has just adopted its third generation Growth Development Strategy (GDS), which was approved by Council in the third quarter of the 2020/21 financial year. The municipality is encouraged to implement the GDS in order to build confidence and unlock economic opportunities in the broader Sedibeng area. The absence of an LED strategy, however, will hamper progress in this area. To give full effect to the GDS the Municipality is urged to develop an LED strategy.</li>   <li>b) According to the IDP, the Municipality has a number of major catalytic projects currently in planning phase. It is envisaged that these will foster enterprise development and boost infrastructure development in the Sedibeng area. The Municipality is encouraged to explore alternative revenue streams and develop innovative partnerships that will assist in the implementation of these projects.</li> </ul>	<p><b><u>Strategic Planning and Economic Development</u></b></p> <p>Gauteng Department of Economic Development has appointed Service Provider in 2020/21financial year, to assist in development of Local Economic Development Strategy. Progress in this project has been unsatisfactory.</p> <p>The municipality has reached out to Gauteng Infrastructure Financing Agency to assist with feasibility studies and possibilities of entering into Public Private Partnerships with the private sector.</p>
<p><b><u>District Development Model (One Plan)</u></b></p> <p>The Sedibeng District Development Model was developed and submitted by the end of June 2021 as National Department of Cooperative Government (DOOG) requirements. The district's proposition for DDM Launch/Pilot in Gauteng is also noted. The implementation of DDM overall in the district is commended.</p> <p>It should be noted that going into the 5<sup>th</sup> Generation of IDPs, the District will be required to include a chapter on DDM implementation and One Plans in the IDP. The alignment of IDPs and One Plans necessitates incorporation of the long-term priorities and commitments into shorter term interventions as part of IDP term.</p> <p>The district is encouraged to continue to lead the implementation of DDM and facilitate the participation and support of all locals particularly on the One Plan.</p>	<p><b><u>Office of the Municipal Manager</u></b></p> <p>In the current IDP 2022/27, the DDM (One Plan) Chapter has been developed and included in the document.</p> <p>Local Municipalities in the District do participate in both Political &amp; Technical DDM meetings that are held regularly.</p>
<p><b><u>IDP Monitoring and Support</u></b></p> <p>The Gauteng Department of Cooperative Governance is committed to provide support and guidance while</p>	<p><b><u>Integrated Development Plan</u></b></p> <p>The comments and issues raised by MEC are noted and intervention on</p>

MEC Comments	Municipal Response
<p>monitoring the development of the district IDP as outlined in Section 154 of the constitution. To this extent, the department: -</p> <ul style="list-style-type: none"> <li>• Has established the Provincial Manager's Forum as critical support structure.</li> <li>• Will be issuing n IDP Circular that will provide the necessary guidance and clarify on the development, review and implementation of IDPs and other matters in the province and.</li> <li>• Has established Regional Support Teams that will, amongst others continue to work with the district and provide support on IDP and other matters.</li> </ul> <p>In addition, the department would like to continue to participate in IDP Steering Committee Meetings of the District in order to provide support and guidance.</p> <p>Lastly, the Department, working together with Provincial Treasury and Office of the Premier as the centre of the government, will assist to coordinate the participation of sector departments in the IDP process.</p>	<p>the participation of sector departments in the IDP processes will be highly appreciated. Gauteng CoGTA will ensure that all Sector Departments do attend all Sedibeng District Municipality and Local Municipalities IDP Public/Stakeholders Engagements and IDP Steering Committees to provide support and guidance</p>
<p><b><u>Cross Cutting Issues</u></b></p> <p>With regard to the Municipal Sector Plans, Section 26 the Municipal Systems Act indicates that an Integrated Development Plan must reflect certain core components, one of them being applicable sector plans. Municipalities are urged to submit their sector plans as Annexures to the IDP in subsequent submissions of the next IDP Cycle.</p> <p>Furthermore, collaboration with Provincial Sector Departments is essential for obtaining assistance in developing Municipal Sector Plans. The Municipality is advised to include table/chapter in the IDP that indicates the existing Municipal Sector Plans and their status.</p> <p>On the issue of Gender Mainstreaming, Gender Based Violence and Femicide (GBVF) is an important issue for consideration and response. Preliminary observations reveal that IDP do not include mainstreaming of gender or contain targeted responses to GBVF. While the IDP does reflect overall intentions to address-based violence and femicide in a way that would be impactful to communities, it is recommended that the municipality refer to Province adopted five pillar GBVF response plan which</p>	<p><b><u>All Clusters:</u></b></p> <p>Gender Based Violence and Femicide (GBVF) forms an integral part of Sedibeng Community Safety Strategy. There are regular awareness and educational programmes that are conducted across the district, including physical engagements (Victim-Offender Dialogue) with various role-players (stakeholders, victims of crime &amp; perpetrators).</p> <p>During the 16 Days of Activism on violence against women and children, the CSF held various programmes across the region which include among others, GBV Men as Safety Promoters Awareness Campaign (Vereeniging), Youth Safety – Safe &amp; Secure Communities Programme (Vaal Marina), GBV Road Show (Sebokeng), Safe &amp; Secure Communities Programme (Kliprivier), and Safe &amp; Secure Communities: Mother &amp; Daughter Dialogue (Heidelberg).</p>

<b>MEC Comments</b>	<b>Municipal Response</b>
requires the participation of local government as one of the key stakeholders towards ensuring adequate gender mainstreaming within municipal IDPs.	
<p><b><u>Good Governance and Institutional Development</u></b></p> <p>Senior Management vacancies have the potential to negatively impact municipal institutional stability, functionality and compromise service delivery. In Sedibeng District Municipality, three strategic positions are currently vacant –Municipal Manager, Chief Financial Officer and Director Technical Services. It is critical that the process of filling these positions is expedited.</p> <p>Moreover, the staff structure of the Municipality is bloated, which is straining the financial profile of the institution.</p> <p>Observing the previous financial years, the Municipality has consistently received unqualified opinions with findings relating to performance reporting. It is recommended that performance reporting be aligned across the strategic documents of the Municipality.</p> <p>The Sedibeng District Municipality is commended for having governance structures such as the IDP Representatives Forum in place. However, the IDP does not reflect the status of these structures particularly during the Covid 19 Pandemic and restrictions. The Municipality is encouraged to indicate this in the next cycle.</p>	<p><b><u>Office of the Municipal Manager and Corporate Services</u></b></p> <ul style="list-style-type: none"> <li>• The position of the Municipal Manager has been advertised and closing date was 2<sup>nd</sup> Feb 2022.</li> <li>• The process of filling and appointment of the position of the Chief Financial Officer, Executive Directors will take place after the Municipal Manager have been appointed and the due date is before the end of June 2022.</li> <li>• The municipality has put a halt on all vacant positions with the aim of reviewing the Organogram. The municipality will consider the option of advertising internally for critical vacant position that need to be filled to ensure that internal applicants can receive first preference, in doing so, this will allow the possibility of removing non critical positions from the structure.</li> <li>• The Municipality convened Strategic Workshop dated 10 -12 Jan 2022 with aim of aligning performance reporting across the strategic documents &amp; alignment to performance framework.</li> </ul>
<p><b><u>Municipal Financial Viability and Management</u></b></p> <p>The Sedibeng District Municipality's 2021/22 budget was assessed in collaboration with the Gauteng</p>	<p><b><u>Finance:</u></b></p> <ul style="list-style-type: none"> <li>• Council has drafted and approved a financial recovery plan as</li> </ul>

MEC Comments	Municipal Response
<p>Provincial Treasury, revealing that the Municipality's budget is unfunded and financially unsustainable. The financial position of the Municipality is strained by excessive employee costs, with liabilities far exceeding assets, rendering the Municipality technically insolvent. The Municipality is urged to put in place measures to reduce its employee related costs such migrating some employees to its local municipalities as and when relevant become available.</p> <p>Over the 2019/20 financial year, Sedibeng District Municipality's total irregular and fruitless expenditure stood at R12 million, decreasing by R3 million compared to 2018/19 financial year. This positive stride is encouraged. The Municipality is further commended for having a consequence management committee which investigates the nature of the expenditure and makes recommendations to the Municipal Manager.</p> <p>The Municipality is urged to develop an expenditure management plan while exploring the implementation of alternative revenue streams that would ultimately assisting improving its financial state. This is critical as budgeted cash coverage ratio of the Municipality is currently below 2 months over the Medium-Term Revenue and Expenditure Frame Work (MTREF), which is indicative of an institution in financial distress.</p>	<p>part of addressing the operating deficit on the medium-term revenue and expenditure framework 2021/22 – 2023/24 which encompass the comments and recommendations from the MEC.</p>
<p><b><u>Service Delivery and Infrastructure Development</u></b></p> <p>Upon assessing this component of the Sedibeng District Municipality, it remained unclear whether efficiency programmes or campaigns are implemented for municipal operations and other sectors. It is therefore recommended that the Municipality considers initiating programmes such implementing more energy efficient lighting in municipal buildings while promoting the use of sustainable and renewable energy.</p> <p>The municipality is further urged to promote principles of Crime Prevention through Environmental Design as articulated in Crime and Safety Strategy of the Department of Community Safety. Over the long-term period, this will contribute to promoting liveable communities across the space.</p>	<p><b><u>Transport, Infrastructure and Environment; and Community Services</u></b></p> <ul style="list-style-type: none"> <li>Through the Community Safety Forum, there are constant cleaning campaigns conducted across the region. This is to eliminate potential risk factors attributed to opportunities to rapes, as a result; of over-grown shrubs and grass.</li> <li>The District Municipality is in a process of assisting the Local Municipalities to revive their Community Safety Fora and completion of their Community Safety Plans. This is to ensure that CPTED approach is effectively responded to as challenges related to infrastructure such as dilapidated buildings, non-functional streetlights, trimming and pruning of trees are located at local</li> </ul>

MEC Comments	Municipal Response
	municipality level.

#### **4.3 Service Tariffs**

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

#### **4.4. Auditor General's Report**

Report is attached on Annexure E

#### **4.5. Annual Report.**

There was a general compliance with regard to the new reporting template even though there is no consistence as some arrears from the Executive Mayors foreword will need to be filled in terms of the information. The draft Annual Report was tabled from the 31<sup>th</sup> August 2022 which the municipality did comply.

According to the Oversight Report Framework, Annual reports are required in terms of s (46 ) of the Municipal Systems act, and s (121)and s (129) of the Municipal Finance Management Act No 56 Of 2003,the Annual Report has to comply with the following components.

- A foreword by the Mayor; an overview of the Municipality
- An organizational structure
- No report of the auditor general on the performance of the municipality
- Unaudited Financial Statements
- Unaudited Report of the financial statements; Disclosure on government grants; as well as disclosure on councillors.

#### **4.6. Specific Grants**

Restructuring grants are not applicable to the district. Grants at the level of the district are grants such as Municipal Infrastructure Grant, Governments grants and subsidies, equitable shares, Provincial grants, Neighborhood Grants and DLG Grants.

#### **4.7. Performance management**

There is a policy approved by council and it has not been reviewed. Manual performance management system has been implemented as a method to track the progress made by individual employees throughout the municipality. Draft Annual Report tabled on the 31<sup>th</sup> August 2022 was as a result of the integrated assessments by all clusters. It was identified that the challenge that the municipality must revisit the e- performance management report as the current system is prone to problems because of too many hands on it.

#### **4.8. Circular 32.63 and 11 of National Treasury**

The Municipal Public Account Committee will be guided by the above mentioned regulation in doing and completing its work and it will also expect the municipality to fully adhere as the objective is to promote good governance and enhance transparency and accountability.

#### **4.9. Municipal Bank Account**

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

#### **4.10. Cash, Investments, and Asset Management**

Cash investment policy was reviewed and tabled to council during Council 75 - 2014-05-28 as council resolution A1329 and A1330.

#### **4.11. Debt Register**

Debt register was taken care during the financial year 2021/22 financial year.

#### **4.12. Financial Management**

Sedibeng District Municipality has developed internal control measures aimed at minimising risk and keep the status stable as the institution relies on the grant received from National Treasury.

#### **4.13. Audit Committee**

Audit committee has been appointed and its term of office has expired hence a report to Council for the extension was presented to Council and in terms of their reports this committee is functional. The committee has the following members in place;

Members appointed are

-Mr Sidwell Mofokeng – Audit Committee Chairperson

-Mrs T. Jaxa – Audit committee member

-Mrs. T. Moja – Audit committee member

Mrs T. Socatsha- Audit committee member

The Audit Committee has responsibly exercised its role to provide oversight on the Municipality's control, governance and risk management. Furthermore, the Committee has provided the Accounting Officer and Council with independent counsel, advice and direction. After the term has expired a new audit committee was appointed by the municipality to take over from the previous committee. The charter amongst others specifies measures with regard to risks and it also specifies the role of the internal audit committee. The audit committee is functional and its meeting are convened as per scheduled.

#### **4.14. Supply Chain Management**

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

Tender documents are centralized at Supply Chain Management according to the project plan, to address tendering and procurement issues. And it was emphasized that an oversight role should be played on whether the accounting officer submit the report on the implementation plan of the policy, which should takes place 30 days after the end of the financial year.

#### **4.15. Internal Audit Function**

The Sedibeng district Municipality has established internal audit unit and it is fully functional with a staff compliment of five (5) members. Reports are compiled and forwarded to Audit Committee and the office of the Municipal Manager.

#### **4.16. Credit control and debt control**

Debt Management Policy with Council Resolution A1329, taken 28 May 2014 at 75th Council meeting. No debt reported during the financial year under review.

#### **4.18. Audit Queries**

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

### **5. CONCLUSION**

The Annual Report for the financial year 2021/22 complied with tabling of the Annual Report. The committee also picked grey areas to the report and advice the administration to take its work very serious as this report has to be tabled to public. The committee will ensure that the institution is geared towards sustaining the current outcome and furthermore monitor the gradually improvement of the local municipalities in attaining the clean audit through the IGR district policy framework. Municipal Public Accounts Committee advice the municipality to consider and implement the comments made by Provincial stakeholders as part of enhancing quality reporting. Inviting few clusters was as a result of improvements by other cluster which the committee applauds and wishes that all departments will follow suit in future.

### **RECOMMENDED**

THAT the draft oversight report on 2021/2022 be hereby approved with the following reservations;

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

- a). THAT the Executive Mayor monitor the Accounting Officer on the implementation of Mokhari investigation recommendations.
- b). THAT the progress report be tabled into Council on the recoupment of money from the late Municipal Manager, Mafoko security company saga and Prince Mudau and Associates.
- c). THAT consequence management process be instituted against head of department of Licensing and head of Human Resources for failure to institute disciplinary process against Vanderbylpark Licensing Department center employees who were suspended for three (3) months without being charged.
- d). THAT the 2020 Council resolutions on the usage of internal legal services in recouping the money owed to the municipality by Mafoko security company, Prince Mudau and associates and the late Municipal Manager estate be rescinded.
- e). THAT a quarterly report on fuel consumption by political offices be presented to Council as part of mitigating and tracking expenditure pattern.
- f). THAT an investigation be done on employee/s who is employing EPWP outside the municipal approval.
- g). THAT the Municipality adhere to Supply Chain Management policies and ensure that internal vetting takes place when awarding tenders and non-adherence to that consequence management must take place.
- h). THAT officials who are found having contravened supply chain management regulations be disciplined through consequence management policy.
- i). THAT all grants received be utilized for intended purpose and failure to that disciplinary measures be instituted to the transgressors.
- j). THAT all UIFW be investigated and report on the outcome be presented before Council for noting.
- k). THAT the progress report on all the above mentioned recommendations be tabled to Council before the end of June 2023.