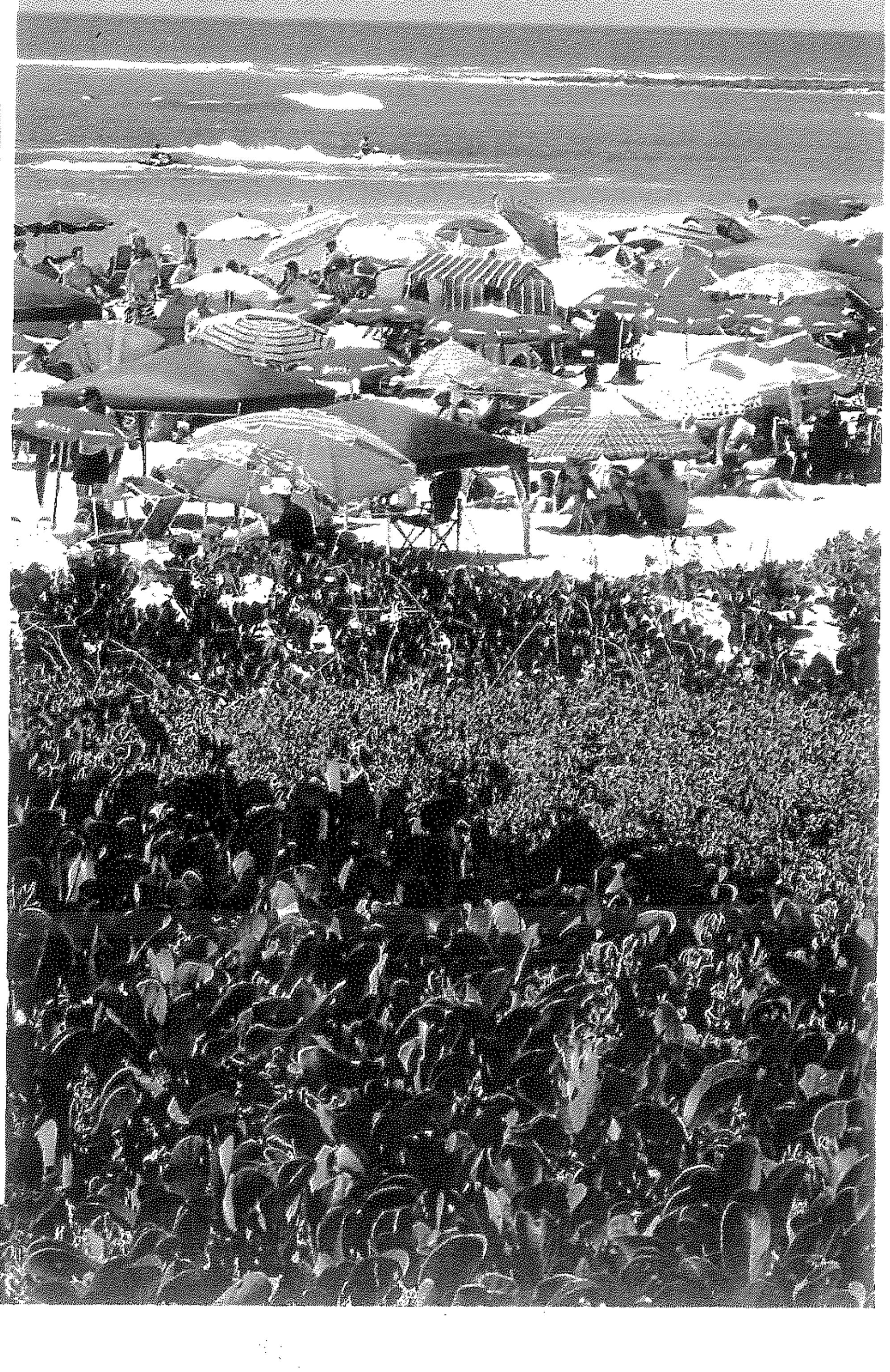
KOUGA
local municipality

Oversight Report 2012/2013



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ANNEXURES: (PINK PAGES) Pages

FOREWORD BY THE CHAIRPERSON OF MPAC "MUNICIPAL PUBLIC ACCOUNTS COMMITTEE"

2012/2013 FINANCIAL YEAR

Executive Mayor, Councillors and MPAC members

The introduction of MPAC – (Municipal Public Accounts Committee) is to enhance executive accountability and councillor oversight responsibilities at local government level as recommended by **Section 129 of the Municipal Finance Management Act (MFMA) (No. 56 of 2003) as well as required by the Constitution, The Municipal System Act and Section 33 and 79 and Municipal Structures Act (1998) (MSA). MFMA Circular no. 32 also serves as reference.**

We approached our task with dedication and seriousness and interacted with the Mayor, Municipal Manager and all our senior officials. We engaged them with constructive debates and questions.

The intention of this Oversight Report is to provide comments and reflections on the content of the Annual Report in order to be able to recommend and/or influence its approval or non-approval by Council. The intention of this report is therefore to validate the content of the Annual Report and/or to provide any reservation regarding this.

Legislative prescripts require that the Oversight Report and Annual Report tabled to the full Council by the 31st of March 2014. It is during this meeting that both the Oversight Report and the Annual Report will be presented for final approval and adoption.

1. INTRODUCTION

In terms of the Municipal Finance Management Act and the municipal Systems Act, municipalities must prepare an Annual Report for each financial year. The purpose of the Annual Report is to:

- Provide a record of the activities of the municipality;
- Provide a report on performance in service delivery and against the budget.
- Provide information that supports the revenue and expenditure decisions made: and
- Promote accountability to the local community for decisions made

The 2012/ 2013 Draft Annual Report was tabled in Council on 30 January 2014. The final step in the reporting process is for Council to consider the Annual Report in the light of the findings contained in an Oversight Report. The report was compiled by Municipal Public Accounts Committee and a member of the community as it represents a separation powers between the Executive and legislative arm of the Council and is aimed at enhancing accountability and good governance.

2. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

Section 129 (1) of the Municipal Finance Act (Act No 56 of 2003) states that the Council of the Municipality must consider the Annual Report of the Municipality and no later than two months from the date on which the Annual Report was tabled in the Council, adopt an Oversight Report Containing the Council's comments on the Annual Report, which must include a statement whether the Council has:

- Approved the Annual Report with or without reservations;
- Rejected the Annual Report or
- Has referred the Annual Report back for revision of those components that can be resolved.

3. ROLES AND RESPONSIBILITIES OF MPAC

MPAC perform an oversight function on behalf of the Council. They are not a duplication of other committees of Council, such as; the Finance committee or that of the Audit Committee.

4. COMMENTS ON THE ANNUAL REPORT

The requirements for the Annual Report as set out in the various Acts, together with an indication of the level of compliance as set out below.

4.1 MUNICIPAL FINANCE MANAGEMENT ACT

Legislative requirement	Level of compliance
The annual financial statements are compliant with the generally accepted municipal accounting practices (GRAP)	100% Compliant
The Auditor – General's Report is to be included in the Annual Report	100% compliant
Explanations to be included that are necessary to clarify issues in connection with the financial statements.	100% Compliant
An assessment on arrears on municipal taxes and service charges to be included	Compliant
Corrective action taken or to be taken in response to issues raised in the audit reports	Included in the Draft Annual Report 2012/2013 as an Action Plan

4.2 MUNICIPAL SYSTEMS ACT – MUNICIPAL PERFORMANCE

Legislative requirement	Level of compliance
Has the performance report been included in the Annual Report?	Yes
Have all the performance targets been included in the report?	Yes

Does the performance evaluation in the Annual Report compare actual with planned performance?	Yes
To what extent have targets been achieved?	MPAC had discussions with Directorates
Are the council and the Community satisfied with the performance?	Survey in progress
Is there a correlation with the targets set for the Municipality and the targets set for the Municipal Manager and Heads of Department?	Yes
Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	A structured approach to it, to be discussed
Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?	Yes Audit report is attached(see Annexure'G')
To what extent have actions planned for the previous year been carried over to the financial year reported upon?	Ongoing – MPAC should implement a Monitoring Mechanism

4.2 OTHER FINDINGS

(a) There is slow progress on the Service Delivery projects as indicated under 3.3 (i) that projects were carried over due to:

- Inadequate project management and monitoring,
- Lack of Bulk Services
- KPA's are not clear or attended to.

4.3 PUBLIC CONSULTATIVE MEETING / COMMENTS FROM THE PUBLIC

The Public comments were invited from 6 February 2014 to 27 February 2014. The Public Consultative Meetings were held on the 27 February and the 13 March 2014 respectively. A follow-up session is also scheduled for the the end of April 2014. The Draft Annual report was distributed to the Kouga Audit committee as well as the Municipal Offices.

5. GENERAL DISCUSSION

- The Draft Annual Report was subjected to internal audit and Kouga Audit Committee before it was tabled to Council.
- The Kouga Audit committee did not raise any material findings of the Draft Annual Report,
- There is general misunderstanding on the role of MPAC and
- There is a lack of understanding by the community on the Municipal responsibilities, functions and processes.

6. OVERSIGHT PROCESSS FOLLOWED

1. All key Stakeholders e.g. CDW's, Ward Committees and community were invited to Council meeting held on 30 January 2014 when the 2012/2013 Annual Report was tabled.
2. The Public Notice was advertised and the comments were invite
3. The 2012/2013 annual Report was referred to MPAC for Oversight and the generation of the Oversight report as required by the MFMA.
4. The Draft Annual Report was then disseminated at nodal points throughout municipal area for public inputs.
5. The Auditor General and the Municipal Manager (also individual engagement between MM and MPAC chairperson) were invited and they provided clarity on all the issues pertaining to the Draft Annual Report.
6. MPAC convened meetings (see minutes)

7. RECOMMENDATION OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE:

i) That Council approves the 2012/2013 Annual Report of the Municipality without reservations.

The Administration and politicians must work hand in glove to address and ensure that there is a constant effort to comply with applicable legislation and ultimately to build standards.

Internal control deficiencies should not only be documented but should also be seriously addressed.

The co-operation I have received from members of the Oversight Committee and public representatives is highly appreciated. I was in particular impressed with the support and guidance from administration side, led by Mrs. Tom and her support staff of Mr. E. Randall; who is a hardworking and competent administrator.
Mr. E. Randall deserves special mention for his support and work ethic...

My appreciation is also herewith expressed to the entire Political leadership of the Municipality, led by Executive Mayor, Councillor B. Koerat

On behalf of MPAC

....

COUNCILLOR E.D. HILL
CHAIRPERSON

DATE:

2. BACKGROUND

The Council is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA), and the Municipal Systems Act (MSA). This oversight responsibility is particularly important for the process of considering the annual report. In terms of the MFMA, inter alia Sections 129, the Council must consider the Annual Report and adopt an Oversight Report.

The oversight function occurs at various levels in the municipality as explained in the table below:

2.1 Financial Governance Framework applicable to Local Government:

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

The Oversight Report is a separate product from the Annual report. The Annual Report is submitted to Council by the Accounting Officer and the Executive Mayor, and is part of the process for discharging accountability by the **executive** and **administration** for their performance in achieving objectives and goals set by the municipality in the relevant financial year. The Annual Report therefore focuses on comparing actual performance with promised performance.

The Oversight Report, on the other hand, follows consideration and consultation on the Annual Report and is a report of the Council.

The purpose of the **Annual Report** as key reporting instrument is:

- to provide a **record of the activities** of the municipality;
- to provide a **report on performance** in service delivery against the IDP objectives and against the budget;
- to provide **information that supports the revenue and expenditure decisions made; and** to **promote accountability** to the local community for decisions made.

The purpose of the **Oversight Report** is:

- **to assess** the extent to which **the Annual Report** succeeds in its purpose **as primary reporting instrument** in the process of local governance;
- to **facilitate a full cycle of accountability** to the community and to Council;
- to **accept, reject or propose refinements** to the Annual Report and
- to **enable the Council to make determinations** on issues that require improvement and to consider the views and recommendations of persons and bodies outside the administration when making such determinations.

3. PROCESS OF ASSESSMENT OF THE ANNUAL REPORT

MFMA Circular 32 from National Treasury (Municipal Finance Management Act. No. 56 of 2003) gives a clear guidance of the governance and oversight process in Local Government, which clearly reflects the divide between the administrative process and Council's role of oversight. This guideline has been adopted by the Council for the purposes of compiling the Oversight Report on the 2012/13 Annual Report.

(Attached hereto as Annexure 'A')

4. APPROVAL OF 2012/13 ANNUAL REPORT

At a Special Council Meeting held on 30 January 2014, the Draft Annual Report was approved (Council Resolution 14/01/AME1) with the following resolution from the Council:

i) That the Draft Annual Report for the 2012/2013 be noted in terms of Section 127(1) of the Municipal Finance Management Act (Act 56 of 2003).

ii) That the Accounting Officer in terms of Section 127 (5) of the MFMA - and in accordance with section 21 (A) of the Municipal Systems Act:

- Make public the Annual Report; and
- Invite the Local Community to submit representations in connection with the Annual Report.
- Submit the Annual Report to:

  The Auditor-General

  The Provincial Treasury

  The Provincial Department for Local Government

  Other institutions as prescribed by legislation.

iii) That an Oversight Report on the Draft Annual Report be prepared in terms of Section 129 of the MFMA.

4.1 Circulation of the 2012/2013 Draft Annual Report

At a Special Council Meeting held on the 30 January 2014, the 2012/13 Draft Annual Report was noted, and was made a public document to allow the public to submit representations on the contents thereof.

The notice ((Notice Number 9/2014), informing the availability of the Annual Report was advertised in the Local Newspapers, afterwhich copies were distributed to all municipal buildings to allow for accessibility to all communities. Two comments on the Draft 2012/13 Annual Report was received from the public. **(Notice attached as Annexure 'B')**

The public was given an opportunity to make comments/inputs on the Draft 2012/13 Annual Report by no later than 27 February 2014. Copies of the said Draft Annual Report were then submitted the Office of the Auditor-General, Provincial Treasury, as well as the Provincial Department of Local Government and Traditional Affairs.

5. ANNUAL REPORTING PROCESSES FOLLOWING THE ADOPTION OF THE DRAFT 2012/13 ANNUAL REPORT

The Annual Reporting Processes for the 2012/2013 Draft Annual Report was finalized by the MPAC.

(Attached hereto as Annexure 'C')

6. MEMBERS OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The following Councillors were elected to serve on the MPAC:

Councillor E. Hill (Chairperson)
Councillor X. Persent
Councillor T. Meleni
Councillor V. Matodlana
Councillor B. Koliti

Mr. L. Geldenhuys served as public representatives on MPAC.

7. MEETINGS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Public Accounts Committee had meetings on the following dates:

9 December 2013 (2 meetings)
6 February 2014
20 February 2014
27 February 2014
6 March 2014
13 March 2014

(Attached hereto as Annexure 'D')

CHECKLIST - DETERMINATIONS REGARDING THE CONTENT OF THE 2012/2013 ANNUAL REPORT

INFORMATION REQUIRED TO BE INCLUDED IN THE ANNUAL REPORT	ISSUES FOR CONSIDERATION/ POSSIBLE QUESTIONS	Annual Report Chapter/ Page Reference	DETERMINATION BY OVERSIGHT COMMITTEE	RESPONSE OFFERED BY PERSON ACCOUNTABLE
1. Is the Annual Report in a presentable format	• Properly titled; • Referenced to the year under review; • Contains no misrepresentations; • Neatly bound and presented;	Yes See Index	Acceptable	N/A
2. Is the Annual Report properly "organized"	• Index;	Yes	Acceptable	N/A
	• Page numbering;	Yes		
	• Chapters follow proper sequence;	Yes		
	• Annexures relevant to year under review	Yes		
	• Chapters properly organized	Yes		
	• Introduction and overview including the following:			
	• Mayor's foreword,	10 -12		
	• Overview of the municipality as a whole;	14-16		
	• Performance highlights especially regarding elimination of service backlogs for key services.	Chapter 2	Acceptable	
	• Human resources and organizational management development.	Chapter 1	Acceptable	
	• Audited statements and related financial information	Chapter 8		
	• Organizational structure and HR management policies and practices aimed at organizational transformation and institutional development.	Chapter 1	Acceptable	

	• Functional area service delivery reports		Acceptable	N/A
3. Are the minimum requirements for content as prescribed by Section121.3 of the MFMA and Section 46 of the MSA met	In terms of the Municipal Finance Management Act (MFMA) the following documents must be included in the Annual Report:			
	• Annual Financial Statements for the year under review;	Chapter 9	Acceptable	
	• The Auditor-General's report for the year under review;	Chapter 9	Acceptable	
	• The annual performance report of the municipality required in terms of s. 46 of the MSA;	Annual Report	Acceptable	
	• The Auditor-General's report in terms of s.45(b) of the MSA on the performance of the municipality;	Chapter 9	Acceptable	
	• Assessment of the MM on the collectability of the debtors outstanding at the end of the financial year under review;	Chapter 5	Acceptable	
	• Assessment by the MM of performance against the measurable performance objectives relating to revenue collection for each revenue source and each vote in the approved budget;	Chapter 5	Yes	Monthly Reports are submitted to the Portfolio Committee on the Strategy, and revenue collection rates.
	• A formally adopted response by Council stating particulars of any corrective actions taken or to be taken relating to issues contained in both audit reports of	Chapter 8	Action Plan adopted by the Council on 31 January 2014	

	the Auditor-General; • Any information to clarify issues in connection with the financial statements; • Any information as determined by the municipality; • Any information as may be prescribed by other legislation (Division of Revenue Act)		Yes Yes Yes	
4. Annual Financial Statements (AFS)	• Does the AFS contain a fair representation of the financial performance of the municipality? • Do the notes to the AFS contain adequate explanations/ information/ disclosures? Are the AFS and the notes contained therein free of errors and omissions?	Chapter 8	Yes Yes Acceptable	N/A
5. The Auditor-General's Report	• Is the finding of the Auditor-General (A-G) relating to performance and financial governance justified under the circumstances? • Did management respond to management letters issued by the A-G? • Did management sign management representation letters to signify that good financial governance practices were adhered to during the year under review? • How many issues contained in the A-G's report relates to previous years?	Chapter 8 Chapter 8	Acceptable Yes- Refer to Action Plan An engagement letter was signed with the Office of the Auditor General 1 – Report will be addressed to avoid repetition for 2012 /13 financial year	Issues carried forward in the AG's Report will be addressed to avoid repetition for the 2012/13 financial year

	• To what extent does the A-G's report contain serious inferences of financial mismanagement? • Did management and the Council respond to recommendations by the Audit Committee? • Did Council adopt a formal response to the issues raised in the reports of the Auditor-General for inclusion in the Annual Report? • Did the Executive Mayor submit to Council a comprehensive action plan to deal with the issues contained in the report of the Auditor-General? • Are the proposed actions considered to be adequate to effectively address the issues raised by the A-G? • Does the action plan provide for regular progress reports to Council?	No Chapter 8 Chapter 8	Serious concerns raised Kouga Audit Committee only met once. Action Plan Action Plan Yes Yes	
6. The Annual Performance Report of the Municipality	Section 46 of the Municipal Systems Act requires municipalities to submit a performance report reflecting the <u>performance of the municipality</u> and <u>each service provider</u>, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. **Questions that may be considered are –**	Chapters 3 - 6		

	• Was the Annual Performance Report included in the Annual Report?	Yes	Yes	
	• Have all the performance targets set in the IDP, budgets, SDBIP, service agreements, etc, been included in the performance report?	Yes	Yes	
	• Does the performance evaluation in the Annual Performance Report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?	Paragraphs 16 – 23 in Auditor General Report	No,	
	• In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced?	Yes		
	• What are the refuse collection volumes, library usage statistics, etc?		Statistics reflected in Annual Report	
	• To what extent has performance achieved targets set by council?	Chapter 3	Reasonable – room for improvement	
	• Is the council satisfied with the performance levels achieved?		Room for improvement	
	• Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents?		Yes Survey not done	
	• What were the outcomes of public consultations and public hearings on the			

	setting of appropriate key performance indicators and performance targets i. t. o. S42 of the Municipal System Act?			
	• What actions have been taken and planned to improve performance? • Is the Council satisfied with actions to improve performance?		Constant interaction with Senior Management is being held. The Council is not 100% satisfied, but acknowledges the effort being put in by officials.	
	• Did the targets set in the budgets, SDBIP agree/align with the targets set in the performance contracts of the Municipal Manager and each senior manager?		Performance Contracts were not signed with Municipal Manager & Senior Managers	
	• Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?		Yes	
	• Taking into account the audit report and opinion and the views of the Audit Committee, is performance considered to be efficient and effective?		There are areas that still need to be improved on, but as indicated Council is not entirely satisfied with achievements	
	• To what extent have actions planned for the previous year been carried over to the financial year reported upon? • Have any actions planned in the reported year been carried over to the current or future years? If so were explanations provided		There has been areas that have not received attentionYes. Monitoring of the reports and actions taken have not been done consistently. The stability of the top management may have impacted on this as well	

	by the municipal manager for the carry over and are these explanations satisfactory and acceptable to Council? Was Council provided with regular performance reports relating to service providers (e.g. consultants employed to perform certain functions)?		This is an area that needs improvement	
7. The Auditor-General's report on the performance of the municipality	Section 45 of the MSA stipulates that the results of performance measurements must be audited as part of the internal auditing processes and also by the Auditor-General annually. • Was the A-G provided with the information required to perform the required audit? • Were recommendations by the A-G included in action plans to improve performance in the following year? • Were any internal audits on the performance of the municipality carried out during the year? • Were the recommendations contained in the reports by the Internal Audit function fully implemented?		Compliance – Refer to KPMG Process Yes Yes Yes	
8. Assessment by the MM on the collectability of the debtors outstanding at end of the financial year.	Is such an assessment included in the report? How regularly was the assessment performed during the year?		Yes Monthly	More rigorous debt collection measures have in place

	• Were any corrective steps taken where collection performance did not meet targets? • Did the Executive Mayor execute his/her oversight responsibility relating to collection of revenue? • Did the amount owing by service debtors increase/ decrease year over year? • How acceptable is the current situation relating to debtors outstanding?		Yes Yes Yes There is room for improvement	
9. Assessment by the MM of performance against the measurable performance objectives for collection for **each revenue source** and **each vote** in the approved budget.	• Were measurable performance objectives for revenue collection set at the beginning of the year? • What actions were taken to address any areas of under-performance? • Were revenue collection policies (disconnection, indigence, deposits, arrangements) in operation during the year under review? • Were regular reviews of the budgeted revenue per serve compared to actual revenue done and reported to the Mayor/ Council? • Has any explanations been offered for any under-achievement?	Chapter 5	Yes Debt collection on rates Yes Yes Yes	
10. Particulars of any corrective actions	• Has Council adopted an action plan to address the issues contained in		Action Plan	

taken or to be taken relating to issues contained in both audit reports of the Auditor-General for the year under review;	the report of the A-G? • Will the action plan adequately address the issues contained in the A-G's report? • What progress has been made with execution of the action plan? • Are due dates being met? • Will any items contained in the A-G's report be carried over into the next financial year? • What controls are in place to ensure no items are carried forward into the next financial year?		Yes Yes No Unqualified Report achievable-compliance performance management improvement, but possibility not all cleared Implementation dates on Action Plan – monitoring by internal audit	
11. Any information to clarify issues in connection with the financial statements	• The notes to the AFS are required to contain the following further disclosures - were they disclosed in the AFS for 2011/2012? • Details of allocations received from other organs of state (national and provincial); • Details of any allocations made to any other organs of state or institution/municipal entity; • Allocations received in terms of the Division of Revenue Act and provincial budgets; • Details on how certain of the above allocations were spent per vote; • Information stating whether the	Chapter 5 Chapter 5 None. Chapter 5 Chapter 5 Chapter 5	Comply Comply Comply Comply Comply	N/A

	municipality has complied with the conditions of certain grants and, if not, the reasons for not complying;			
	• A statement whether any funds destined for the municipality in terms of the Division of Revenue Act were delayed or withheld and the reasons advanced for the delay or withholding;	Chapter 5	Comply	
	• The salaries, allowances and benefits of political office bearers and councilors;	Chapter 4	Comply	
	• A statement by the accounting officer whether or not the remuneration of councilors is within the prescribed upper limits;	Chapter 4	Comply	
	• Particulars of any arrears older than 90 days owed by individual councilors to the municipality;	Chapter 4	Comply	
	• Details of the salaries, allowances and benefits of the MM, CFO and every senior manager and such other positions as may be prescribed per individual;	Chapter 4	Comply	
	• A list of municipal entities under the control of the municipality;	Chapter 4	Comply	
	• The total amount of contributions to organized local government;	Chapter 4	Comply	
	• The amount of any outstanding contributions to organized local government;	Chapter 4	Comply	

	• The total amounts paid in audit fees/ taxes /levies/ duties/ pension fund contributions/ medical aid contributions;	Chapter 4	Comply	
	• Details of any amounts outstanding relating to the aforementioned.	Chapter 4	Comply	
	• In respect of each bank account the name of the bank, type of account, year-opening and year-end balances;	Chapter 8	Comply	
	• A summary of all investments as at the end of the financial year;	Chapter 8	Comply	
	• Particulars of any material losses;	Chapter 8	Comply	
	• Particulars of any material irregular, wasteful or fruitless expenditure;	Chapter 8	Comply	
	• Particulars of any material unauthorized expenditure;	Chapter 8	Comply	
	• A statement whether the aforementioned expenditures are recoverable;	Chapter 8	Comply	
	• Any criminal or disciplinary steps taken as a result of any of the aforementioned expenditures;	Chapter 4	Comply	
	• Any material losses recovered/ written off;	Chapter 8	Comply	
	• Particulars of non-compliance with the MFMA.	Chapter 8	Comply	
	• Details of loans and advances to staff or Councilors.	None		

12. Performance of municipal entities	The Annual Report should provide an assessment of the performance of the municipal entities under the control of the municipality and whether alternative mechanisms should be considered. The following questions can be considered: • Does the municipality have any municipal entities under its control? • Does the Annual Report contain a statement on the municipality's evaluation of the effectiveness and performance of the municipal entity? • Is the committee satisfied with the conclusions contained in the Annual Report? • Is the committee satisfied that performance report contained in the Annual Report of the municipal entity is consistent with the performance evaluation of the Council? • To what extent were the objectives and the performance measures of the entity aligned to the municipality and the municipality's IDP?	Not applicable		

	What should be done to improve performance of the entity?			
13. Payment of Performance Bonuses to Municipal Officials	It is desirable to reconcile/align the performance reported in the Annual Report with the performance criteria used to evaluate performance for the purpose of paying performance bonuses. The following questions may be used: • Have performance bonuses been paid to any officials? • Has Council paid such bonuses on the basis of previously formally agreed outputs and after consideration of the 2011/12AR? • Was a proper evaluation of performance undertaken? • Did the Council approve the evaluation? • Does the performance evaluation align and reconcile with the performance reported in the Annual Report?	Chapter 8	No performance bonuses was paid during the 2012/13 financial year in respect of performance for the 2011/12 No Performance agreements were signed for 2012/13 also 2011/12 due to Acting Directors been appointed	

	• Are the bonuses that were awarded justified in terms of the performance reported in the Annual Report?			
14. Information on long-term contracts.	• Does the Annual Report disclose details of any long-term contracts the municipality has with suppliers, etc? What is the level of liability to the municipality at the end of the reporting period?	Chapter 5	Yes As reflected in Annual Financial Statements	N/A
15. Key issues raised by members of the community	• Re-evaluation of PMS • Management Responses (Action Plan) on AG's Report to be monitored	Electronic PMS System acquired from Cacadu set to be operational as from 1 July 2013. Minutes of Public MPAC meetings dated 27 February 2014 and 13 March 2014	Fair opportunity to comment of Draft Annual Report – Refer to Minutes of Information Sharing Session with members of the public held on 27 February 2014 and 13 March 2014 Monthly MPAC Meetings should be arrange to discuss progress on Action Plan	
16. Key issues raised by the Audit Committee		Yes	See annexure 'I' of Oversight Report	
17. Key issues raised by other spheres of government		Yes	The Draft Annual Report was referred to the following Departments for input/comment: The Auditor-General,	Comments/input received from Department of Local Government & Traditional Affairs is attached.

			The Provincial Treasury, The Provincial Department for Local Government. Cacadu District Municipality	

MUNICIPAL PERFORMANCE MANAGEMENT SUB-DIRECTORATE

SECTION 46 PRELIMINARY ASSESSMENT SHEET: 2012/2013

Name of the Municipality: Kouga L.M. Contact person: Thobeka Tom Tel # (contact person): 042-200 2152 / 2153 / 083 842 5778 Fax #:042-086 215 1289/ 086 529 6182	Name of the Assessor: Mongezi Konkwane Tel# (Mobile): 074 962 7096/071 673 4334 Office#: 040-609 5430 Fax#: 040-635 9042/639 1768

1. Date of submission to the MPM Sub-directorate: 2014/01/30

2. Report submitted through via: Hard copy [X] soft copy (memory stick) [ ] Email (attachments) [ ]

3 Signature by the "Executive" Mayor: Yes [X] No [ ]

If No explain:

4 Number of chapters: Less than 5 [ ] 5 chapters [X] 9 (new format) [X]

5 Chapter titles and sequence are in line with requirements: Yes [ ] No [X]

If No explain: number of chapters (9) is not in line with any of the existing reporting formats.

6 Check the inclusion of the following key documents:

Type of document	Included	Not included	Remarks
Annual Financial statements	X		Page 176-294
Auditor General Report	X		Page 295-301
Organizational Structure (Organogram)	X		Appendix C
Service delivery backlog situation table	X		Page 53-56

7 Overall chapters' content in line with chapters' purpose

Chapter s	Content aligned with purpose: Yes/No	Remarks
PART 1: Chapter 1: Introduction and Overview	Yes	Page 10-16
(PART 2) Chapter 2: Governance.	Yes	Page 17-37
Chapter 3: Service delivery performance highlights	Yes	Page 38-101
Chapter 4: Organizational Development Performance.	Yes	Page 102-121
Chapter 5: Municipal Financial Viability and Management.	Yes	Page 122-123
Chapter 6: Local Economic Development and Tourism.	Yes	Page 124-146
Chapter 7: Audit General Findings.	Yes	Page 147-175
Chapter 8: Auditor General Report	Yes	Page 176-312
Chapter 9: Annual Performance Report.	Yes	Page 313-326

Comments by the Reviewer:

PART 1: INTRODUCTION AND OVERVIEW.

CHAPTER 1:

1.1 Mayor's foreword has not been signed.

PART 2: KPA ACHIEVEMENT REPORT

CHAPTER 2 : GOVERNANCE

The report is silent on:

2.1 Ward Committee establishment and functionality

2.2 Community Development Workers performance monitoring.

2.3 Communication Strategy.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

No comments

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

No comments.

CHAPTER 5: FINANCIAL PERFORMANCE

No comments.

CHAPTER 6: LOCAL ECONOMIC DEVELOPMENT AND TOURISM

In terms of MFMA Circular no. 63, chapter 6 should be on: Auditor-General Audit Findings.

From page 124 to page 127 of the report, under LED & Tourism heading, the author is reflecting on Financial, PMS, and IDP related issues of the municipality instead of LED and Tourism related matters, as expected.

CHAPTER 7: AUDIT-GENERAL FINDINGS

No comments.

CHAPTER 8: AUDITOR-GENERAL REPORT

No comments.

CHAPTER 9: ANNUAL PERFORMANCE REPORT

No comments.

PART 3: FUNCTIONAL AREAS REPORTING AND ANNEXURE

A. FUNCTIONAL AREA SERVICE DELIVERY REPORTING

No comments.

B. ANNEXURE

Kindly attach the following documentation:

1. An entire organogram with the Municipal Manager's signature.
2. Full AG's report
3. Plan of action of the municipality to address findings of the AG report.
4. Audit Committee report.
5. Council resolutions adopting the Annual report as well as audited financial statements.

Reviewer's name and signature: Konkwane MF:

Date: 2014/03/20

Decision by the Manager (Tick the appropriate box)

1. Report accepted for performance assessment: ✓
2. Report not accepted and further engagements with the municipalities are necessary ☐

Comments:

Ben Vanda

Signature and Name

Manager: Municipal Performance Management

Date: 20/03/14

Province of the
EASTERN CAPE
PROVINCIAL PLANNING AND TREASURY

HIGH LEVEL REVIEW: 12/13 ANNUAL REPORT

KOUGA MUNICIPALITY

BACKGROUND/PURPOSE

The report was prepared after assessing the 12/13 draft annual report of Kouga municipality in order to provide the municipality with inputs and recommendations from Provincial planning and Treasury.

FINDINGS AND RECOMENDATIONS

CONTENT OF THE ANNUAL REPORT .

The following item as required in terms of the MFMA and Municipal Systems Act was not included:

- Explanations to clarify issues on AFS

REPORTING PROCESS/TIMELINES

It appears that there is a sound understanding of the municipal reporting process. The municipality should adhere to the timeframes in terms of MFMA circular 63.

FORMAT OF THE ANNUAL REPORT

Chapter 1

- Mayor's foreword

  Compliant with MFMA circular 63, in terms of the actions taken by the municipality to achieve strategic objectives, namely improving the quality of governance; achieving a clean audit; addressing the bulk infrastructure backlog and facilitating economic growth and job creation in the community.

However, lacking are the proposed methods used to improve public participation and accountability.

- Municipal Manager's foreword

  Detail regarding functions and powers; sector departments and the internal management changes within the municipality in 2012/13 are given in terms of MFMA circular 63.
  However, the following are lacking:

  - Statement on the current financial health
  - Information relating to revenue trends by source and information relating to any borrowings undertaken.
  - Risk assessment done by the municipality and the implementation to mitigate the top 5 risks.

- Municipal overview – compliant with MFMA circular 63

Chapter 2

- In compliance with MFMA circular 63

Chapter 3

- Service delivery issues are structured, captured and reflected under each key performance areas however; targets are not aligned to the IDP.
- The municipality also identifies major challenges and remedial actions.

Chapter 4

- In compliance with MFMA circular 63 in addressing staff development initiatives; the implementation of the performance management system and the performance of the municipality.
- The municipality also identifies major challenges and remedial actions.
- The following is lacking:
  - Recruitment processes
  - Number of promotions
  - Detail on possible skills gaps and plans for the developments of such skills.

  However the above could possibly have been omitted as the municipality has a small number of approved posts available.

Chapter 5

- The municipality should check that the receipts in the table on page 124 are accurate. As some do not agree with the notes to the financial statements.
- Long term contracts in the form of borrowings are not mentioned, for example DBSA loans.
- Detail on the level of GRAP compliance not provided.
- Cash flow management and investment information are lacking.

Chapter 6

- In compliance with MFMA circular 63.
- The Auditor-General's report and audit response plan was correctly included and details on issues raised during the previous financial year by the AGSA; and corrective measures implemented provided.

APPENDICES

The following appendices are missing/incomplete:

- Appendix F: ward information, top four delivery priorities not included
- Appendix Q – service backlogs experienced by the community where another sphere of government is responsible for service provision

ADDITIONAL

- The page numbering in the table of contents should be looked at.

The following issues were identified in the Auditor-General's report:

- The 2011/12 annual report was not tabled in the municipal council within seven months after the end of the financial year, and a written explanation setting out reasons for the delay was also not submitted to council as required by the MFMA.
- An assessment by the accounting officer of any arrears on municipal taxes and service charges and the report of the audit committee not included in the 2012/13 annual report, as required by the MFMA

CONCLUSION

Overall the draft annual report was prepared in terms of the applicable legislation as well as MFMA circular 63. The municipality should however take note of the findings and recommendations reflected above.

Prepared by : Cacadu District Municipal Finance Unit

Date : 12 February 2014

ANNEXURE 'A'

NATIONAL TREASURY

MFMA Circular No 32

Municipal Finance Management Act No. 56 of 2003

The Oversight Report

Introduction

This circular aims to provide councillors with practical guidance in financial governance and to assist in maintaining oversight within the broader governance context.

It focuses on the oversight process that councils must follow when considering the annual report and how to deal with the *Oversight Report* by encouraging continuous improvement and promoting accountability to stakeholders.

Please read this circular in conjunction with the following circulars:

- MFMA Circular 11 - Annual Reporting Guidelines - 14 January 2005
- MFMA Circular 18 - New Accounting Standards - 23 June 2005
- MFMA Circular 28 - Budget Content and Format - 12 December 2005

Background

Council is vested with the responsibility to oversee the performance of their respective municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). This oversight responsibility of council is particularly important for the process of considering annual reports.

The MFMA and MSA recognise that council has a critical role to play to ensure better performance by municipal departments and entities. There now exists an explicit linkage between the strategic goals, set by council through the IDP, which are translated into the budget, and the delivery of those goals, which is reported in the Annual Report. It is important for council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay a basis for better oversight and cement the contracts between the executive/council, the administration and the public.

The MFMA gives effect to financial management reforms that place greater service delivery responsibilities on managers and makes them more accountable for performance. Whilst, in the first instance it is left to the mayor or the Executive Committee to resolve any performance failures, ultimately the council is vested with the power and responsibility to oversee both the executive and administration. Oversight occurs at various levels in a municipality and is explained in the following table:

Financial governance framework applicable to local government

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

Separation of roles

The separation of roles between the council and administration is intended to strengthen the oversight function of councillors. Good governance and effective oversight and accountability are predicated on there being this separation of functions. It is fundamental for the achievement of the objects for local government in the Constitution relating to a democratic and accountable system of local government. Council oversees the performance of the administration through council and committee meetings. The mayor provides the link between the council and administration and is responsible for regular monitoring and for tabling reports before the council. Therefore, the administration is responsible for the day-to-day operations. This separation avoids conflict of interest and a "referee/player" situation arising and is similar to the role played by Parliament.

The MFMA further assumes a separation between councillors serving on the executive (i.e. mayor or executive committee) and non-executive councillors. This separation is vital to ensure council maintains oversight for the performance of specific responsibilities and delegated powers to the mayor or executive committee.

The MFMA gives council a number of financial management tasks to fulfil its oversight role. The adoption of an "Oversight Report" is one such task. The diagramme on the following page illustrates the various oversight intervention points from the adoption of the Integrated Development plan (IDP), Budget, Annual Report and Oversight Report.

What is in an annual report?

Each municipality and each municipal entity must prepare an annual report for each financial year in accordance with the MFMA and MSA. The purpose of the annual report is:

- to provide a record of the activities of the municipality or entity;
- to provide a report on performance in service delivery and against the budget;
- to provide information that supports the revenue and expenditure decisions made; and
- to promote accountability to the local community for decisions made.

Annual reports are the key reporting instruments for municipalities to report against the performance targets and budgets outlined in their strategic plans. Annual reports are therefore required to contain information on service delivery and outcomes, in addition to financial statements. It is meant to be a backward-looking document, focusing on performance in the financial year that has just ended. It must demonstrate how the budget was implemented and the results of service delivery operations for that financial year.

When tabled, the annual report should include four main components, each of which has an important function in promoting governance and accountability. The main components are:

- The annual performance report as required by section 46 of the MSA.
- Annual Financial Statements submitted to the Auditor-General;
- The Auditor-General's audit report on the financial statements in terms of section 126(3) of the MFMA; and
- The Auditor-General's audit report on performance in terms of section 45(b) of the MSA.

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

Annexure C contains guidance on the matters that should be considered and lists the components of the annual report with a checklist of questions that might be asked by councillors when considering these components and the overall report.

Financial Governance in Practice – Council Oversight

PROCESS

IDP
Strategic direction and goals set by council through IDP.

BUDGET
The IDP informs the annual budget which must be approved by council. Mayor then approves a **Service Delivery and Budget Implementation Plan** (SDBIP). Service delivery targets linked to performance contracts for senior management

ANNUAL FINANCIAL STATEMENTS
Submitted to Auditor-General who issues audit report

ANNUAL REPORT
Reports on financial and non-financial performance. Links to the strategic goals in the IDP

COUNCIL OVERSIGHT

Council adopts IDP and undertakes annual review and assessment of past performance outcomes (Systems Act)

IN YEAR REPORTS
Council approves annual budget and monitors financial and non-financial performance through quarterly and mid-year reviews

AUDIT COMMITTEE
Provides independent specialist advice on financial performance, efficiency and effectiveness, performance management and compliance with legislation

COUNCIL
Council considers the authoritative and credible view of the Audit Committee

OVERSIGHT REPORT
Report from Council adopting or rejecting the Annual Report. Key oversight role ensuring executive and administration accountable for performance.

What is the oversight report?

The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual reports of its municipality and municipal entities and to adopt an "oversight report" containing the council's comments on each annual report.

The oversight report must include a statement whether the council:

- has approved the annual report, with or without reservations;
- has rejected the annual report; or
- has referred the annual report back for revision of those components that can be revised.

The oversight report is thus clearly distinguished from the annual report. The annual report is submitted to the council by the accounting officer and the mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by council. **The oversight report is a report of the municipal council** and follows consideration and consultation on the annual report by the council itself. Thus the full accountability cycle is completed and the separation of powers is preserved to promote effective governance and accountability.

Annexure A sets out a recommended structure for an oversight report and draft resolutions to adopt the report.

Managing the process and forming committees

The processes for council oversight of the IDP, budget, annual report and preparing an oversight report may be complex for many councils, in particular where resources to support the functioning of the council are limited. For example, reviewing an annual report within full council meetings may not be practicable and may restrict the effectiveness of the analysis and discussions. Thus councils need to establish appropriate mechanisms to enable all councillors and the public to fully digest and discuss the annual report contents.

Once the annual report is tabled the council effectively has two months in which to consider the report, invite public submissions and to finalise its oversight report. Given there are a number of steps and many stakeholders the review can be made more manageable if a committee process is established breaking it down into more easily managed parts.

It is recommended that councils consider the establishment of an **oversight committee** under sections 33 and 79 of the Municipal Structures Act 1998. This committee and, if needed, sub-committees could be responsible for the detailed analysis and review of the *annual report* and then drafting an *oversight report* that may be taken to full council for discussion. Such a committee may receive and review representations made by the public and also seek inputs from other councillors and council portfolio committees.

The oversight committee should be made up of only <u>non-executive</u> councillors and representatives of the community and can be formed each year to deal with the annual report. Municipal officials cannot be members of an oversight committee as this would pose a conflict of interest. Assistance from the municipality's Audit Committee in the review process is also recommended as a major source of independent specialist advice.

All meetings of Council and the oversight committee at which an annual report is considered must be open to the public and a reasonable time must be allowed for discussion of any written submissions received and for members of the community and organs of state to address the meetings. Representatives of the Auditor-General are entitled to attend and to speak at any meetings held to discuss the annual report. Timely notice of meetings should be given to enable representations to be made. Making representations to the oversight committee should not necessarily preclude representations by the same individuals to the full council as this promotes transparency in the process.

At the same time that the committee is analysing the report in detail, other councillors should also be conducting their own review of the report. This can include discussions with constituents, ward committees and ward representatives to encourage inputs and comments and to prepare for the full council meeting that considers the annual report and oversight report.

Questions raised with the administration by council or the committee may be taken on notice by the accounting officer and responses subsequently provided to the committee process. Ideally however, questions should be responded to immediately during the committee meetings to avoid delays. The top management team may assist the accounting officer if needed. If the executive or the accounting officer and administration are unable to respond immediately to questions raised at committee or council meetings, then the committee or council may rightfully conclude that the executive and administration have not performed satisfactorily and may not understand the report that they have tabled.

When enquiring on matters in the annual reports from municipal entities, issues of commercial confidence may arise. In such cases the council should make a judgement as to whether the information is essential to determine a conclusion on the annual report and whether it may be necessary to meet in private. Such a step must be taken with caution in order not to weaken the democratic and transparency objectives of the annual reporting process.

Municipalities should take into account all costs of the various mechanisms (oversight committee and other meetings) for reviewing the annual report and preparing an oversight report. The cost needs to be balanced against the need for transparency, good governance practice and accountability, the capacity of the municipality and the need for an effective process within the time allowed.

Timing considerations

Annexure B provides the key steps in the annual reporting process as required by the MFMA. Note that no later than two months from the date of tabling, council must consider the annual report and adopt an oversight report. Also the annual report must be made public immediately after it is tabled and the public invited to submit representations. To assist with this process a municipal finance management "calendar" will be published in the near future.

Councils are encouraged to effectively use the time permitted under the MFMA (two months from when report tabled) for consideration in order to achieve a quality and acceptable annual report and strive for approval of a report that meets the provisions of the MFMA and MSA. Municipalities are encouraged to review the report immediately upon it being tabled so that steps to obtain additional information and amendments can be taken to facilitate completion of the oversight report within the timetable provided. The process for consideration may involve an initial review and analysis that seeks inputs from the community, Audit Committee and the administration, to be followed by a further review of the report, additional information and representations received. When any additional information is required the administration should promptly provide this.

The MFMA provides that if all the components of the annual report are not completed on time, then those components that are available must be tabled and considered and a written explanation be submitted to council as to why components are delayed and when they will be tabled. In such cases an oversight report may be completed and the report approved, but this should be with reservations or referred back for completion when the missing components are tabled, no more than two months later. In any case the components that have been tabled must be published and open for public representations and, where required, the oversight report amended when the remaining components are tabled.

Understanding the annual report and determining conclusions

A mechanism that facilitates better understanding of the annual report by **all** councillors is essential, as the MFMA requires that **Council, and not the executive or administration**, comment on the annual report and arrive at a decision.

To facilitate consideration of the annual report in its entirety the council should obtain the views of the Audit Committee, which is charged with providing council with, among other matters as prescribed, an authoritative and credible view of the financial position of the municipality or entity, its efficiency and effectiveness, performance management and the level of compliance with the MFMA, Division of Revenue Act (DORA) and other relevant legislation.

In order to approve the annual report without reservations, Council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon. Approval means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable to the community.

Should the Council have reservations on any matter in the report then these reservations should be outlined in the oversight report and the executive and administration should address these as determined by council.

A conclusion that the report is approved without reservations is the preferred outcome from the process. However, this conclusion should not be an outcome of only cursory examination of the report but should be as a result of a rigorous analysis by councillors with inputs from the public and other stakeholders.

Although the accounting officer is required to attend all meetings where the report is discussed to respond to questions, it is incumbent on **all councillors** to fully understand the report in order to identify matters that may require further information from the accounting officer.

Staff performance bonuses

To promote continuous improvement in the performance of the municipality and entities, it is strongly recommended that council reward performance in a manner that is commensurate with achievement of policy outcomes. Therefore, the payment of performance bonuses should be measurable with the extent of outcomes achieved. In some instances, performance bonuses were paid even though performance could not be measured. If the level of acceptance cannot be achieved then it follows that the performance of the administration has not met the objectives approved in the IDP, Budget and Service Delivery and Budget Implementation Plans. Where reservations exist, the seriousness of such should be taken into account before considering any part-payment of bonuses.

Municipal Entities

Where municipalities have one or more municipal entities, separate annual reports from the municipality and each of the entities will be tabled in council. Only the annual financial statements will be consolidated in the municipality report. Although each of the annual reports is to be considered by council it would be impractical to complete multiple oversight reports. It is recommended that council adopt one oversight report that provides comments on each of the annual reports. In this way council is able to reinforce the important linkages between the municipality and its entities, their close interrelationship in the provision of services and that performance of the municipality is an outcome of performance by the municipal administration and all the entities.

Conclusion

Municipalities and municipal entities are required to table in council by 31 January an annual report for the previous financial year. Councils must consider the reports and adopt an oversight report by 31 March. This circular outlines the importance of the annual report in ensuring effective democratic and accountable local government and provides guidance on the manner in which the reports should be considered.

The MFMA provides that the National Treasury may issue guidelines on the manner of consideration of annual reports and the functioning and composition of any public accounts or oversight committee. Until such guidelines are issued, councils and boards of entities are encouraged to consider and implement this circular.

The challenge facing councillors is to utilise their strategic plans, budget documents and annual reports to improve oversight and to hold municipal departments and entities and the executive to account for their performance.

Further enquiries on this circular may be directed to the MFMA helpline email address below.

Abbreviations

AFS	Annual Financial Statements
MFMA	Municipal Finance Management Act, No. 56, 2003
MSA	Municipal Systems Act, No. 32, 2000
SDBIP	Service Delivery and Budget Implementation Plans (s 53 MFMA)
DORA	Division of Revenue Act for the relevant budget year.
IDP	Integrated Development Plan

Other information relating to annual reporting for municipalities may be found in:

- MFMA Circulars 11 and 18.
- Performance Management Guide for Municipalities, DPLG, 2001. www.dplg.gov.za - go to "documents" then "general publications"
- Introductory Guide to MFMA, Updated Edition – August 2004.
- On SDBIP, refer to MFMA Circulars 13 and 19.

Contact

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T. Pillay
Chief Director: Local Government
15 March 2006

ANNEXURE A

Structure and Contents of the Oversight Report –

The Oversight Report should contain:

1. Title and reference to the year under review.

2. Resolutions and statement required by MFMA s129(1) (see recommended resolutions below).

3. Summaries of comments and conclusions on the annual report of the **municipality** referred to in the resolutions, including one or more of the following:
   (i) Summary of reservations, if approved with reservations and actions to be taken by the executive and administration to resolve reservations.
   (ii) Summary of components required to be revised, if referred back for revision and actions to be taken by the executive and administration to provide revisions and the date for these to be submitted.
   (iii) Summary of reasons for rejection of the report, if report is rejected and what other action should be taken by the executive and administration.
   (iv) In cases where only components of the annual report are submitted by the mayor detail those components and restrict comments to this effect. Include a statement listing the outstanding components and estimated timeframe for these to be tabled and considered by council.

4. Summaries of comments and conclusions on the annual reports of **each municipal entity** referred to in the resolutions, including one or more of the following:
   (i) Summary of reservations, if approved with reservations and actions to be taken by the executive and administration or the entity to resolve reservations.
   (ii) Summary of components required to be revised, if referred back for revision and actions to be taken by the executive and administration or the entity to provide revisions and the date for these to be submitted.
   (iii) Summary of reasons for rejection of the report, if report is rejected and what other action should be taken by the executive, administration and the entity.
   (v) In cases where only components of the annual report are submitted by the chairman detail those components and restrict comments to this effect. Include a statement listing the outstanding components and estimated timeframe for these to be tabled and considered by the board of directors.

5. Annexures to the report should provide the following –
   (i) Summary of the process followed in the review, including:
      - Copies of minutes of meetings of committee.
      - Summary of written representations submitted by the public, auditor-general and other spheres of government.
      - Responses to questions provided by the accounting officer.
   (ii) Other information as may be needed to support the conclusions in the resolutions, for example, outcomes of large infrastructure / capital projects and programmes.

Resolutions and Statement

The statement required in the oversight report by section 129(1) of MFMA, should be in the form of a council resolution to record both the adoption of the oversight report and the comments of council on the report.

The resolutions should, as a minimum, state:

Council resolves that:

1. The Council having fully considered the annual report of the municipality and representations thereon, adopts the oversight report; and
2. (*insert one of the following as appropriate*)
   - Council approves the annual report without reservations; or
   - Council approves the annual report with reservations as included in the comments in the oversight report pages xx to xx; or
   - Council refers the annual report back for revisions of the components listed on pages xx to xx of the oversight report; or
   - Council rejects the annual report of the municipality for the reasons summarised in pages xx to xx of the oversight report.
3. (*Where further action or revisions are required in the resolutions*): Council requests the Mayor (Executive Mayor) to report to Council on the actions required as a result of these resolutions by <date to return to Council>.

Where the annual reports of municipal entities are also considered additional resolutions should be adopted to refer to the municipal entities –

Council resolves that :

1. The Council having fully considered the annual report of the municipal entity <name> and representations thereon, adopts the oversight report; and
2. (*insert one of the following as appropriate*)
   - Council approves the annual report without reservations; or
   - Council approves the annual report with reservations as included in the comments in the oversight report pages xx to xx; or
   - Council refers the annual report back for revisions of the components listed on pages xx to xx of the oversight report; or
   - Council rejects the annual report of the municipal entity <name> for the reasons summarised in pages xx to xx of the oversight report.
3. (*Where further action or revisions are required in the resolutions*): Council requests the municipal entity to report to Council on the actions required as a result of these resolutions by <date to return to Council>.

ANNEXURE B

Steps in the Annual Reporting processes

The following outlines the major steps in the annual reporting process indicating responsibilities and dates prescribed in the MFMA and MSA.

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager
31 August	Submit municipal entity AFS to parent municipality and to Auditor-General	S126(2)	Municipal Entity Accounting Officer
30 September	Submit consolidated AFS to Auditor-General (municipalities and entities)	S126(1)(b)	Municipal Manager
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
Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General
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
31 December	Entity submits annual report to Municipal Manager	S127(1)	Municipal Entity Accounting Officer
31 January	Annual Reports of municipality and entities tabled in Council	S127(2)	Mayor
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
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
When meetings held to discuss the annual report	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality and entity
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
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)	Council
Within seven days of adoption of oversight report	Make public the oversight report	S129(3) S21A-MSA	Accounting Officer
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
As necessary	Monitor compliance with submission of reports to provincial legislature	S132(3)	MEC for local government in the province
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
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

Notes:

- MFMA section 133 provides for consequences of non-compliance with provisions relating to the submission of AFS and tabling of annual reports.
- All dates shown are the latest permissible in terms of the applicable legislation, earlier compliance is preferable.

ANNEXURE C

Checklist for considering the annual report

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 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 MFMA, sections 45 and 46 of the MSA and the annual Division of Revenue Act.

The following checklist summarises what must be included in the annual report and is designed to support and guide councillors and officials. It should be noted however, that this list is not exhaustive and from time to time other information requirements may be prescribed. Consideration must also be given to specific circumstances and conditions in which other questions may be appropriate. Councillors and officials are encouraged to make suggestions to enhance this checklist and send these to the National Treasury.

Council should verify that the required information is contained in the annual report and then consider the relevance and accuracy of information accordingly. The checklist provides guidance on how matters could be considered.

The oversight committee and the full council may use this checklist as a means to organise the report and to manage requests for additional information. The questions suggested may be used by all councillors to gain clarification on contents of reports and also to verify compliance with the MFMA and MSA. Responses to many of these questions should be provided by the accounting officer of the municipality and/or municipal entities.

Note that the views of the Audit Committee and the findings of the Auditor-General are primary sources of information to assist council in determining a decision on the annual report.

Information required to be included in annual reports	Council Considerations and Questions
Financial Matters	*Financial reporting matters to be considered*
The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Where the municipality has sole or effective control of a municipal entity, consolidated financial statements are required. The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the new accounting standards for municipalities. *Have the required standards been met – refer audit report and report of audit committee for views on this?*
	The above applies also to the AFS of municipal entities.
The Auditor-General's reports on the financial statements of the municipality and the entities	*Is the audit report included in the annual report as tabled?* *If not, when will the audit report be tabled?* *What are causes of the delays?* *What actions are being taken to expedite the report?*
	The above applies also to the AFS of municipal entities.
Any explanations that may be necessary to clarify issues in connection with the financial statements	The accounting standards require that notes accompany the statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS. *Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?*
	The above applies also to the AFS of municipal entities.
An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities	*Has an adequate assessment been included?* *Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?* *Is any other action required to be taken?*
	The above applies also to the AFS of municipal entities.
Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports	The conclusions of the annual audit may be either – ▪ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; ▪ a qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an unqualified opinion can be achieved; or ▪ the auditor will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed. The objective of the municipality should be to achieve an unqualified audit opinion. *Taking into account the audit report, audit opinion and the views of the audit committee, council should consider:* ▪ *To what extent does the report indicate serious or minor financial issues?* ▪ *To what extent are the same issues repeated from previous audits?* ▪ *Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?* ▪ *Has a schedule of action to be taken been included in the annual report, with appropriate due dates?* Note that actions taken on audit issues are to be reported to the provincial legislature, the MECs for local government and finance to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MECs.
	The above applies also to the AFS of municipal entities.

An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget	The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly. *Has the performance met the expectations of council and the community?* *Have the objectives been met?* *What explanations have been provided for any non-achievement?* *What was the impact on the service delivery and expenditure objectives in the budget?* Council should comment and draw conclusions on performance and explanations provided.
An assessment by the municipal entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and the municipality	Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets, expenditure targets etc. The entity's annual report must include an assessment by the accounting officer, of performance against these objectives. In order to show the linkage between the entity and the municipality, the report of the municipality should also include the performance of entities. *Has the performance met the expectations of council and the community?* *Have the performance objectives been met?* *What explanations have been provided for any non-achievement?* *What was the impact on the service delivery and expenditure objectives in the budget?* Council should comment and draw conclusions on performance and explanations provided.
Any information as determined by the municipality, the entity or its parent municipality	Review any other information that has been included in regard to the AFS.
	The above applies also to the AFS of municipal entities.
Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	*Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?* *What actions need to be taken in terms of these recommendations?* Conclusions on these recommendations and the actions required should be incorporated in the oversight report.

Allocations received and made	***Considerations***
Allocations received by <u>and</u> made to the municipality	The report should disclose: ▫ Details of allocations received from another organ of state in the national or provincial sphere. ▫ Details of allocations received from a municipal, entity or another municipality. ▫ Details of allocations made to any other organ of state, another municipality or a municipal entity. ▫ Any other allocation made to the municipality under Section 214(1)(c) of the Constitution. *Have these allocations been received and made?* *Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?* *Does the audit report or the audit committee recommend any action?* Council should comment and draw conclusions on information and explanations provided.

Allocations received by <u>and</u> made to the municipal entity	The report should disclose: ▫ Details of allocations received from any municipality or other organ of state. ▫ Details of any allocations made to a municipality or other organ of state. ▫ Other information as may be prescribed. *Have these allocations been received and made?* *Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?* *Does the audit report or the audit committee recommend any action?* Council should comment and draw conclusions on information and explanations provided.
Information in relation to the use of allocations received	Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include: ▫ The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects. ▫ Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided. ▫ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation. The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received. *Council should be satisfied that –* ▫ *the information has been properly disclosed;* ▫ *conditions of allocations have been met; and* ▫ *that any explanations provided are acceptable.* The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.
Information in relation to outstanding debtors and creditors of the municipality and entities	Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds. *Council should be satisfied that –* ▫ *the information has been properly disclosed;* ▫ *conditions of allocations have been met; and* ▫ *also that any explanations provided are acceptable.* The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.

Disclosures in notes to AFS	*Considerations relating to section 124*
Information relating to benefits paid by municipality and entity to councillors, directors and officials	Information on the following items is to be included in the notes to the annual report and AFS: • salaries, allowances and benefits of political office bearers, councillors and boards of directors, whether financial or in kind; • any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors; • salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager; • contributions for pensions and medical aid; • travel, motor car, accommodation, subsistence and other allowances; • housing benefits and allowances; • overtime payments; • loans and advances, and; • any other type of benefit or allowance related to staff. *Council should be satisfied that –* • *the information has been properly disclosed;* • *conditions of allocations have been met; and* • *that any explanations provided are acceptable.* The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.

Municipal Performance	*Considerations*
The annual performance reports of the municipality and entities	Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are – *Has the performance report been included in the annual report?* *Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?* *Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?* *In terms of key functions or services, how has each performed? Eg. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?* *To what extent has performance achieved targets set by council?* *Is the council satisfied with the performance levels achieved?* *Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?* *What actions have been taken and planned to improve performance?* *Is the council satisfied with actions to improve performance?* *Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?* *Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?* *Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?* *To what extent have actions planned for the previous year been carried over to the financial year reported upon?* *Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?*

	Council should comment and draw conclusions on information and explanations provided.
Audit reports on performance	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually. *Have the recommendations of internal audit been acted on during the financial year?* *Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?*
Performance of municipal entities and municipal service providers	The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered. *Is the council satisfied with the evaluation and conclusions of the municipality?* *What other actions are considered necessary to be taken by the accounting officers?*
For municipal entities – an assessment of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein. Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities. *To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP?* *Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality?* *What specific actions should be taken by the entity and the municipality to improve performance?*

General information	***The following general information is required to be disclosed in the annual report.***
Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with the entities.
The use of any donor funding support	*What donor funding has the municipality received?* *Have the purposes and the management agreements for the funding been properly agreed upon?* *Have the funds been used in accordance with agreements?* *Have the objectives been achieved?* *Has the use of funds been effective in improving services to the community?* *What actions need to be taken to improve utilisation of the funds?*
Agreements, contracts and projects under Private-Public-Partnerships	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.
Service delivery performance on key services provided	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality,

	entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report and or in statistical tables.
Information on long-term contracts	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.

Other considerations recommended	
Timing of reports	*Was the report tabled in the time prescribed?* *Has a schedule for consideration of the report been adopted?*
Oversight committee or other mechanism	*What mechanisms have been put in place to prepare the oversight report?* *Has a schedule for its completion and tabling been adopted?*
Payment of performance bonuses to municipal officials	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report. *Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?* *If so has a proper evaluation of performance been undertaken?* *Was the evaluation approved by council?* *Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?* *Are the payments justified in terms of performance reported in the annual report?* Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.

ANNEXURE ‘B’

KOUGA MUNICIPALITY(EC108)

NOTICE NUMBER: 9/2014

NOTICE OF PUBLIC MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEETING ON THE 2012/13 ANNUAL REPORT

Notice is hereby given that a Public Municipal Public Accounts Committee (MPAC) Meeting on the 2012/13 Draft Annual Report will be held in the Council Chambers, Jeffreys Bay Unit on Thursday, 27 February 2014 at 11:00.

Copies of the 2012/2013 Draft 2nd Annual Report will be available at the Kouga Municipal Offices (Jeffreys Bay Unit) at the Administration Department. (Contact person: Edwin Randall – Tel. 042 - 2002149).

Kindly note that all comments given at the said meeting should be submitted in writing to the Chairperson of MPAC prior or at the meeting.

MR. S.S. FADI
MUNICIPAL MANAGER

P.O. Box 21
JEFFREYS BAY
6330

For Placement – 6 February 2014

Kouga Express
Municipal Notice Boards
Municipal Webpage

ANNEXURE 'C'

KOUGA
local municipality
Prosperity through vision

PROCESS APPROACH TOWARDS THE ADOPTION OF THE 2012/13 ANNUAL AND OVERSIGHT REPORTS

The following time frames indicate the processes that will be undertaken leading to the final adoption of the 2012/13 Annual and Oversight Reports:

Prescribed Dates	Actions	MFMA (MSA)	Responsibility	Status
31 August	Submit AFS to Auditor General	S 126 (1)(a)	Municipal Manager	Completed
30 Nov	Audit Report returned to Municipal Manager	S 126 (3)	Auditor General	Received
9 December 2013	1st Meeting of the MPAC to elect public representatives to serve on the Committee to oversee the 2012/13 Annual Report	S33 of the (MSA	Administration, Monitoring & Evaluation & Finance	Mr. L. Geldenhuys was elected
9 December 2013	2nd Meeting of the MPAC to consider the Annual Report	S33 of the (MSA	Administration, Monitoring & Evaluation & Finance	Completed
30 January 2014	2nd Draft Annual report to be tabled to the Council	S 127 (2)	Municipal Manager	Approved by the Council on 30 January 2013

6 February 2014	3rd Meeting of the MPAC to consider the Annual Report	S33 of the (MSA	Administration, Monitoring & Evaluation & Finance	
Immediately after the Annual Report is tabled	Draft Annual Report is made public and local communities invited to submit representations. ***(Allow for 21 days - After final approval by the Council)***	S127(5)(a)	Municipal Manager	Advertise on 6 February 2014
	Interface with Finance Directorate		MPAC Members & Finance Directorate	12 February 2014 @14:00 in Mayoral Boardroom
	Interface with IPD Directorate		MPAC Members & IPD Directorate	18 February 2014 @14:00 in Mayoral Boardroom
	4th Meeting of the MPAC to consider the Annual Report	S33 of the (MSA	Administration, Monitoring & Evaluation & Finance	20 February 2014
	Interface with Social Services Directorate		MPAC Members & Social Services Directorate	24 February 2014 @14:00 in Council Chambers , Humansdorp
	Interface with LED, Tourism & Creative Industries Directorate		MPAC Members, LED, Tourism & Creative Industries Directorate	25 February 2014 @14:00 in Mayoral Boardroom
	Interface with Administration Directorate & Performance Management Section		MPAC Members, Administration Directorate & PMS Manager	26 February 2014 @14:00 in Mayoral Boardroom

	Public meeting of the MPAC to receive written comments on Annual Report	S127(5)(a)	Administration, Monitoring & Evaluation & Finance	27 February 2014
	7th Meeting of MPAC to consider the Draft Annual Report	S33 of the (MSA	Administration, Monitoring & Evaluation & Finance	6 March 2014
	Public meeting of the MPAC to respond to representations of the Annual Report	S33 of the (MSA	Administration, Monitoring & Evaluation & Finance	13 March 2014
	Avail 2012/13 Annual and Oversight Reports to Mayoral Committee	S 129(1)	Administration, Monitoring & Evaluation	27 March 2014
31 March 2014	Council Meeting to consider and adopt the Annual Report and the Oversight Report	S129(1)	Council	

ANNEXURE 'D'

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON MONDAY, 9 DECEMBER 2013 AT 8:45

PRESENT:	**Committee Members**	E Hill	(Chairperson)
		X Persent	
		T Meleni	
	Officials	V Felton	(Dir. Infra. Planning & Dev.)
		T Tom	(Dir. Admin .Mon .& Eval.)
		C Burger	(CFO)
		A Koeglenberg	(Repr. Dir. LED, Tourism & Creative Ind.)
		N. Machelesi	(Repr. Dir. Social Services)
		E Oosthuizen	(Man. Tech. Services)
		A Marais	(Man. Electricity)
		R Marais	(Man. Water Services)
		S Maree	(Man. Town Planning
		E Olivier	(Man. Human Settlement)
		D Barnard	(Supt. Fire Services)
		L Randall	(Media Liaison Officer)
		E Randall	(Committee Clerk- Scribe)
	By Invitation	L Bartle	(Office of the Auditor General)
		J Blignaut	(Chairperson Kouga Audit Committee)

1. **OPENING AND WELCOME**

The Chairperson welcomed everybody present and requested a minute of silence as a tribute of respect for the passing on of the Late President Nelson Mandela.

He then requested Councillor X. Persent to open the meeting with a prayer.

The Chairperson then specially welcomed the following persons to the meeting.

Cllr. X. Persent	Newly elected Councillor and Member elected on MPAC
Ms L. CBartle	Office of the Auditor General
Mr. J. Blignaut	Chairperson of the Kouga Audit Committee

2. **APPLICATION FOR LEAVE OF ABSENCE / APOLOGIES**

Executive Mayor
Director Tourism, Creative Indus. & LED
Director Social Services

3. **MATTERS FOR DISCUSSION**

3.1 **ELECTION OF PUBLIC REPRESENTATIVES TO SERVE ON MPAC TO OVERSEE THE 2011/12 ANNUAL REPORT AND MPAC MEETINGS**

Resolved: (9 December 2013)

i) That Mr. L. Geldenhuys be elected to serve as a public representative on the MPAC to oversee the Annual Reports for a period of 2 years.

4. **CLOSURE**

The Chairperson thanked everybody for their presence at the Municipal Public Accounts Committee Meeting.

The meeting terminated at 08:55.

....
CHAIRPERSON
CLR. E.HILL

4/2/2014
....
DATE

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON MONDAY, 9 DECEMBER 2013 AT 9:00

PRESENT:	**Committee Members**	E Hill	(Chairperson)
		X Persent	
		T Meleni	
	Officials	V Felton	(Dir. Infra. Planning & Dev.)
		T Tom	(Dir. Admin .Mon .& Eval.)
		C Burger	(CFO)
		A Koeglenberg	(Repr. Dir. LED, Tourism & Creative Ind.)
		N. Machelesi	(Repr. Dir. Social Services)
		E Oosthuizen	(Man. Tech. Services)
		A Marais	(Man. Electricity)
		R Marais	(Man. Water Services)
		S Maree	(Man. Town Planning
		E Olivier	(Man. Human Settlement)
		D Barnard	(Supt. Fire Services)
		L Randall	(Media Liaison Officer)
		E Randall	(Committee Clerk- Scribe)
	By Invitation	L Bartle	(Office of the Auditor General)
		J Blignaut	(Chairperson Kouga Audit Committee)

1. OPENING AND WELCOME

The Chairperson welcomed everybody present to the meeting.

2. APPLICATION FOR LEAVE OF ABSENCE / APOLOGIES

Executive Mayor
Mr. L. Geldenhuys
Director Tourism, Creative Indus. & LED
Director Social Services

3. MATTERS FOR DISCUSSION

3.1 NON ATTENDANCE OF MPAC MEETINGS

Councillor M Meleni raised his concern regarding the non-attendance by the Municipal Manager and CFO of the MPAC Meetings.

He also raised his concern on the late arrival of officials at the meeting.

The Chairperson also raised his concern regarding the non-attendance of Councillor B Koliti.

Resolved: (9 December 2013)

i) That a meeting be arranged with the Executive Mayor, Speaker, Chairperson of the MPAC, Chairperson of the Kouga Audit Committee, Municipal Manager and Director: Administration, Monitoring & Evaluation to discuss the Processes and Procedures of the MPAC.

ii) That the late arrival on non-attendance of Councillors and officials be taken up by the Chairperson with the Speaker and Municipal Manager.

3.2 **DRAFT ANNUAL REPORT (2012/13)**

Resolved: (9 December 2013)

i) That all Directorates update their Departments information on the 2012/13 Annual report where applicable.

ii) That the Chairperson and available MPAC Members meet separately with all Directorate to update and correct their relevant information on the 2012/13 Annual Report.

iii) That it be noted that the Auditor General Report on the 2012/13 Financial Statements and Council's Action Plan with corrected financial information on the 2012/13 Annual Report will be submitted to the Council by 31 January 2014.

4. **DATE OF NEXT MEETING**

Resolved: (9 December 2013)

i) That it be noted that the next MPAC will be held in January 2014.

5. **CLOSURE**

The Chairperson thanked everybody for their presence at the Municipal Public Accounts Committee Meeting.

The meeting terminated at 09:25.

....
CHAIRPERSON
CLR. E.HILL

4/2/2014
....
DATE

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) O N THURSDAY, 6 FEBRUARY 2014 AT 10:30

PRESENT:	**Committee Members**	E Hill	(Chairperson)
		X Persent	
		T Meleni	
	Officials	V Felton	(Dir. Infra. Planning & Dev.)
		T Tom	(Dir. Admin .Mon .& Eval.)
		C Burger	(CFO)
		J Jansen	(Dir. Social Services)
		C Arends	(Dir. LED, Tourism & Creative Ind.)
		A Koeglenberg	(Manager: PMS)
		L Randall	(Media Liaison Officer)
		E Randall	(Committee Clerk- Scribe)
	Public Representative	L Geldenhuys	

1. OPENING AND WELCOME

The Chairperson welcomed everybody present to the meeting and requested Councillor X. Persent to open the meeting with prayer.

He hereafter welcomed back Mr. L. Geldenhuys as public representative to the meeting.

2. APPLICATION FOR LEAVE OF ABSENCE / APOLOGIES

Executive Mayor
Councillor M. Matodlana
Municipal Manager

The Chairperson undertook to take up the matter with the Chief Whip of the ANC regarding the non-attendance of Councillor B. Koliti of the MPAC Meetings.

3. MATTERS FOR DISCUSSION

3.1 ANNUAL REPORTING PROCESSES – 2012/13 FINANCIAL YEAR

Resolved: (6 February 2014)

i) That the Process Plan towards the Adoption of the 2012/13 Annual and Oversight Reports be approved on condition that the following is incorporated.

ACTIVITY	TIMEFRAME	RESPONSIBILITY	VENUE
Interacting with Finance Directorate	12 February 2014 @ 14:00	MPAC Committee members and Finance Directorate	Mayor's Boardroom
Meeting with IPD Directorate	13 February 2014 @ 14:00	MPAC Committee Members and IPD Directorate	Mayor's Boardroom
Interacting with Social Services Directorate	24 February 2014 @ 14:00	MPAC Committee Members and Social Services Directorate	Council Chamber: Humansdorp
Discussing with Administration Directorate & PMS Unit	26 February 2014 @ 14:00	MPAC Committee Members and Administration Directorate	Mayor's Boardroom
Discussing with LED, Tourism & Creative Indus. Directorate	25 February 2014 @ 14:00	MPAC Committee Members and LED & Tourism Directorate	Mayor's Boardroom

ii) That the public be invited to future MPAC Meetings as observers.

3.3 **CHECKLIST – DETERMINATIONS REGARDING THE CONTENT OF THE 2011/12 ANNUAL REPORT**

Resolved: (6 February 2014)

i) That points 3, 7, 8, 10 to 15 be referred to the next MPAC Meeting for consideration.

ii) That clarity be obtained from the Kouga Audit Committee on points 10 and 11.

iii) That it be noted that the Kouga Audit Committee will meet on 13 February 2014 to discuss the 2012/13 2nd Draft Annual Report and will therefore address some of the points on the Checklist.

iv) That the Chairperson and Mr. L.Geldenhuys be appointed to represent the MPAC at the Kouga Audit Steering Committee Meetings.

4. **CLOSURE**

The Chairperson thanked everybody for their presence at the Municipal Public Accounts Committee Meeting.

The meeting terminated at 09:25.

....
CHAIRPERSON
CLR. E.HILL

20/2/2014
....
DATE

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) O N THURSDAY, 20 FEBRUARY 2014 AT 14:0

PRESENT:	**Committee Members**	E Hill	(Chairperson)
		V. Matodlana	
		T Meleni	
	Officials	T Tom	(Act. Municipal Manager)
		J Jansen	(Dir. Social Services)
		C Arends	(Dir. LED, Tourism & Creative Ind.)
		S Baartman	(Repr. CFO)
		S Maree	(Repr.Dir. Infra. Planning & Dev.)
		E Randall	(Committee Clerk- Scribe)
	Public Representative	L Geldenhuys	

1. **OPENING AND WELCOME**

The Chairperson welcomed everybody present to the meeting and requested Councillor T. Meleni to open the meeting with prayer.

2. **APPLICATION FOR LEAVE OF ABSENCE / APOLOGIES**

Executive Mayor
Municipal Manager
Director: Infrastructure, Planning & Development
CFO
Manager: PMS

The Chairperson said he will take up the matter with the Chief Whip of the ANC regarding the non-attendance of Councillor B. Koliti of the MPAC Meetings.

3. **CONFIRMATION OF MINUTES: 6 FEBRUARY 2014**

Resolved: (20 February 2014)

i) That the minutes of the MPAC held on 6 February 2014 be approved.

4. **MATTERS FOR DISCUSSION**

4.1 **ANNUAL REPORTING PROCESSES – 2012/13 FINANCIAL YEAR**

Resolved: (20 February 2014)

i) That it be noted that the IPD Directorate will meet the MPAC on 18 February 2104.

4.2 **CHECKLIST – DETERMINATIONS REGARDING THE CONTENT OF THE 2011/12 ANNUAL REPORT**

Resolved: (20 February 2014)

i) That question 7 be rephrase to enable CFO the opportunity to comment on it.

ii) Narrow done key performance areas in question 8 (be specific).

iii) Waiting for Kouga Audit Committee comments on question 11.

iv) That questions 10, 11, 12,13, 14 and 16 be discussed at the next meeting as the CFO and the Manager: PMS were not present at the meeting.

4.3 **2nd DRAFT ANNUAL REPORT**

Resolved: (20 February 2014)

i) That the verbal report by Mr.L.Geldenhuys to the Committee regarding the meetings he and the Chairperson already had with the CFO and the Director: IPD on the 12 and 18 February 2014 be noted.

ii) That all MPAC Members attend the Public MPAC Meeting on 27 February 2014.

iii) That it be noted that Mr. L. Geldenhuys has rendered his apology for the meeting of 27 February 2014.

5. **CLOSURE**

The Chairperson thanked everybody for their presence at the Municipal Public Accounts Committee Meeting.

The meeting terminated at 15:25.

.... 6/3/2014
CHAIRPERSON **DATE**
CLR. E.HILL

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON THURSDAY, 27 FEBRUARY 2014 AT 11:00

PRESENT:	**Committee Members**	E Hill	(Chairperson)
		T Meleni	
		X Persent	
		B Koerat	(Executive Mayor)
	Officials	T Tom	(Dir. Admin. Monitoring & Eval.)
		V Felton	(Dir. Infra. Planning & Dev.)
		C Burger	(CFO)
		L Randall	(Media Liaison Officer)
		E Randall	(Scribe)
Public		A Carstens	
		J E van Niekerk	

1. **OPENING AND WELCOME**

The Chairperson welcomed everybody present to the meeting and requested Councillor X. Persent to open the meeting with prayer.

Mr. J. van Niekerk wanted clarity on the following:

i) If the MPAC Meeting was properly constituted.
ii) Whether there was a quorum present
iii) When was the Committee formed?
iv) What is the rules and regulation on Council and MPAC meetings.

The Chairperson said the committee was elected by the Council and the information is available on request from the Administration Directorate.

He further stated that there is Standard Rules and Orders for the Council and MPAC meetings. Three Councillors of the 5 members are present at the meeting and it is a quorum.

Dr. A.Carstens the raised her concern regarding the non-attendance of the Municipal Manager at the meeting.

The Chairperson said the matter will be dealt with by the Executive Mayor.

Councillor T. Meleni then requested both Dr. A. Carstens and Mr. J. van Niekerk to address the meeting in English and not Afrikaans.

The Chairperson said that the public will now in future be invited to all MPAC meetings and requested that a copy of the 2012/13 Process Plan on the 2nd Draft Annual Report be made available to Mr. J. van Niekerk and Dr. A. Carstens.

Mr. J. van Niekerk was informed that the meeting will be recorded on his request.

The Chairperson also said that enough time will be made available for MPAC meetings.

2. **APPLICATION FOR LEAVE OF ABSENCE / APOLOGIES**

Public Representative: Mr. L. Geldenhuys
Municipal Manager
Director: Tourism, LED & Creative Ind.)
Dir. Social Services
Manager: PMS

3. **MATTERS FOR DISCUSSION**

3.1 **WRITTEN SUBMISSION/INPUTS OF THE PUBLIC ON THE 2012/13 DRAFT 2nd ANNUAL REPORT**

DR. A. CARSTENS

Dr Carstens tabled 4 questions in Afrikaans to the meeting.

She also raised the poor attendance of Councillors at meetings.

MR. J. VAN NIEKERK

Mr. van Niekerk then submitted 7 more questions to the Committee.

He also requested that the MPAC members names should be included in the 2012/13 Annual Report.

Resolved: (27 February 2014)

i) That the written comments received from Dr. A. Carstens and Mr. J. van Niekerk be noted and be circulated to the MPAC, Municipal Manager and Directors for their comments/input.

ii) That a MPAC Meeting be convened for Thursday, 6 March 2014 to address the comments of MPAC, Municipal Manager and Directors on the written submissions received.

iii) That feedback be given to Dr.A.Carstens and Mr. J. van Niekerk at a MPAC meeting to be convened for Thursday, 13 March 2014.

iv) That it be noted that the translation of the written comments received from Dr. A. Carstens and Mr. J. van Niekerk from Afrikaans to English are time consuming and it would assist the MPAC and Administration if the public submits their written comments in English.

4. <u>CLOSURE</u>

The Chairperson thanked everybody for their presence at the Public Municipal Public Accounts Committee Meeting.

The meeting terminated at 12:20.

....
CHAIRPERSON
CLR. E. HILL

6/3/2014
....
DATE

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON THURSDAY, 13 MARCH 2014 AT 11:30

PRESENT:	**Committee Members**	E Hili	(Chairperson)
		T Meleni	
		X Persent	
	Officials	T Tom	(Dir. Admin. Monitoring & Eval.)
		J Jansen	(Dir. Social Services)
		C Burger	(CFO)
		L Randall	(Media Liaison Officer)

PUBLIC REPRESENTATIVE L Geldenhuys

1. **OPENING AND WELCOME**

The Chairperson welcomed everybody present to the meeting and read the notice convening the meeting. He then requested Councillor X. Persent to open the meeting with prayer.

2. **APPLICATION FOR LEAVE OF ABSENCE / APOLOGIES**

Executive Mayor
Municipal Manager
Director: Tourism, LED & Creative Ind.
Director: Infrastructure, Planning & Development
Manager: PMS

3. **CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

3.1 **MINUTES OF A MEETING HELD ON 6 MARCH 2014**

Resolved: (13 March 2014)

i) That the minutes of the MPAC held on 6 March 2014 be approved.

3.1.1 **MATTERS ARISING: 6 MARCH 2014**

3.1 **WRITTEN SUBMISSIONS/INPUT OF THE PUBLIC ON THE 2012/13 DRAFT 2ND ANNUAL REPORT**

Resolved: (13 March 2014)

i) That the response by the Chairperson as per letter from Administration be held in abeyance pending the meeting with the Dr A. Carstens and Mr. J. van Niekerk after this meeting.

3. MATTERS FOR DISCUSSION

3.1 CHECKLIST – DETERMINATIONS REGARDING THE CONTENT OF THE 2013/13 the ANNUAL REPORT

Resolved: (13 March 2014)

i) That the matter be referred to the next meeting scheduled for Wednesday, 19 March 2014 to enable the CFO to submit the relevant information and as the Manager: PMS was not present at the meeting.

3.1 WRITTEN SUBMISSION/INPUTS OF THE PUBLIC ON THE 2012/13 DRAFT 2nd ANNUAL REPORT

Resolved: (13 March 2014)

i) That the letters received from Dr. A. Carstesns and Mr. J. van Niekerk now be translated from English to Afrkaans.

ii) That Dr. A. Carstens and Mr. J. van Niekerk be informed that the MPAC cannot respond to their request at this time as the CFO was away on official business and the letters were not yet translated due to other work commitments.

iii) That the Director: Administration, Monitoring & Evaluation arrange a meeting with the Executive Mayor, Speaker, Municipal Manager and MPAC to address their inputs at the MPAC Meetings which Includes comments on the Checklist on the 2012/13 Annual Report.

iv) That it be noted that the requested information on bursaries are available but exclude costs at this time.

4. CLOSURE

The Chairperson thanked everybody for their presence at the Public Municipal Public Accounts Committee Meeting.

The meeting terminated at 12:00.

CHAIRPERSON
CLR. E. HILL

19/3/2014
DATE

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON THURSDAY, 13 MARCH 2014 AT 12:05

PRESENT:	**Committee Members**	E Hill	(Chairperson)
		T Meleni	
		X Persent	
	Officials	T Tom	(Dir. Admin. Monitoring & Eval.)
		J Jansen	(Dir. Social Services)
		C Burger	(CFO)
		L Randall	(Media Liaison Officer)
PUBLIC REPRESENTATIVE		L Geldenhuys	
PUBLIC:		Dr. A. Carstens	
		Mr. J. van Niekerk	

1. **OPENING AND WELCOME**

The Chairperson welcomed everybody present to the meeting and read the notice convening the meeting.

2. **WRITTEN SUBMISSION/INPUTS OF THE PUBLIC ON THE 2012/13 DRAFT 2nd ANNUAL REPORT**

The Chairperson said that the MPAC cannot respond to their request at this time as the CFO was away on official business and had to attend to a Memorial Service and the letters were not yet translated due to other work commitments.

He further stated that MPAC will strive in future to meet on the monthly basis.

He also said that a meeting will be arranged with the Executive Mayor, Speaker, Municipal Manager and MPAC to address their inputs at MPAC Meetings.

The Chairperson said that the requested information on bursaries are available but exclude costs.

Dr A. Carstens then requested the Committee to inform her by what date it will reply to the questions raised by her and Mr. J. van Niekerk.

The Chairperson said that a reply to the questions will be addressed by 30 April 2014 and a meeting will be arranged to discuss it.

Dr. A. Carstens also requested that the written response be made available prior to such meeting.

Resolved: (13 March 2014)

i) That the letters received from Dr. A. Carstens and Mr. J. van Niekerk now be translated from English to Afrikaans.

ii) That the Director: Administration, Monitoring & Evaluation arrange a meeting with the Executive Mayor, Speaker, Municipal Manager and MPAC to address their inputs at the MPAC Meetings.

iii) That it be noted that the requested information on bursaries are available but exclude costs at this time.

iv) That it be noted that a reply to the questions will be addressed by 30 April 2014 and a meeting will be arranged to discuss it.

Mr. J. van Niekerk then requested that a list of all the Policies be made available to him.

He said that the non-response to the written submissions are unacceptable.

The Chairperson requested Mr. J. van Niekerk to ask questions and not to make assumptions of the way the MPAC Meetings business are conducted.

Mr. van Niekerk said *'This Committee is a waste of time.'*

The Committee Members and the Chairperson said that this outburst is unacceptable and the Chairperson adjourned the meeting at 12:30

....
CHAIRPERSON
CLR. E. HILL

19/3/2014
....
DATE

ANNEXURE 'E'

VRAE AAN DIE *MPAC*-KOMITEE

27 Februarie 2014

VRAAG A

Hierdie vraag bestaan uit twee gedeeltes:

Deel 1: 'n Uitdruk van my vraag (dit was vraag 1) voorgelê tydens die 2 Mei 2013-*MPAC*-vergadering, waarop daar geen reaksie was nie;

Deel 2: bykomende kommentaar.

****

Deel 1 (verlede jaar se vraag):

Inligting oor Opleidingskursusse, en in besonder Interne en Eksterne beurse soos weergegee in die 2010/2011-jaarverslag (9 bladsye: vanaf bladsye 16 tot 24), is, sover ek kon vasstel, gereduseer tot 8 inskrywings in 'n tabel op 'n halwe bladsy (bladsy 21) in die 2011/2012-jaarverslag.

Hierdie grootskaalse afwatering van inligting:

- moet verduidelik word;
- moet opgedateer word met volledige besonderhede, insluitende:
  - die name van alle betrokkenes;
  - die bedrae van die beurse ter sprake, en
  - die stand van elke beurshouer se vordering/afhandeling (*certification*).

Deel 2
Kommentaar en vrae

- Daar is verlede jaar slegs geantwoord dat geen nuwe beurse toegeken is nie. Die volgende vrae is nié beantwoord nie:
  - waarom word daar nie meer spesifieke inligting gegee i.v.m. individue wat opleidingskursusse bywoon nie;
  - waarom is die hele kwessie oor beurshouers verlede jaar net uitgelaat; en
  - wat is die stand van bestaande beurshouers se vordering met die kursusse.

2

- Ek vra u dus:
  - verskaf asseblief volledige inligting oor alle bestaande beurshouers, asook die stand van hulle studies;
  - verskaf asseblief aan my 'n kopie van u beursbeleid asook besonderhede van die datum waarop dit deur die Raad aanvaar is.

Baie dankie.

Dr. A. Carstens
27 Februarie 2014

1

VRAE AAN DIE *MPAC*-KOMITEE

27 Februarie 2014

VRAAG B

Hierdie vraag bestaan uit twee gedeeltes:

Deel 1: 'n Uitdruk van my vraag (dit was vraag 2) voorgelê tydens die 2 Mei 2013-*MPAC*-vergadering, waarop daar geen reaksie was nie;

Deel 2: bykomende kommentaar.

****

Deel 1 (verlede jaar se vraag):

Sal u asseblief so gaaf wees om duidelikheid te verskaf in verband met die onderstaande vier sake soos opgeneem in die 2011/2012-Jaarverslag (en die jaarverslae wat opgeloop het na die nuutste een):

1. **ONGEMAGTIGDE UITGAWES**

2008/2009: *Notes to the consolidated annual financial statements for the year ended 30 June 2009* (blou bladsye), par. 43.1, p. 92

2009/2010: *Notes to the consolidated annual financial statements for the year ended 30 June 2010*, par. 43.1, p. 85

2010/2011: *Notes to the consolidated annual financial statements for the year ended 30 June 2011* (geel bladsye), par. 42.1, p. 79

2011/2012: *Notes to the consolidated annual financial statements for the year ended 30 June 2012* (geel bladsye), par. 40.1, p. 87.

Disciplinary steps / Criminal procedures: None
Verstrek volledige besonderhede.

2. **VRUGTELOSE EN VERKWISTE UITGAWES**

2008/2009: *Notes to the consolidated annual financial statements for the year ended 30 June 2009* (blou bladsye), par. 43.2, p. 93 (Lees saam met Aanhangsel C op pp. 135 en 136)

2009/2010: *Notes to the consolidated annual financial statements for the*

year ended 30 June 2010, par. 43.2, p. 86
(Lees saam met Aanhangsel B op pp. 10-12)

2010/2011: *Notes to the consolidated annual financial statements for the year ended 30 June 2011* (geel bladsye), par. 42.2, p. 79

2011/2012: *Notes to the consolidated annual financial statements for the year ended 30 June 2012* (geel bladsye), par. 40.2, p. 88
(R9 301 452)

Disciplinary steps / Criminal procedures: Currently none – subject to possible future investigation
Verstrek volledige besonderhede.

3. ONREëLMATIGE UITGAWES

2008/2009: *Notes to the consolidated annual financial statements for the year ended 30 June 2009* (blou bladsye), par. 43.3, p. 94

2009/2010: *Notes to the consolidated annual financial statements for the year ended 30 June 2010*, par. 43.3, p. 87

2010/2011: *Notes to the consolidated annual financial statements for the year ended 30 June 2011* (geel bladsye), par. 42.3, p. 80

2011/2012: *Notes to the consolidated annual financial statements for the year ended 30 June 2012* (geel bladsye), par. 40.3, p. 88
(R15 967 181)

Disciplinary steps / Criminal procedures: None
'n Verduideliking word gesoek.

Miljoene rande is ter sprake, sonder 'n aanduiding of enige stappe, dissiplinêr of andersins, geneem is of oorweeg word.

****

Deel 2
Kommentaar en vrae

1) Hierdie vrae van my is verlede jaar geïgnoreer, ondanks die beloftes dat dit skriftelik beantwoord sou word.

2) In die 2012/2013-Jaarverslag (inskrywing 55 op bladsy 312), verskyn die volgende kommentaar deur die Ouditeur-generaal:

> *Unauthorised, irregular and fruitless and wasteful expenditure by die municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.*

Die Bestuursrespons op die Ouditeur-generaal se opmerking, lui soos volg:

> *Management agrees with the finding raised so far as tabling a report to Council on unauthorised, irregular and fruitless and wasteful expenditure. The balances have been accumulating since 2008/2009 and to find the proper supporting documentation has been problematic. It was the intention of management to table such a report in October 2013 to include the 2012/2013 figures, but due to the sudden passing of two members of Council in September 2013, Council will only reconvene after the by-elections on 27 November 2013.*

In die *Monitoring and Review*-kolom word daar nou gesê dat die verslag teen 30 Junie 2014 beskikbaar sal wees.

- Om as rede aan te voer dat dit problematies is om ondersteunende dokumentasie te kry, is verswarende omstandighede, nié versagtende omstandighede nie! Soos u weet het die publiek al by talle geleenthede hulle misnoeë te kenne gegee oor briewe wat "verlore raak" en nie beantwoord word nie. Nou blyk dit dat die Munisipaliteit se eie dokumentasie ook "verlore raak".
- Op 2 Mei verlede jaar het ek al hierdie vraag oor die gebrek aan dissiplinêre stappe om miljoene rande te probeer verhaal, skriftelik aan u gestel. As die verslag in Oktober verlede jaar gereed sou wees, waarom het die Munisipaliteit nou nóg 8 maande nodig om dit te voltooi – eers teen 30 Junie vanjaar? Dit is net nog 'n verdere 8 maande wat gevoeg

word by die jare wat die Munisipaliteit oënskynlik niks gedoen het aan hierdie saak nie.

- Ek vind dit uiters laakbaar dat die ongelukkige dood van twee raadslede en die leed daaromheen, deur die Munisipaliteit misbruik word om hulle eie nalate te probeer verdoesel.

3) Daar is geen aanduidings dat sedert die 2007/2008 finansiële jaar enige dissiplinêre of ander stappe geneem is om die jaarliks toenemende miljoene rande wat deur ongemagtigde, vrugtelose, verkwiste en onreëlmatige uitgawes verlore gaan, te probeer terugkry nie – al is dit net gedeeltelik! Dis miljoene der miljoene rand van die gemeenskap wat deur die Munisipaliteit se nalate nie verhaal word nie.

En dan het, byvoorbeeld, die mense in Ocean View nie eers voldoende sanitasie nie. Skande!

4) Verduidelik asseblief vir my:

- wat die Munisipaliteit se dissiplinêre kode is;
- wanneer dit deur die Raad aanvaar is;
- wie die amptenare is wat die proses moet bestuur;
- wat die spesifieke rolle is wat die Hoof Finansiële Beampte en die Rekenpligtige Beampte (*MM*) in hierdie proses speel;
- waar pas die Uitvoerende Burgemeester en sy komitee in die prentjie?

Dr. A. Carstens
27 Februarie 2014

VRAE AAN DIE *MPAC*-KOMITEE

27 Februarie 2014

VRAAG C

Hierdie vraag bestaan uit twee gedeeltes:
Deel 1: ’n Uitdruk van my vraag (dit was vraag 4) voorgelê tydens die 2 Mei 2013-*MPAC*-vergadering, waarop daar geen reaksie was nie;
Deel 2: bykomende kommentaar.

****

Deel 1 (verlede jaar se vraag in verband met die *EMF*):

Ek verwys na my ingeslote brief van 15 Mei 2012.

Dit is nooit beantwoord nie.

****

Deel 2
Kommentaar en vrae

- Ingeslote is weer ’n afskrif van:
  - my 15 Mei **2012**-brief aan mnr. Fadi.
  - my 15 Mei **2013**-brief aan mnr. Hill.

- Let asseblief op: Vir die soveelste keer was daar verlede jaar, as verkoning waarom daar nie geantwoord kan word nie, gesê dat ’n brief iemand nie bereik het nie (in hierdie geval me. Burger)!!! Wat gaan by die Munisipaliteit aan? Sommige van die publiek se briewe “raak weg”, en julle eie dokumentasie is soms soek!

- Die antwoord op die probleem is eenvoudig: beantwoord net die vrae! Dit is my versoek.

Dankie

Dr. A. Carstens
27 Februarie 2014

Posbus 164
JEFFREYSBAAI
6330

15 Mei 2012

Die Munisipale Bestuurder
Kouga Plaaslike Munisipaliteit
Da Gamaweg 33
JEFFREYSBAAI
6330

Geagte meneer Fadi

INSAKE: OMGEWINGSBESTUURSFOOI (*EMF*)

Tydens die gemeenskapsinligtingsvergadering (in verband met die Konsep Geïntegreerde Ontwikkelingsplan 2012-2017, asook die begroting 2012-2015), gehou vir wyke 3, 8 en 11 op Woensdag 11 April, het me. C. Burger aangetoon dat die *EMF* gedurende die komende begroting ge"*ringfence*" gaan word.

Op 'n vraag van my aan die Uitvoerende Burgemeester, mnr. B. Koerat, waarvoor die fondse deur hierdie fooi geïn dan die afgelope 4 jaar aangewend is aangesien dit nié ge"*ringfence*" was nie, het, op versoek van mnr. Koerat, mnr. Vernon Stuurman geantwoord. Hy het gesê dat daar nog nooit 'n geheim daarvan gemaak is dat die inkomste uit die fooi nié vir die *EMF* gebruik is nie, en verskoning aangebied dat daar nie 'n wakende oog gehou is op die besteding daarvan nie.

In 'n opvolgvraag het ek verneem of dit dan moontlik sal wees om inligting te bekom oor waarvoor die geld dan wél aangewend is. Mnr. Koerat het aangedui dat dit nie 'n probleem sal wees nie, en dat ek u skriftelik moet kontak. Hy het ook gesê dat, alhoewel hy nie namens u kan praat nie, dit nie langer as twee weke behoort te neem om die besonderhede aan my te verskaf nie.

Ek versoek u dus vriendelik om vir my gedetailleerde inligting te verskaf wat presies aantoon waarvoor die geld, sedert die instelling van die fooi tot nou, aangewend is.

Die uwe

DR. ATRI CARSTENS

Posbus 164
JEFFREYSBAAI
6330

15 Mei 2013

Mnr. E.D. Hill
Voorsitter: *MPAC*
Kouga Plaaslike Munisipaliteit
Da Gamaweg 33
JEFFREYSBAAI
6330

Geagte mnr. Hill

VRAAG GESTEL TYDENS DIE *MPAC*-VERGADERING VAN DONDERDAG, 2 MEI 2013

Gedurende die *MPAC*-vergadering, gehou op 2 Mei 2013 in Humansdorp, het ek 'n vraag gestel in verband met die Omgewingsbestuursfooi (*EMF*) (vraag 4).

Tydens die vergadering van 10 Mei 2013 in die Raadsaal, Jeffreysbaai, is daar in antwoord op my vraag slegs gesê dat me. C. Burger geantwoord het dat sy nooit die brief, gerig aan mnr. Fadi, ontvang het nie.

Dit mag so wees (wat dan net weer 'n voorbeeld is van wanadministrasie). Die saak waaroor dit gaan, kan egter nie weg geredeneer word nie. Die feite is soos volg:

- Me. Burger was self teenwoordig tydens die gemeenskapsinligtings-vergadering (in verband met die Konsep Geïntegreerde Ontwikkelingsplan 2012-2017, asook die begroting 2012-2015), gehou vir wyke 3, 8 en 11 op Woensdag 11 April 2012. Tydens daardie vergadering het me. Burger aangetoon dat die *EMF* gedurende die tóé komende begroting (d.w.s. die 2011/2012-begroting), ge"*ringfence*" sou word.
- Op 'n vraag van my aan die Uitvoerende Burgemeester, mnr. B. Koerat, waarvoor die fondse deur hierdie fooi geïn dan die vorige 4 jaar aangewend is aangesien dit nié ge"*ringfence*" was nie, het, op versoek van mnr. Koerat, mnr. Vernon Stuurman geantwoord. Hy het gesê dat daar nog nooit 'n geheim daarvan gemaak is dat die inkomste uit die fooi nié vir die *EMF* gebruik is nie, en verskoning aangebied dat daar

nie 'n wakende oog gehou is op die besteding daarvan nie.

- In 'n opvolgvraag het ek verneem of dit dan moontlik sou wees om inligting te bekom oor waarvoor die geld dan wél aangewend is. Mnr. Koerat het aangedui dat dit nie 'n probleem sou wees nie, en dat ek mnr. Fadi skriftelik moes kontak. Hy het ook gesê dat, alhoewel hy nie namens mnr. Fadi kon praat nie, dit nie langer as twee weke behoórt te neem om die besonderhede aan my te verskaf nie.
- Ek het gevolglik 'n versoek aan mnr. Fadi gerig om vir my gedetailleerde inligting te verskaf wat presies aantoon waarvoor die geld, sedert die instelling van die fooi tot nou, aangewend is.

Die Uitvoerende Burgemeester, mnr. Stuurman, mnr. Fadi en me. Burger was dus bewus van hierdie hele kwessie en dat ons, as publiek, spesifieke inligting in verband daarmee verlang.

Die versoek is 'n jaar gelede gerig, met al die lede van die publiek wat die vergadering bygewoon het, as getuies (dit was, sover ek onthou, die eerste vraag wat tydens die vergadering gevra is).

Die antwoord tydens die 10 Mei 2013-vergadering dat me. Burger nie die brief ontvang het nie, neem nie die feit weg dat al die genoemde persone al sedert 'n jaar gelede bewus is van die baie spesifieke vraag nie. Dat die brief me. Burger na bewering nie bereik het nie, kan nie as verskoning aangebied word waarom die spesifieke inligting nie verskaf kan word nie.

'n Afskrif van hierdie brief gaan ook aan:

- die Uitvoerende Burgemeester, mnr. B. Koerat;
- die Munisipale Bestuurder, mnr. S.S. Fadi, en
- raadslid V. Stuurman.

Die uwe

Dr. Atri Carstens

VRAE AAN DIE *MPAC*-KOMITEE

27 Februarie 2014

VRAAG D

Hierdie vraag bestaan uit twee gedeeltes:
Deel 1: 'n Uitdruk van my vraag (dit was vraag 5) voorgelê tydens die 2 Mei 2013-*MPAC*-vergadering;
Deel 2: bykomende kommentaar.

****

Deel 1 (verlede jaar se vraag in verband met regskostes van die Munisipaliteit):

Ek verwys na my ingeslote brief van 15 Mei 2012 in verband met regskostes van die Munisipaliteit.

Dit is nooit beantwoord nie.

****

Deel 2
Kommentaar en vrae

- Ingeslote is weer 'n afskrif van my 15 Mei 2012-brief.

- As reaksie op my vraag van verlede jaar is slegs gesê:

  Legal costs will be submitted to Council and MPAC is aware that these costs are not always available to the public as certain matters are treated as sensitive and therefore marked "Confidential".

  - Watter besonderhede is aan die Raad en aan *MPAC* verskaf?
  - Die regskostes verbonde aan alle afgehandelde regsaksies behoort, net soos enige ander uitgawes, volledig blootgelê te word. Ek versoek u dus weer: Beantwoord asseblief my vrae soos uiteengesit in my 15 Mei 2012-brief.

Dankie.

Dr. A. Carstens
27 Februarie 2014

Posbus 164
JEFFREYSBAAI
6330

15 Mei 2012

Die Munisipale Bestuurder
Kouga Plaaslike Munisipaliteit
Da Gamaweg 33
JEFFREYSBAAI
6330

Geagte meneer Fadi

INSAKE: REGSKOSTES VAN DIE MUNISIPALITEIT

Op Woensdag 11 April is 'n gemeenskapsinligtingsvergadering (in verband met die Konsep Geïntegreerde Ontwikkelingsplan 2012-2017, asook die begroting 2012-2015), gehou vir wyke 3, 8 en 11.

Die afgelope paar jaar het 'n hele paar dinge gebeur, byvoorbeeld die verskyning van verskeie ouditeursverslae (die verkoop van grond en dergelike sake), die kom en gaan van verskeie direkteure (met of sonder dissiplinêre verhore) met die gepaardgaande oor-en-weer hofsake, ens. Tydens die genoemde vergadering het ek aan die Uitvoerende Burgemeester, mnr. B. Koerat, gevra of dit moontlik sal wees om volledige inligting te bekom in verband met die regskostes wat die Munisipaliteit die afgelope paar jaar aangegaan het in verband met hierdie soort sake. Hy het geantwoord dat ek u in verband daarmee moet kontak, asook dat hierdie kostes te hoog is en dat gepoog sal word om dit te verminder.

Hiermee versoek ek u dus skriftelik om vir my gedetailleerde besonderhede te verskaf in verband met die regskostes wat deur die Munisipaliteit aangegaan is vanaf Januarie 2006 (en, sonder om die omvang van my navraag te beperk) ten opsigte van die volgende:

- die ontslag/heraanstel van personeellede;
- die inwin van regsadvies in verband met die neem van dissiplinêre stappe al dan nie;
- die inwin van regsadvies in verband met die verkoop/terugneem van munisipale grond;
- die inwin van regsadvies in verband met sake wat teen die Munisipaliteit geneem is weens die Munisipaliteit se versuim om rekeninge te betaal;
- regskostes wat voortvloei uit dispute oor kontrakte;
- regskostes wat voortvloei uit die verskeie ouditeursverslae oor die doen en late van die Munisipaliteit;
- forensiese ondersoeke wat voortvloei uit Ouditeursverslae.
- regskoste in hofsake wat deur die Munisipaliteit verloor is en waarvoor die Munisipaliteit moet betaal.

Baie dankie vir u moeite.

Die uwe

DR. ATRI CARSTENS

TRANSLATION OF QUESTIONS TABLED BY DR A CARSTENS AT PUBLIC MPAC MEETING ON 27 FEBRUARY 2014

QUESTION A

Part 1 (last years question)

Information on Training Courses, mainly Internal and External bursaries as shown in the 2010/2011- Annual Report (9 pages: from pages 16 to 24), is accordingly to my knowledge, reduced to 8 entries in the table on a half-page(page21) in the 2011/12 Annual Report.

This water down of information:

- Should be explained:
- Should be updated with the full particulars, including:
  - The name of all involved;
  - The amount of the said bursaries;
  - The current situation regarding the process/completion (certification) of each bursary holder.

Part 2

Comments and Questions

- Last year it was only answered that no new bursaries were awarded.
  The following questions were not answered.
  - Why the specific information on individuals who attended training courses is not be provided.
  - Why is the matter regarding bursary holders been omitted last year; and
  - What is the current situation regarding the progress made with studies by existing bursary holders?
- I therefore ask:
  - Please provide complete information on current bursary holders and the progress made with studies.
  - Please provide me with a copy the Bursary Policy and when it was adopted by the Council.

QUESTION B

Part 1 (last years question)

Would you be so kind to explain the following 4 matters which were included in the 2011/2012 Annual Report (and the Annual Reports which accrued to the latest version)

1. **UNAUTHORIZED EXPENDITURE**

2008/2009: *Notes to the annual financial statements for the year ended 30 June 2009(blue pages) par. 43.1, p. 92*
2009/2010: *Notes to the annual financial statements for the year ended 30 June 2010 par. 43.1, p. 85*
2010/2011: *Notes to the annual financial statements for the year ended 30 June 2011(yellow pages) par. 42.1, p. 79*
2011/2012: *Notes to the annual financial statements for the year ended 30 June 2012(yellow pages) par. 40.1, p. 87*

Disciplinary steps/Criminal procedures: None
Supply full details

2. **FRUITFULL AND WASTED EXPENDITURE**

2008/2009: *Notes to the annual financial statements for the year ended 30 June 2009(blue pages) par. 43.2, p. 93*
(Read with Annexure C on pages 135 and 136)
2009/2010: *Notes to the annual financial statements for the year ended 30 June 2010 par. 43.2, p. 86*
(Read with Annexure B on pages 10 to 12)
2010/2011: *Notes to the annual financial statements for the year ended 30 June 2011(yellow pages) par. 42.2, p. 79*
2011/2012: *Notes to the annual financial statements for the year ended 30 June 2012(yellow pages) par. 40.2, p. 88*
(R9 301 452)

Disciplinary steps/ Criminal procedures: Currently none-subject to possible future investigation.

3. **IRREGULAR EXPENDITURE**

2008/2009: *Notes to the annual financial statements for the year ended 30 June 2009(blue pages) par. 43.3, p. 94*
2009/2010: *Notes to the annual financial statements for the year ended 30 June 2010 par. 43.3, p. 87*
2010/2011: *Notes to the annual financial statements for the year ended 30 June 2011(yellow pages) par. 42.3, p. 80*
2011/2012: *Notes to the annual financial statements for the year ended 30 June 2012(yellow pages) par. 40.3, p. 88*
(R15 967 181)

Disciplinary steps/Criminal procedures: None
An explanation is requested

Million rands are involved without any indication if any steps, discipline or otherwise resolutions taken or considered.

Part 2
Comments and Questions

1) These questions was ignored last year and was never written answered as it was promised.

2) The following comments was made by the Auditor General on the 2012/13 Annual Report. (point 55 page 312)

Unauthorised, irregular and fruitless and wasteful expenditure by die municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

The Management response on the Auditor General remarks is as follows:

Management agrees with the finding raised so far as tabling a report to Council on unauthorised, irregular and fruitless and wasteful expenditure. The balances have been accumulating since 2008/2009 and to find the proper supporting documentation has been problematic. It was the intention of management to table such a report in October 2013 to include the 2012/2013 figures, but due to the sudden passing of two members of Council in September 2013, Council will only reconvene after the by-elections on 27 November 2013.

In the Monitoring and Review colum it is said that the report will be availible by 30 June 2014.

- To say that the reason is problamatic to obtain the supporting documentation is not acceptable. As you now he public is not happy with the answer that letters are lost and therefore cannot be answered. Now it seems that the Municipality own documentation is also lost.
- On 2 May 2014 last year I requested a written response why there was not diciplinary action taken to recover the millon of rands. If the report was completed in October last year why did the Municipality needed another 8 months to complete it – only by 30 June 2014. It is just another 8 months which is added to years the Municipality did nothing.
- It is unacceptable that the death of 2 Councillors is to blame for this.

3) It is not shown that since the 2007/2008 financial years any dicipline action was taken to recover yearly million rands of unauthorized and fruitfull and wastefull expenditure – although it was partly. It is millions rands of the communities that is not recovered by the Municipality.

And then the people in Ocean View do not have sanitation. Embarishment!

4) Please explain the following:
- What is the Municipality Dicipline Code?
- When did Council approve it?
- Who is the officials who should govern the process?
- What specific roles do the Head Financial Official and Accounting Officer(MM) play?
- Where do the Executive Mayor and his Committee future in this Process?

QUESTION C

Part 1 (last year question on EMF)

I refer to the included letter dated 15 May 2014.

It was never answered.

Part 2

Comments and Questions

- Attached is again copies of:
  - My 15 May 2012 letter to Mr. Fadi
  - My 15 May 2013 letter to Mr. Hill
- Please note: On several occasions last year it was used as excuse why letters were not answered as it did not reach somebody (in these case Ms. Burger). What is going on at the Municipality? Some letters of the public gets lost and the Municipality own documentation is also lost.
- The answer on the problem is to just respond to the letters. This is my request.

PO Box 164
Jeffreys Bay
6330
15 May 2012

The Municipal Manager
Kouga Local Municipality
33 Da Gama Road
Jeffreys Bay
6330

Dear Mr. Fadi

REGARDING: ENVIRONMENTAL MANAGEMENT FEE

At the public meeting (in respect of the Draft IDP 2012-2017, as well as the 2012-2015 budget), held for wards 3, 8, and 11 on Wednesday 11 April Ms. C Burger indicated that the *EMF* will be "*ringfence*" during the forthcoming budget.

On a question by me to the Executive Mayor, Mr B Koerat , for what usage the funds were utilized the last 4 years as it was not "*ringfence*" Mr Vernon Stuurman answered on the request by Mr. Koerat. He said that it was not a secret that the fee was not used for *EMF* and apologized that there was no control measures in place to monitor the spending thereof.

In a follow up question I requested whether it was possible to supply information on how the fees were spend. Mr. Koerat indicated that it would not be a problem and I should make my request in writing. He also said that although he cannot speak on behalf of you, it would not take longer than two weeks to supply the relevant information.

I therefore request you to submit me with detailed information which indicate for what usage the funds since it was promulgated were utilized.

Yours faithfully

DR. ADRI CARSTENS

PO Box 164
Jeffreys Bay
6330
15 May 2013

The Municipal Manager
Kouga Local Municipality
33 Da Gama Road
Jeffreys Bay
6330

Dear Mr. Hill

QUESTION RAISED DURING THE MPAC MEETING HELD ON THURSDAY, 2 MAY 2013

During the MPAC Meeting held on 2 May 2013 in Humansdorp, I asked the question regarding the Environmental Management Fee (Question 4)

During the meeting of 10 May 2013 in the Council Chambers, Jeffreys Bay it was only said as answer to my question by Ms. Burger that she never received the letter addressed to Mr. Fadi.

It may be so (it is an example of mal administration). The matter concern cannot be debated away. The facts is as follows:

- Ms. Burger was herself present during the Community Information Meeting (regarding the Draft IDP 2012 – 2017, as well as the 2012 – 2015 Budget)held for Wards 3, 8 and 11 on Wednesday 11 April 2012. During that meeting Ms. Burger indicated that the EMF will be ringfence during the upcoming budget.(2011/12 budget)
- On the question to the Executive Mayor, Mr. B. Koerat by me for what purpose the funds was utilized for 4 years as it was not ringfenced, Mr. Koerat asked Mnr. Vernon Stuurman to answer. He said that it was no secret that the fee generated from EMF was never utilized for it and apologize that the spending thereof was never monitored.
- I further questioned if it is possible to inform me for what usage the funds were used. Mr. Koerat indicated that it is not a problem and that I should submit my request in writing to Mr. Fadi. He further said that although he cannot comment on behalf of Mr. Fadi it would not take longer than two weeks to supply me with relevant information.
- I therefore made a request to Mr. Fadi to submit me with detailed information for what purpose the funds was utilized since it was established.

The Executive Mayor, Mr. Stuurman, Mr. Fadi and Ms. Burger knew about this situation and us the public needed the specific information.

This request was submitted a year ago, with the members of the public as witnesses at the meeting. (it was as far as I can recall the first question raised at the meeting)

The response during the meeting held on 10 May 2013 that Ms. Burger never received the letter, do not take the fact away that the named persons already knew a year about the specific question. That Ms. Burger never received the letter cannot be used as an excuse why the specific information was not provided.

A copy of this letter is also send to:

- The Executive Mayor, Mr. B. Koerat
- The Municipal Manager Mr. S.S. Fadi, and
- Councillor V. Stuurman

Yours faithfully

Dr. A. Carstens

QUESTION C

Part 1 (last years question regarding the legal costs of the Municipality)

I refer to the included letter of 15 May 2012 regarding the legal costs of the Municipality.

It was never answered.

Part 2

Comments and Questions

- Included is again a copy of my letter dated 15 May 202-letter
- It was only said as response on my question last year

Legal costs will be submitted to Council and MPAC is aware that these costs are not always available to the public as certain matters are treated as sensitive and therefore marked "Confidential".

- Which particulars were submitted to the Council and MPAC.
- The legal costs regarding the completed legal matters should be made made availible as any expenditurere. I therefore again request you to please answer my questions as raised in my letter dated15 May 2012.

PO Box 164
Jeffreys Bay
6330

15 May 2012

The Municipal Manager
Kouga Local Municipality
33 Da Gama Road
Jeffreys Bay
6330

Dear Mr. Fadi

REGARDING: LEGAL COSTS OF THE MUNICIPALITY

The public meeting (in respect of the Draft IDP 2012-2017, as well as the 2012-2015 budget), held for wards 3, 8, and 11 on Wednesday 11 April has reference.

The past years a lot of things happened , for example the appearance of several audit reports (the alienation of land or similar matters), the come and go of Directors(with or without discipline hearings) with the associated court cases thereof. During the named meeting I asked the Executive Mayor, Mr. B Koerat if it was possible to obtain the total legal cost to the Municipality for the ensuing year on these matters. He said that I should contact you in regard and that these costs were too high and should be reduced.

I therefore request you in writing to submit me with detailed information in respect of legal fees for the Municipality from January 2006.(and, without questioning the scope of the matter)of the following:

- To obtain legal opinion on the dismissal/re-appointment of staff.
- To obtain legal opinion whether discipline action should be taken or not.
- To obtain legal opinion on the alienation/reposition of municipal land.
- To obtain legal opinion in respect where cases were instituted against Municipality to pay accounts.
- Legal costs as a result of disputes with contracts.
- Legal costs as a result of several audit reports of the actions of the Municipality.
- Forensic investigations as a result of auditor reports.
- Legal fees in lawsuits where the Municipality was in fold and ere held responsible for costs.

Thank you for your effort

DR. ATRI CARSTENS

<u>Vraag A</u>

Ek verwys na my brief van 21 Februarie 2014 (waarvan 'n afskrif aangeheg is) en verneem nou waarom die gesamentlike, geskrewe antwoorde van die Munisipaliteit op verlede jaar se vrae, nooit aan die vraestellers gegee is nie. Dit is nou bykans 7 maande later, en daar word steeds geswyg soos die graf.

Die volgende vrae moet nog volledig beantwoord word:

- vrae 1 tot 7 op bladsy 130-131 van die 2011/2012-Oorsigverslag;
- die vrae vervat in:
  - my brief aan die Munisipale Bestuurder gedateer 29 April 2013 (opgeneem op bladsy 76-102 van die 2011/2012-Oorsigverslag) (daardie gedeelte vanaf paragraaf 3.23 op bladsy 100 van die Oorsigverslag wat begin met "Al die '*legal fees*'" tot aan die einde van die brief op bladsy 102 verskyn nié in die Engelse weergawe op bladsy 126 van die Oorsigverslag nie), asook
  - 'n opvolgbrief aan die Munisipale Bestuurder gedateer 27 Augustus 2013 (opgeneem op bladsy 103-106 van die 2011/2012-Oorsigverslag).

    Van besondere belang in laasgenoemde brief is die aangeleenthede van:
    - Voorbehoude ("*Reservations*") (bladsy 104) en
    - Wanvoorstellings ("*Misrepresentation*") (bladsy 105).

Dankie.

J.E. van Niekerk
27Februarie 2014

Afskrifte van hierdie brief gaan aan:

- die Voorsitter van *MPAC*;
- die Speaker;
- die Ouditeur-generaal;
- die Openbare Beskermer.

Posbus 164
JEFFREYSBAAI
6330

21 Februarie 2014

Mnr. S.S. Fadi
Munisipale Bestuurder
Kouga Plaaslike Munisipaliteit
Da Gamaweg 33
JEFFREYSBAAI
6330

Geagte mnr. Fadi

INSAKE: KONSEP 2012/2013-JAARVERSLAG: KENNISGEWING NR. 9/2014 – *KOUGA EXPRESS*, 6 FEBRUARIE 2014

Tydens die Komitee vir Munisipale Openbare Rekenings (*MPAC*) se vergadering van 10 Mei 2013, het die Voorsitter van die vergadering, mnr. E. Hill, belowe dat 'n gesamentlike, geskrewe antwoord deur die Munisipaliteit gegee sou word op al die vrae wat deur die publiek gevra was.

Van hierdie belofte het dadels gekom.

Hierdie verbreking van 'n onderneming toon duidelik die minagting waarmee die Munisipaliteit die publiek se insette oor die oorsigproses bejeën. Daar word in die Munisipaliteit se dokumentasie vermeld dat die publiek insette gelewer het, maar dit is waar dit eindig. Van antwoorde verskaf, en in gesprek tree met die publiek oor probleme, is daar egter bitter weinig sprake.

Die publiek se deelname aan hierdie proses word slegs geduld sodat daar gesê kan word dat die Munisipaliteit die publiek geken het. Die oënskynlike inagneming van publieke insette is egter net oëverblindery vir die buitewêreld, maar in wese 'n klug.

Sal u asseblief hierdie brief van my voor die *MPAC*-vergadering van 27 Februarie laat dien en dit in die notule van die verrigtinge laat opneem.

Erken asseblief ontvangs van hierdie brief.

Die uwe

J.E. VAN NIEKERK
042 293 2456

<u>Vraag B</u>

In my brief van 16 Augustus 2013, gerig aan die Uitvoerende Burgemeester (afskrif aangeheg vir opname in die notules van hierdie vergadering), waarvan u, die Speaker en die Munisipale Bestuurder ook afskrifte gekry het, het ek die volgende gesê (bladsy 2 en bladsy 34):

> Op bladsy 2:
> Die 2011/2012-Oorsigverslag soos dit volgens Kennisgewing 66/2013 ter insae gelê het ("die Oorsigverslag"), is **onherroeplik gebrekkig, nie alleen ten opsigte van die proses wat gevolg is nie, maar ook, veral, ten opsigte van die inhoud of leemtes daarin, soos uit onderstaande sal blyk.**
>
> Op bladsy 34:
> Die tekortkominge en gebreke in die Oorsigverslag i.v.m. die 2011/2012-Jaarverslag is van so 'n aard en omvang dat, indien die 2011/2012-Jaarverslag en die publiek se kommentaar daarop volledig en deeglik oorweeg was, *MPAC* se aanbeveling aan die Kouga Raad moes gewees het om die 2011/2012-Jaarverslag te verwerp. M.b.t. die publiek se kommentaar, ontstaan die vraag: *"Did MPAC and the Council really apply their minds to it?"*

Derhalwe versoek ek die volgende:

- dat u asseblief hierdie brief van 16 Augustus 2013 sonder enige versuim aan die Raad voorlê om te besin oor hulle besluit m.b.t. die aanvaarding van *MPAC* se Oorsigverslag, en die aanbevelings daarin vervat, asook die gepaardgaande 2011/2012-Jaarverslag;
- dat u, nie later as 31 Augustus 2013 nie, vir my laat weet of, en indien wel, wanneer, hierdie 16 Augustus 2013-brief voor die Raad sal dien;
- dat 'n afskrif van hierdie brief gestuur word aan almal aan wie 'n afskrif van die 2011/2012-Jaar- en Oorsigverslae gestuur is soos deur die wetgewing vereis.

Sal u asseblief verduidelik:

- waarom hierdie brief van 16 Augustus 2013 geïgnoreer is, en en ook nie voor die Raad gedien het nie;
- wie se besluit dit was om nié voormelde brief voor *MPAC* en die Raad te laat dien nie.

Dankie.

J.E. VAN NIEKERK
27 Februarie 2014

Posbus 164
JEFFREYSBAAI
6330

16 Augustus 2013

Mnr. B. Koerat
Uitvoerende Burgemeester
Kouga Plaaslike Munisipaliteit
Da Gamaweg 33
JEFFREYSBAAI
6330

Geagte mnr. Koerat

INSAKE: 2011/2012-JAARVERSLAG EN -OORSIGVERSLAG

Tensy anders aangedui, is die verwysing na paragrawe en bladsye in hierdie brief deurgaans na dié van die Oorsigverslag.

Ek verwys na:

- Kennisgewing nr. 66/2013 wat verskyn het in die *Kouga Express* van 6 Junie 2013;
- my brief aan die Munisipale Bestuurder gedateer 29 April 2013 ('n afskrif daarvan word hierby aangeheg as **Aanhangsel A**).

In paragraaf 5.2 van die Oorsigverslag (bladsy 3) staan die volgende:

> *We have work* [sic] *extensively and thoroughly through* ***almost*** [?] ***every page*** *of the draft 2010/2011 Annual Report. ... The following aspects should improve in future:*
>
> - *Errors*
> - *Incorrect date*
> - *Wrong information*
> - *Blank spaces and empty columns.*
>
> ***(See MPAC Minutes dated 23 May 2013)***
>
> *We resolved that all departments should correct, amend, comply and re-submit.*

[Ek benadruk.]

Met die uitsondering van "*Misrepresentation*", is dit 'n presiese herhaling van wat in die 2010/2011-Oorsigverslag gestaan het.

Verder is dit ironies dat die 2011/2012-Oorsigverslag wat dié tekortkominge aandui in die 2011/2012-Jaarverslag, sélf mank gaan aan dieselfde tekortkominge! Dit sal blyk uit my kommentaar in hierdie 16 Augustus-brief.

Die 2011/2012-Oorsigverslag soos dit volgens Kennisgewing 66/2013 ter insae gelê het ("die Oorsigverslag"), **is onherroeplik gebrekkig, nie alleen ten opsigte van die proses wat gevolg is nie, maar ook, veral, ten opsigte van die inhoud of leemtes daarin, soos uit onderstaande sal blyk.**

1. *MPAC*

Ek verwys na paragraaf 1 van my 29 April 2013 brief aan die Munisipale Bestuurder. Hierdie 16 Augustus 2013-brief van my verskaf verdere besonderhede oor die status van *MPAC*.

Volgens die notules van *MPAC* ten opsigte van die 2011/2012-Oorsigverslag, is daar geen aanduidings dat my brief van 29 April 2013 bespreek en behoorlik oorweeg is nie, om nie eers te praat van spesifiek paragraaf 1 nie.

1.1 *Terms of Reference, Powers and Functions*

1.1.1 Reeds so ver terug as 11 April **2012** word in paragraaf 5.3 van daardie *MPAC*-vergadering se notules (bladsy 73) die volgende gesê:

> *He [the Chairman] said that the Terms of Reference should be referred to the Council for approval through the office of the Speaker.*

Daar is geen aanduidings dat *Terms of Reference* deur die Raad goedgekeur is nie.

1.1.2 "Geslote" *MPAC*-vergadering van 10 Mei 2013 om 09:00

Ek verwys na die notule van hierdie vergadering, paragraaf 4.4 op bladsy 65:

> *The Chairperson said MPAC was correctly established by the Council* ***and that the powers and functions were in place.***
>
> [Ek benadruk.]

Geen presiese besonderhede van of motivering vir hierdie stelling word egter verstrek nie.

Dit is insiggewend dat hierdie stelling gemaak is op 'n vergadering waarop die publiek nie teenwoordig was en vrae ter verduideliking kon vra nie.

Die Munisipale Bestuurder behoort volledige besonderhede m.b.t. raadsbesluite oor die "*Terms of Reference: Powers and Functions*", asook die stigting van *MPAC* aan alle raadslede en lede van die *MPAC*-komitee(ook gemeenskapsverteenwoordigers) te verskaf. In hierdie verband verwys ek ook na paragraaf 4 (*AUDIT COMMITTEE*) onder die vetgedrukte gedeelte wat soos volg lui (bladsy 2):

> *The MPAC will also endeavour to make the public and broader Kouga Community aware of:*
>
> - *The frameworks that regulates* [sic] *the working of MPAC.*
> - *The mandate in the broader Local Government oversight.*
> - *The powers that MPAC have in terms of the legal frameworks governing the Local Government sphere.*

Dit is van die **uiterste belang** dat genoemde besonderhede **sonder versuim** aan die publiek en breër Kouga gemeenskap bekend gemaak word. (Indien dit wel gedoen is, moet dit meer sigbaar gebeur.)

1.2 Ek verwys na die *MPAC*-notule van 21 Mei 2013, paragraaf 3 op bladsy 73:

> *The Chairperson said the MPAC is* ***not complying with the Legal requirements*** *to complete the 2011/12 Annual and Oversight reports.*
>
> [Ek benadruk.]

Waarom is voormelde stelling nie in die Oorsigverslag opgeneem en verduidelik nie?

1.3 Ek plaas op rekord dat die Munisipale bestuurder by geen een van die twee 10 Mei 2013-vergaderings teenwoordig was nie.

2. **<u>VOLDOENING AAN DIE BEPALINGS VAN HOOFSTUK 12 VAN DIE WET OP PLAASLIKE REGERING: MUNISIPALE FINANSIëLE BESTUUR, NR. 56, 2003 (*MFMA*)</u>**

Ek verwys na paragraaf 2 van my brief van 29 April 2013 (bladsy 79-84).

Volgens die notules van die *MPAC*-vergadering van 10 Mei 2013 om 09:00 (bladsy 65) **waartydens die publiek nie teenwoordig was nie**, is slegs die volgende kommentaar, vermoedelik op paragraaf 2 van my skrywe van 29 April 2013, gelewer:

> *The CFO said that the reason why the 2011/2012 Annual Report could not be tabled to the Council on 31 January 2013 as it was a condition of the Auditor General that there* [sic] *Report on the 1011/12* [sic] *financial statements can only be released, once there* [sic] *comments thereto is submitted.*

Taalkundig maak hierdie hele paragraaf nie sin nie. Wie is byvoorbeeld die "their" waarna verwys word ("*their Report*"; "*their comments*")?

Die vereistes van artikel 127(3)(a) van die *MFMA* is tog heel duidelik soos uiteengesit in paragraaf 2.4 van my 29 April 2013-brief (bladsy 79-84). Hierdie bepaling is net eenvoudig nie nagekom nie, en my kommentaar geïgnoreer.

Ek wil graag die volgende op rekord plaas:

- Bogenoemde antwoord van die *CFO* **is net op die geslote 10 Mei-vergadering van *MPAC* verskaf en geensins aan die publiek tydens die daaropvolgende *MPAC*-vergadering 2 ure later nie**.
- Die Munisipale Bestuurder was nie teenwoordig tydens een van die twee *MPAC*-vergaderings van 10 Mei nie.
- Daar is geen aanduiding in enige *MPAC*-notule dat deskundige advies (insluitende dié van die Munisipale Bestuurder) oor die nie-voldoening aan die bepalings van hoofstuk 12 van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 (*MFMA*) ingewin is nie. Indien sodanige advies wel ingewin is, behoort besonderhede in verband daarmee in die *MPAC*-verslag aangetoon te word.

3. **KOMMENTAAR OP DIE JV** (onvolledig en gebrekkig soos dit ook al mag wees) (vanaf bladsy 84).

VOORBEHOUDE (*RESERVATIONS*) (bladsy 85-86)

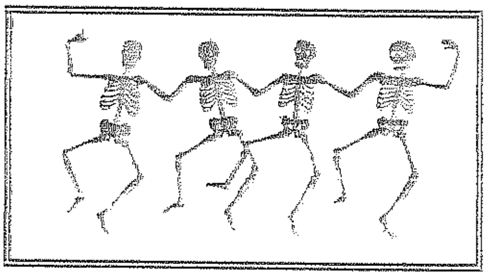
Ter wille van volledigheid en makliker verwysing, verstrek ek hieronder die **Voorbehoude** van die Raad op die goedkeuring van die afgelope drie jaar se jaarverslae (2009/2010, 2010/2011, 2011/2012) – met nommers soos dit in die jaarverslae verskyn.

UITTREKSEL VAN *RESERVATIONS*

2009/2010	2010/2011	2011/2012
That the Council should approve the 2009/10 Annual Report with reservations, as included in the comments in the Oversight Report.	That the Council approves the 2010/2011 Annual Report with reservations **as included or reflected in the Management Response / Action Plan and specifically the following:**	That the Council approves the 2011/2012 Annual Report with reservations **as included or reflected in the Management Response / Action Plan and specifically the following:**
	RESERVATIONS:	
		1. MPAC should convene as a matter of urgency in order to discuss and produce a process plan for the 2012/2013 as well as the 2013/2014 financial year.
	1. Strengthened oversight by the Council and improved performance by officials.	2. Strengthened oversight by the Council and improved performance by officials.
1. Re-evaluation of Performance Management System.		
	4. Performance Report of financial year.	5. Performance Report of Financial year.
2. Outstanding amounts by Councillor[s] and Officials.		
3. Job Description Process to be finalized.		
4. Access to Information.		
5. Customer Satisfactory [sic] Survey.	2. Finalise community Satisfaction Survey	3. Embark on a new community satisfaction survey.
6 Management Responses (Action Plan) on AG's Report to be monitored.		

2009/2010	2010/2011	2011/2012
That the Council should approve the 2009/10 Annual Report with reservations, as included in the comments in the Oversight Report.	That the Council approves the 2010/2011 Annual Report with reservations as **included or reflected in the Management Response / Action Plan and specifically the** following:	That the Council approves the 2011/2012 Annual Report with reservations as **included or reflected in the Management Response / Action Plan and specifically the** following:
7. Performance highlights especially regarding elimination of service backlogs for key services. (Referred to relevant Directorates – Attempts not successful – Some Performance Indicators not achieved – Referred to MPAC)		
	3. Implementation of Service Delivery Budget Implementation Plan (SDBIP).	4. Implementation and monitoring of service Delivery Budget Implementation Plan (SDBIP).
8. Human resources and organizational management development – eg. Bursaries – No report or performance of individual Internal and External Bursary holders. (Referred to relevant Directorates – Attempts not successful – Some Performance Indicators not achieved – Referred to MPAC)		
	5. Ensure a functional Audit Committee.	6. Ensure the functional Audit Committee.
	6. To deal with matters that was [sic] raised by the Auditor General in the **2008/2009** Annual Report, as reflected in the Gobodo Report.	8. To deal with matters that was [sic] raised by the Auditor General in the **2008/2009** Annual Report as reflected in the **Gobodo Report, 2010/2011** as well as the **2011/2012** Auditor General Report.
		7. A workshop should be convened in order to discuss wasteful and fruitless expenditure.

Uit voormelde skedule van Voorbehoude is dit baie duidelik dat die drie stelle Voorbehoude geen lig werp op die voldoening, al dan nie, van die Voorbehoude nie. Die gebruik van die Raad om Jaarverslae met Voorbehoude goed te keur, is in menige gevalle 'n maklike manier **om Voorbehoude op 'n syspoor van vergetelheid te rangeer.** Daar word skynbaar selde of ooit weer gekontroleer dat voldoen is aan die Voorbehoude, maar intussen word die Jaarverslae gerieflikheidshalwe goedgekeur en voortgegaan terwyl die Voorbehoudskedels in die Munisipaliteit se kaste ratel.



Ek verwys voorts en weer eens na paragraaf 3.1 van my brief aan die Munisipale Bestuurder gedateer 29 April 2013 (bladsy 85).

Hierdie aangeleentheid van Voorbehoude (*reservations*) is nie alleen geïgnoreer nie, maar die laaste twee paragrawe van my 29 April-brief se afdeling 3.1 (bladsy 86), is uitgelaat in die vertaling van my brief (dit ontbreek op bladsy 115 en moes daar verskyn het net voor die *Foreword by the Executive Mayor*). Die **gedeelte wat uitgelaat is**, lees soos volg:

> **Ek het reeds vantevore (in my brief van 27 Augustus 2012) aan mnr. E. Hill, Voorsitter van *MPAC* (sien bylaag A) verwys na probleme in verband met onafgehandelde Voorbehoude.**
>
> **Alle onafgehandelde Voorbehoude, selfs dié vervat in die Oorsigverslag van die 2009/2010-JV, soos byvoorbeeld *Access to Information* en *Outstanding amounts by coucillors and officials* behoort in die JV vir 2011/2012 aangespreek te word.**

Voormelde brief aan mnr. Hill gedateer 27 Augustus 2012 is in Bylaag E van die 2011/2012-Oorsigverslag opgeneem (bladsy 103-106) as Bylaag A tot my 29 April 2013-brief. Hierdie 27 Augustus 2012-brief se Engelse vertaling verskyn op bladsy 127-128, **MAAR SONDER 'n VERTALING VAN DIE VOLGENDE PARAGRAWE WAT WEL IN MY AFRIKAANSE BRIEF VOORKOM** (vanaf die laaste paragraaf op bladsy 103):

VOORBEHOUDE ("*RESERVATIONS*"). VERWYS NA PAR. 5(ii) van u Voorwoord (p. 3):

> *That the council approves the 2010/2011 Annual Report with reservations as included or reflected in the Management Response Action Plan ...*

Daar is in die 2010/2011-Oorsigverslag geen verwysing na 'n *Management Response Action Plan* nie. Vermoedelik word bedoel die "*Audit Report 2010/2011 Action Plan*" (aanhangsel H van die tersake Oorsigverslag).

Die Voorbehoude soos genoem in par. 5(ii) van u Voorwoord tot die 2010/2011-Oorsigverslag, is te vaag en onvolledig om enigsins gebruik te kan word om voldoening aan hierdie "nuwe" voorbehoude te monitor.

Voorbehoude ("*Reservations*") behoort aan die volgende kernvereistes te voldoen:

- **Ieder en elke voorbehoud behoort afsonderlik en duidelik geformuleer te wees. Dit moet nie nodig wees om na enige ander dokument te verwys om presies te bepaal wat bedoel word nie. ('n Voorbeeld is die voorbehoud "*To deal with matters that was* [sic] *raised by the Auditor General in the 2008/2009 Annual Report, as reflected in the Gobodo Report*" – dit terwyl die publiek [en moontlik selfs raadslede] nie weet wat in die Gobodo-verslag staan nie.)**
- **Indien 'n voorbehoud voortspruit uit 'n ander dokument (soos byvoorbeeld die Ouditeur-generaal- of Ouditkomiteeverslae), moet daar 'n volledige verwysing wees.**
- **Dit moet aantoon wie aanspreeklik is vir die voldoening aan die vereistes van die voorbehoud.**
- **Daar moet tyddissiplines vasgestel word.**

Ek sal dit waardeer indien u vir my so spoedig moontlik volledige besonderhede verskaf van wat presies tot dusver gedoen is om al die Voorbehoude in die 2009/2010-Jaarverslag aan te spreek.

3.2 WANVOORSTELLING ("*MISREPRESENTATION*")

Die opsomming van u voorwoord tot die *MPAC*-oorsigverslag oor die 2010/2011-Jaaverslag (p. 2, par. 3) bevat die volgende paragraaf:

> *We have work* [sic] *extensively and thoroughly through almost* [?] *every page of the draft 2010/2011 Annual Report.*
>
> *The content was painted* [?] with:
>
> - *Errors*
> - ***Misrepresentation***
> - *Incorrect data*
> - *Wrong information*
> - *Blank spaces and empty columns.*
>
> (*Refer Minutes of the MPAC Meeting dated 24 May 2012*)
>
> [Ek benadruk.]

Die kommerwekkendste van voormelde vyf probleemareas, is die verwysing na "*Misrepresentation*". Ten einde te verstaan wat "*misrepresentation*" in die konteks van die Oorsigverslag beteken, is dit essensieel om presies te weet **waarna** verwys word. In die Oorsigverslag word soos die graf geswyg oor hierdie "*misrepresentation*". Volledige besonderhede van "*misrepresentation*" moet in die verslag gegee word, asook **wie** verantwoordelik was vir sodanige "*misrepresentation*" en watter stappe, dissiplinêr of andersins, teen sodanige persoon/persone geneem is. **Per slot van sake: wanvoorstelling is 'n ernstige saak.**

Sal u asseblief aandui of die 2010/2011-Oorsigverslag, soos deur die Raad goedgekeur, wel volledig voor die *MPAC*-vergadering gedien het. Die notule van die laaste *MPAC*-vergadering toon nie duidelik of dit wel die geval was nie.

Sal u asseblief hierdie brief voor u komitee laat dien.

'n Afskrif van hierdie brief word gestuur aan mnr. Geldenhuys.

Erken asseblief persoonlik ontvangs van hierdie brief.

Daar is geen aanduiding in die 2011/2012-Oorsigverslag:

- dat my brief van 27 Augustus 2012 aan mnr. Hill voor die *MPAC*-komitee gedien het nie;
- hoe Voorbehoude (*Reservations*), soos vervat in vorige jare se Oorsigverslae, opgevolg en hanteer is nie;
- hoe die kommerwekkende bevinding van wanvoorstelling hanteer is nie;
- dat die Komitee enige kundige advies oor die aangeleenthede van Voorbehoude en Wanvoorstelling ingewin het nie, en in besonder
- dat die Munisipale Bestuurder 'n mening oor dié aangeleenthede uitgespreek het nie. (Indien so 'n mening wel uitgespreek is, behoort dit deel van die Oorsigverslag te wees.)

4. **KWORUM**

Ek verwys na:

- die "*FINAL DRAFT ANNUAL REPORT (2011/2012)*", itemnommer 13/05/FAME31 op bladsy 14 van die notule van die Raadsvergadering gehou op 30 Mei 2013;
- die volgende twee paragrawe van die *MPAC*-notule van 'n vergadering gehou op 10 Mei 2013 om 11:00 wat soos volg lees (bladsy 68):

> *Mnr J. van Niekerk wanted clarity what the quorum of MPAC was as there were* [sic] *not accordingly* [sic] *to him a quorum present at the Public MPAC Meeting on 2 May, 2013.*
>
> *The Chairperon said it was a public meeting to receive written submission/inputs and it was the way to interact with the Committee. He said that this meeting is a follow up meeting to discuss the inputs/submissions.*

Die uitsprake van sommige raadslede ter bevordering van die idee dat die vergadering van 2 Mei 2013 nié 'n *MPAC*-vergadering was nie, en dus nie 'n kworum van *MPAC*-komiteelede nodig gehad het nie, het geen meriete nie, en wel om die volgende redes:

- Die notule van die *MPAC*-vergadering gehou op 2 Mei 2013, is met die volgende besluit op die geslote *MPAC*-vergadering van 10 Mei 2013 om 09:00 goedgekeur (bladsy 64):

    That the Minutes of a Municipal Public Accounts Committee Meeting held on 2 May 2013 be approved.

- Nêrens in die *MPAC*-Oorsigverslag vir 2011/2012 (en dit sluit die notules van die *MPAC*-vergaderings in), is daar enige aanduiding dat die 2 Mei 2013-vergadering (gehou om 11:00) nié 'n *MPAC*-vergadering was nie. Inteendeel: paragraaf 7 (bladsy 9 van die Oorsigverslag) verwys onder die opskrif "*MEETINGS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)*" na die tweede vergaderings op onderskeidelik 2 en 10 Mei as 'n "***Public** Meeting*". Die woord "*Public*" word bloot gebruik om die publiek se aandag daarop te vestig dat hulle sodanige vergadering mag bywoon.

- Die heel duidelikste beskrywing van die 2 Mei 2013 vergadering (11:00), is vervat in beide die "*PROCESS APPROACH TOWARDS THE ADOPTION OF THE 2011/2012 ANNUAL AND OVERSIGHT REPORTS*" (Aanhangsel C, bladsy 45, asook op bladsy 57) waar daar telkens onder die opskrif "*Actions*" by 2 Mei 2013 staan:

    ***Public meeting of the MPAC** to respond to representations of* [sic] *the Annual Report.*

- In alle dokumentasie, en in besonder soos vervat in Bylaes C en D van die *MPAC*-oorsigverslag, word gewoon verwys na *MPAC*-vergaderings.
- Paragraaf 3.2 iv) van die *MPAC*-vergadering van 5 April 2013 om 08:30, lees soos volg (onderaan bladsy 50):

    *That the MPAC **Public meeting** be changed to Thursday 2 May 2013 at 11:00 ... to discuss the 2011/2012 Annual Report.*

Daar is geen onduidelikheid oor die kworumvereistes vir 'n *MPAC*-vergadering nie – vergelyk die notule van die *MPAC*-vergadering van 11 April 2012 (paragraaf 4.1.1 op bladsy 72):

The Chairperson said that the MPAC consists of 5 members and a quorum would therefore be 3 members.

Die 2 Mei 2013-vergadering (11:00), was veronderstel om 'n vergadering van *MPAC* te wees wat die publiek op uitnodiging kon bywoon om vrae te vra. Die publiek het geen stemreg gehad nie. Daar was net twee van die vereiste 3 stemgeregtigde *MPAC*-lede teenwoordig! Die konstituering van 'n *MPAC*-vergadering het dus nie plaasgevind nie.

5. <u>**ONBEANTWOORDE VRAE VAN DIE PUBLIEK**</u>

5.1 In die notules van die Raadsvergadering van 30 Mei 2013 (*FINAL DRAFT ANNUAL REPORT 2011/2012*) (bladsy 15) het Raadslid Hill die volgende gesê:

> *On the matter of questions/queries not being answered, Councillor E. Hill said that the public was requested to submit their comments in writing and a follow-up meeting was held* ***at which these comments and inputs were addressed****. These written submissions by the public were also captured in the Oversight Report.*
>
> [Ek benadruk]

As Raadslid Hill praat van "*these comments and inputs were addressed*", en daarmee bedoel dat **alle** vrae beantwoord is, strook dit nie met die werklikheid nie, en veral nie met sy eie uitspraak op die *MPAC*-vergadering van 10 Mei 2013 om 11:00 (waarop die publiek teenwoordig was) nie (paragraaf 3 op bladsy 68):

> ***The Chairman said that he cannot response*** [sic] ***to every question raised and said that a written response from the Council in this regard will be submitted to Mr. J. van Niekerk, Dr. A. Carstens and Mr. P. Huyl.***
>
> [Ek benadruk.]

Geen rede is verstrek waarom daar nié op al die vrae gereageer kon word nie. Geen geleentheid is ook gebied om vrae ter verduideliking van hierdie onverkwiklike situasie te vra nie. Hierdie eensydige besluit van die *MPAC*-voorsitter om nie alle vrae aan te spreek nie, kom neer op die selektiewe beantwoording van vrae. Hierdie oënskynlik eensydige besluit (is dit met die ander *MPAC*-lede uitgeklaar?) is geheel en al onaanvaarbaar.

Dié erkenning van mnr. Hill dat nie alle vrae beantwoord word nie, kontamineer die hele oorsigproses en het ten gevolg dat die Oorsigverslag onherstelbaar gebrekkig is.

Ek wil ook op die volgende wys:

- Die notule van die geslote 10 Mei 2013-vergadering wat om 09:00 plaasgevind het, bevat die volgende stelling (paragraaf 4.4 op bladsy 65):

  Written comments by the Director: Administration, Monitoring & Evaluation and CFO were submitted to the Chairperson.

  Op hierdie geslote vergadering is daar, volgens die notule, ook die volgende besluit geneem (bladsy 66):

  *That the abovementioned comments and written comments reveived from the Director: Administration, Monitoring & Evaluation and CFO **be made available for the Public MPAC meeting at 10:00 on 10 May 2013.***

  [Ek benadruk]

- Twee ure later, tydens die oop vergadering van 10 Mei 2013 gehou om 11:00 (bladsy 68), is slegs die volgende inligting aan ons as publiek deurgegee:

  *The Chairperson then responded **verbally** on the following written submissions/inputs received:*

  i) The restructuring of the Organogram will be completed by 30 June 2013.
  ii) The Kouga Audit Committee structure was approved at a Special Council Meeting on 3 May 2013 and will address concerns on unauthorized expenditure, fruitfull [sic] and wasted expenditure and irregular expenditure.
  iii) There were no bursaries awarded in 2010/2011 and 2011/2012.
  iv) The question on bursaries will be addressed.
  *v) The matter on the Environmental Management Fees **will be addressed in the written response.***
  vi) Legal costs will be submitted to Council and MPAC is aware that these costs are not always available to the

public as certain matters are treated as sensitive and therefore marked "Confidential".

vii) *The reason why the 2011/2012 Annual Report could not be tabled to the Council Meeting on 31 January 2013 as it was a condition of the Auditor General that there [sic] Report on the 1011/12 [sic] financial statements can only be released, once there [sic] comments thereto is submitted. The Annual Report could therefore not be submitted to the* [???] *without the Auditor General's Report.*

viii) *No Performance bonuses were paid for 2010/11 and 2011/12.*

ix) ***That <u>certain</u> Human Resources Policies were approved by Council on 27 March 2012 and that <u>all Policies are working documents</u>*** *which are regularly updated.* [???] *Further workshop [sic] in this regard will be held in June 2013.*

[Ek benadruk]

Dit is klaarblyklik 'n kultuur wat by die Munisipaliteit posgevat het dat beleidsdokumente in 'n voortdurende staat van 'n konsep ("*draft*") verkeer, en selde of ooit gefinaliseer word.

Hierdie mondelinge antwoorde is oppervlakkig, onvolledig en ondeurdag. Die vraag ontstaan: is dit werklik die somtotaal van die "[*w*]*ritten comments by the Director: Administration, Monitoring & Evaluation and CFO*" wat aan die Voorsitter van *MPAC* verskaf is?

- *MPAC* het tydens hierdie oop vergadering van 10 Mei 2013 (bladsy 70), soos volg besluit:

That the abovementioned comments and the written comments received from the Municipal* |sic| *and all Directorates be submitted in writing to Mr. J.E. van Niekerk, Dr. A. Carstens and Mr. P. Hujl on the input/comments received on the 2011/2012 Annual Report.

[Ek benadruk]

Dit is verstommend dat die verslae van die Direkteure, wat twee ure vantevore aan die *MPAC*-voorsitter verskaf is, nie net so aan die publiek deurgegee kon word nie! Daar is nie eers tydens die vergadering geleentheid geskep vir die publiek om, via die Voorsitter, in 'n sinvolle gesprek te tree met die Direkteure nie. Dit was opvallend en uiters frustrerend dat enige poging van die publiek om enige nadere besonderhede te bekom, ooglopend (weens tydsdissiplines?) in die kiem gesmoor is. Waarom was die Direkteure dan enigsins daar? En waarom word ander vergaderings geskeduleer met die gevolg dat die *MPAC*-vergadering kortgeknip word, wel wetend dat dit een van die bitter min geleenthede is waarop die publiek enigsins kan probeer om volledige of sinvolle antwoorde uit die Munisipaliteit te kry.

Die *MPAC*-voorsitter het by geleentheid van die Oorsigkomiteevergaderings op 24 Oktober 2011 (paragraaf 4.4 – bladsy 66) en 27 Oktober 2011 (paragraaf 1 – bladsy 68) die volgende uitsprake gemaak:

- bladsy 66:

> *The Chairperson said that at the Public Oversight Committee Meeting, the questioned [sic] raised by members of the community* ***should be answered as they are raised.***

- bladsy 68:

> *The Chairperson said that questions* ***will be answered as they were raised.*** *He also requested the public to submit their questions in writing to Administration, in order for it to be dealt with.*

[Ek benadruk.]

Nou word die reëls jaar na jaar eensydig verander. Die gevolg is dat die publiek hul vrae/kommentaar **skriftelik** voorlê, maar die Munisipaliteit se antwoorde word **mondelings** deur die *MPAC*-voorsitter aan die publiek oorgedra. Praat van 'n ongelyke speelveld! En as die publiek dan tydens die vergadering vrae het oor die spesifieke mondelinge antwoorde, word hulle summier die swye opgelê! En dan kry die publiek die notule van die vergadering eers ten tye van die Oorsigverslag se voorlegging aan die Raad onder oë!

- **In 'n brief gerig aan die Voorsitter van *MPAC* gedateer 15 Mei 2013, het ek die volgende gesê:**

  U het tydens die [openbare] vergadering [van 10 Mei 2013] by **herhaling** onderneem dat alle vrae skriftelik beantwoord sal word. Dankie daarvoor.

  Graag verneem ek wanneer hierdie antwoorde verskaf sal word, en hoe lank voor die opvolgvergadering dit beskikbaar sal wees.

  Ek versoek u ook om asseblief alle vrae en kommentaar (soos vervat in my 29 April 2013-brief aan die Munisipale Bestuurder, asook my skriftelike vrae soos voorgelê tydens die 2 Mei 2013 publieke *MPAC*-vergadering) **individueel en spesifiek te beantwoord ten einde te verseker dat die antwoorde sinchroniseer met die spesifieke vrae**.

  Sal u asseblief vir my dringend 'n aanduiding gee van wanneer die opvolgvergadering op bogemelde vergadering gehou gaan word, aangesien ek reisreëlings moet finaliseer.

Dis nou al 3 maande later, en ek het nog niks weer van die Voorsitter van *MPAC* gehoor nie!

5.2 MY VRAE AAN DIE MUNISIPALITEIT IS VERVAT IN TWEE DOKUMENTE:

- vrae/kommentaar soos vervat in 'n brief aan die Munisipale Bestuurder gedateer 29 April 2013;
- vraag 1 tot 7 soos skriftelik ingehandig tydens die *MPAC*-vergadering van 2 Mei 2013 (11:00).

Met betrekking tot vraag 1 tot 7 soos skriftelik ingehandig tydens die *MPAC*-vergadering van 2 Mei 2013 (11:00), is ál inligting wat ek tot dusver van die Munisipaliteit gekry het, vervat in die volgende tabel (dit weerspieël slegs my 7 vrae ingehandig tydens die *MPAC*-vergadering van 2 Mei 2013, **en sluit nie eers my vrae/kommentaar in soos vervat in die ander dokument, naamlik die brief aan die Munisipale Bestuurder gedateer 29 April 2013, nie!**):

Vraag	MPAC-respons aan my: Waar en wanneer	My kommentaar
ONDERSTAANDE VRAAG 1 TOT 7 IS SKRIFTELIK INGEHANDIG TYDENS DIE *MPAC*-VERGADERING VAN 2 MEI 2013 (11:00)		
Vraag 1 Brief van 2 Augustus 2012 aan Kouga Munisipaliteit i.v.m. verlore briewe van kommentaar (gedateer 6 en 16 Maart 2012) op die 2010/2011-Jaarverslag	Geen	10 Mei 2013-*MPAC*-vergadering (09:00) waar die publiek nié teenwoordig was nie: "*The Chairperson said that the concerns regarding the submitted lost letters were a concern and that the matter regarding Archives non-performing must be submitted to the next Finance, Administration, Monitoring & Evaluation Portfolio Committee meeting for consederation*". **Sien notule in 2011/2012- Oorsigverslag, bladsy 66.** Die indruk word geskep dat my vraag net oor die Argief (*Registry*) gaan. Dit is nie so nie. Die ondersoek moet nie net oor die Argief gaan nie, maar alle administratiewe kommunikasiekanale/kontrolestelsels moet aangespreek word. Dit is sorgwekkend dat hierdie vraag van my na die Portfeuljekomitee vir Finansies, Administrasie, Monitering en Evaluering verwys is. Dit beteken dat die Departement waar die probleem ontstaan, homself moet ondersoek, en dit is geheel en al onaanvaarbaar. En dit terwyl die Voorsitter reeds meer as 14 maande gelede tydens die oop *MPAC*-vergadering op 24 Mei 2012 die volgende onderneem het: "*The matter regarding the allegations made against the poor work performance of the Archives Section will be taken up with the Acting Director: Administration, Monitoring & Evaluation*" **(Sien 2010/2011-Oorsigverslag, bladsy 94)**. 'n Onpartydige derde party behoort die ondersoek te behartig. Die aangeleentheid van "verlore briewe", is soos voormeld hanteer. Dit is nie 'n antwoord aan my nie, want die publiek was nie teenwoordig nie. Hierdie aangeleentheid behoort as 'n voorbehoud (*reservation*) in die Oorsigverslag te verskyn het. Dié saak oor hierdie spesifieke "verlore briewe" staan al oor sedert verlede jaar (2012). **Die algemene probleem oor korrespondensie wat "verlore raak" (dalk geïgnoreer word?), strek al veel verder terug.**
Vraag 2 Brief van 29 November 2011 aan die Voorsitter van *MPAC* in verband met die vergadering gehou op 23 November 2011 oor die deel van inligting en bespreking van die 2009/2010-Oorsigverslag. Verdere besonderhede en verduidelikings is versoek.	Geen	Geen

Vraag	MPAC-respons aan my: Waar en wanneer	My kommentaar
Vraag 3 Brief aan die Voorsitter van *MPAC*, gedateer 29 Desember 2011: *The Acting Municipal Manager said that arising from the AG's report, a forensic investigation followed, which was still ... [sub judice]. He said that once the matter was resolved, it will be made available to the public.* Hierdie hele aangeleentheid draal nou al 4+ jaar. Die Munisipale Bestuurder behoort nou vir die publiek te sê presies wanneer die opdrag(te) vir die forensiese ondersoek(e) dan gegee is.	Geen	Hierdie is 'n klassieke voorbeeld van sake wat net jaar na jaar onverrigtersake oorstaan (hierdie saak duur al meer as 4 jaar). Die publiek se persepsie is dat die Raad ten alle koste wil verhoed dat hierdie verslae bekend gemaak word, en hoop dat die publiek daarvan sal vergeet. Wat word verswyg?
Vraag 4 Brief van 31 Januarie 2012 aan die Munisipale Bestuurder in verband met my 29 Desember 2011-brief aan die Voorsitter van *MPAC* insake verskeie aspekte van die 2009/2010-Oorsigverslag.	Geen	Wat word verdoesel?
Vraag 5 My brief van 5 September 2012 aan die Munisipale Bestuurder in verband met salarissse, toelaes en voordele van raadslede.	Geen	Net nog 'n voorbeeld van o.a. ondeursigtigheid.
Vraag 6 *Tauris Garden* se ongevraagde bod vir die bou van 2500 laekoste-huise in Kruisfontein.	Geen	Ek verwys na die 25 Junie- 2013-raadsvergadering (item: 13/06/IPD1) waartydens hierdie aangeleentheid nou ewe skielik dringend is, maar nog steeds weet die publiek nie wat die Munisipaliteit aangevang het nie.
Vraag 7 Munisipale Bestuurder se bywoning van *MPAC*-vergaderings	Geen	

Volgens wat ek uit die *MPAC*-notules (bladsy 47-75 van die Oorsigverslag) kan aflei, is my brief van 29 April 2013 (met die uitsondering van 'n kriptiese verwysing soos aangedui in paragrawe 1 en 2 van hierdie 16 Augustus 2013-brief), nié deur *MPAC* oorweeg nie. Indien my 29 April 2013-brief wel oorweeg was, moes die *MPAC*-besluite daaroor genotuleer gewees het.

Hierdie onreëlmatigheid is een van vele wat twyfel oor die geldigheid van die Oorsigverslag laat ontstaan.

6. **DIE OORSIGVERSLAG: BLADSY-VIR-BLADSY KOMMENTAAR**

6.1 Die inhoudsopgawe is weggesteek tussen bladsye 23 en 24!

6.2 Paragraaf 2, bladsy 1: *BACKGROUND*

> *The mandate, role and function of MPAC differ however, vastly from the then Oversight Committee.*

Bondige besonderhede van die verskil tussen *MPAC* en die voormalige Oorsigkomitee, behoort verskaf te word.

6.3 Paragraaf 3.1.3, bladsy 2: *INTERNAL OVERSIGHT*: "Prestasie-bestuur" ontbreek.

6.4 Paragraaf 4, bladsy 2: *AUDIT COMMITTEE*

- *The MPAC will also endeavour ... aware of*

Dit het niks met die Ouditkomitee-opskrif uit te waai nie!

- *We have also in line with our mandate ...*

  Ook dit het niks met die Ouditkomitee te doen nie.

- *We have invited representatives of the community to a Special MPAC Committee* [meeting?].

  Sê wie? Wanneer? Verstrek asseblief besonderhede. Maar weer eens: dit het niks met die Ouditkomitee te doen nie!

6.5 Paragraaf 5, bladsy 3: *SUMMARY*

Paragraaf 5.1, bladsy3: *AUDITING*

> *MPAC cross-referenced and tested it against the summary of performing, evidence or information. (See recommendations.)*

En waar is hierdie aanbevelings in die Oorsigverslag?

6.6 Paragraaf 5.2, bladsy 3: *SUMMARY OF PERFORMANCE*

SUMMARY OF PERFORMANCE

- *MPAC deemed it necessary to convene a special session with the Mayor, Municipal Manager, Speaker, Directors, Chairperson of the Audit Committee and other officials.*

Ten einde hierdie Oorsigverslag behoorlik te kan evalueer, is dit essensieel dat ten minste 'n opsomming van voormelde vergadering in die Oorsigverslag opgeneem word.

- *We have work* [sic] *extensively and thoroughly through __almost every page__ of the draft 2011/2012 Annual Report.*

Hierdie stelling is **ontstellend** en **kommerwekkend** aangesien dit duidelik aantoon dat sekere gedeeltes van die Jaarverslag nié ondersoek en oorweeg is nie. Die eerlikheid van die komitee is lofwaardig, maar is terselfdertyd **verdoemende getuienis dat die oorsigopdrag nooit volledig voltooi is nie**. 'n Siniese leser van die Oorsigverslag kan daarop wys dat oorsig moontlik selektief geskied het.

Die Oorsigverslag behoort presies aan te toon watter gedeeltes van die Jaarverslag nié oorweeg is nie sodat die Kouga Raad kon oordeel watter besluit in terme van Artikel 129(1) van die *MFMA* geneem moet word.

Wat die saak verder vererger, is die afwesigheid van die notules van die *MPAC*-vergadering klaarblyklik gehou op 23 Mei 2013. Hierdie vergadering was waarskynlik die belangrikste van die hele oorsigproses aangesien die Oorsigverslag daartydens gefinaliseer, en op die aanbevelings aan die Raad besluit was. Sonder die notule van die 23 Mei 2013 *MPAC*-vergadering (sien ook paragrawe 7.5 en 7.6 van hierdie brief van my), is hierdie hele oorsigproses **onherstelbaar gebrekkig**.

Paragraaf 5.2 (bladsy 3) eindig met die volgende woorde:

> *We resolved that all Departments should correct, amend, comply and re-submit.*

Hierdie bewoording is identies aan die bewoording in die 2010/2011-Oorsigverslag. In die 2010/2011-Oorsigverslag, op bladsy 2, het die belangrike aangeleentheid van "***misrepresentation***" ook ter sprake gekom. In my brief aan die Munisipale Bestuurder van 27 Augustus 2012 (bladsy 105), is navraag oor "***misrepresentation***" gedoen, maar daaroor swyg die Munisipaliteit steeds soos die graf.

Nêrens in die Oorsigverslag word aangetoon of aan hierdie besluit (wat dit ookal presies mag beteken) voldoen is nie.

6.7 Paragraaf 5.3, bladsy 4: *MPAC ANALYSIS AND FINDINGS*

Dit kom voor asof opskrif 5.3.1 (*Capacity constraints*) – 'n opskrif sonder inhoud, pas by die inhoud van paragraaf 5.3.2 – 'n inhoudsparagraaf sonder 'n opskrif. Indien dit so is, is al die nommers onder opskrif 5.3 verkeerd.

> *As per the stated facts throughout, it is noted that notwithstanding tremendous effort to resolve issues of concern, information contained with* [in] *the Annual Report cannot be completely validated. At times this due to a lack of reporting* [sic] *and at other times it is due to the fact that no accurate data is available at the level required.*

Hierdie bevinding dat "*information ... cannot be completely validated*", en die redes aangevoer, dui op die volgende:

- Die sake van die munisipaliteit is in só 'n toestand dat dit 'n diepgaande, allesomvattende en deursigtige evaluering van die situasie vereis.
- Waarskynlik alle bevindings van *MPAC* kan bevraagteken word.

In die lig van voormelde paragraaf se inhoud, is dit verstommend dat die *MPAC*-verslag enigsins kon aanbeveel dat die 2011/2012-Jaarverslag aanvaar word, al is dit dan met voorbehoude.

- Paragraaf 5.3.1, bladsy 4: *CAPACITY CONSTRAINTS* [Hoort die inhoud van 5.3.2 by die opskrif 5.3.1?]

> *Council have appointed Directors into Senior Management positions. There is inconsistency and a lack of authority. We can only improve the work ethic and embrace best practises if there are officials who*

can lead and ultimately take responsibility. The Auditor General pointed out a lack of leadership which resulted in non-compliance an [and] *under-performance in general.*

Hierdie paragraaf is verwarrend en kan die indruk skep dat alles wat daarin genoem word (*inconsistency, lack of authority, lack of leadership, non-compliance, under-performance*) verwys na die Direkteure wat deur die Raad circa Augustus 2012 aangestel is. Die jaarverslag ter sprake dek egter die periode 1 Julie 2011 tot 30 Junie 2012 – dus voor die aanstelling van die nuwe direkteure – 'n periode waarvoor die huidige Direkteure nie verantwoordelik gehou kan word nie. **Waarvoor die huidige Direkteure wel pa moet staan, is die opstel van die 2011/2012-Jaarverslag en die proses wat gevolg is met sy veelvuldige gebreke.**

6.8 Paragraaf 6, bladsy 4: *RESOLUTION AND STATEMENT*

Hierdie paragraaf is foutief: dit moet 'n AANBEVELING van *MPAC* aan die Raad wees.

6.9 Paragraaf 3, bladsy 7: *PROCESS OF ASSESSMENT OF THE ANNUAL REPORT*

Volledige besonderhede behoort verskaf te word van wanneer die Raad die Tesourie se riglyne, soos vervat in Tesourie-omsendbrief nr. 32, aanvaar het. (Sien ook paragraaf 1.1 van hierdie 4 Augustus 2013-brief.)

6.10 Paragraaf 4, bladsy 8: *APPROVAL OF 2011/12 ANNUAL REPORT*

Die verwysing na artikel 127(1) van *MFMA* is foutief. Hierdie artikel het slegs betrekking op 'n Munisipale Entiteit. (Ek het verlede jaar reeds hierdie fout uitgewys, maar dit word net eenvoudig herhaal.)

6.11 PARAGRAAF 4.1, bladsy 8-9: *CIRCULATION OF THE 2011/2012 DRAFT ANNUAL REPORT*

Kennisgewing 47/2013 wat op 11 April 2013 in die *Kouga Express* verskyn het, was in die volgende opsigte gebrekkig:

- Dit verwys **ook** na die **2010/2011**-Konsepjaarverslag wat duidelik foutief is.
- Die laaste paragraaf van die kennisgewing (bladsy 42) is verwarrend:

> *Kindly note that all comments given at the said meeting should be submitted* ***in writing to the Chairperson of MPAC on that day****.*
>
> [Ek benadruk.]

Nêrens in enige dokumentasie in verband met die 2 Mei 2013-*MPAC*-vergadering was hierdie eienaardige reëling "*that all comments given at the said meeting should be submitted in writing to the Chairperson of MPAC* ***on that day***" ter sprake nie. Vrae is gevra, maar nie beantwoord nie! Waarom was die Direkteure dan almal daar? – net om toeskouers te wees van die inhandiging van skriftelike vrae? – nie eers vrae oor *MPAC*-prosedures of enigiets wat nié in die Konsepjaarverslag gestaan het nie (d.w.s. weglating!) is toegelaat nie. En dit alles terwyl die Voorsitter juis op die *MPAC*-vergadering van 5 April 2013 (08:30) wat vir die publiek geslote was, die volgende gesê het (bladsy 51):

> *That the public be requested submit their input in writing on the 2011/2012 Annual Report* ***prior*** *to the public meeting on 2 May 2013.*
>
> [Ek benadruk.]

Nie "*on that day*" nie!

Die hele proses is "*gefasttrack*" deur net eenvoudig die bepalings van artikel 127(2) en (3) van die *MFMA* te omseil.

6.12 Paragraaf 7, bladsy 9: *MEETINGS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE*

Die notule van die *MPAC*-vergadering gehou op 23 Mei 2013, ontbreek?!

Daar is verskeie verwysings in paragraaf 3 van die *MPAC*-vergadering van 21 Mei 2013 (waarop die publiek nie teenwoordig was nie) se notule (bladsy 74) na 'n 23 Mei 2013-vergadering.

6.13 Paragraaf 8, bladsy10: *CHECKLIST – DETERMINATIONS REGARDING THE CONTENT OF THE 2011/2012 ANNUAL REPORT*

6.13.1 Kolom 2, bladsy 10

- "*Contains no misrepresentations*"

Hoe kan "*yes*" geantwoord word as die hele verslag nie oorweeg is nie? (En in die vorige [2010/2011-] *MPAC*-oorsigverslag was daar juis 'n verwysing na "*misrepresentation*" [paragraaf 3, bladsy 2] waaroor daar soos die graf geswyg word.)

6.13.2 Paragraaf 6, bladsy 16: *THE ANNUAL PERFORMANCE REPORT OF THE MUNICIPALITY*

- *What actions have been taken and planned to improve performance.*

  Onder "*Determination by MPAC Committee*" word gesê: "*Establishment of a customer care community*"

  Wat beteken dit?

- *Is the Council satisfied with actions to improve performance?* (kolom 2, bladsy 16)

  "*Yes*", is die antwoord. (Kolom 4, bladsy 16)

  Regtig?

- Op bladsy 17 (kolom 2) word die volgende vraag gevra:

  > *Have any actions planned in the reported year been carried over to the current or future years? If so were explanations provided by the municipal manager for the carry over, and are these explanations satisfactory and acceptable to Council?*

  Die antwoord is slegs 'n verwysing na die vorige Aksieplan vir 2010/2011 wat ook by die verslag aangeheg is (bladsy 174-190).

  Hierdie antwoord is onvoldoende. Die vraag behoort volledig beantwoord te word. 'n Blote verwysing na 'n vorige aksieplan is nie aanvaarbaar nie.

6.13.3 Bladsy 17

Paragraaf 7 ontbreek, want daar is net 'n paragraaf 6 en 8. Verwysend na die 2010/2011-Kontroleiys lyk dit asof die paragraaf m.b.t. *The Auditor General's report on the* *performance of the Municipality* ontbreek.

6.13.4 Paragraaf 15, bladsy 24: *KEY ISSUES RAISED BY MEMBERS OF THE COMMUNITY*

Die sogenaamde "*checklist*" gaan in sy geheel oor "*INFORMATION REQUIRED TO BE INCLUDED IN THE ANNUAL REPORT*".

Die inligting wat verstrek moet word is:

- *Key issues raised by members of the community* (kolom 1 op bladsy 24).

  Hierdie inligting moet uit die publiek se kommentaar op die Konsepjaarverslag verkry word (byvoorbeeld my brief van 29 April 2013 en die vrae voorgelê tydens die *MPAC*-vergadering van 2 en 10 Mei 2013).

- Kolom 2, bladsy 24

  Die twee items wat genoem word, naamlik "*Re-evaluation of PMS*" en "*Outstanding amounts by Councillor and Officials*" kom uit die ooreenstemmende inskrywings in die 2010/2011 "*Checklist*"!!

- Kolom 3, bladsy 24

  Hierdie gegewens is beslis onvolledig. Wat van my brief van 29 April 2013?

- Kolom 4, bladsy 24

  Die besonderhede is onduidelik: Wat word byvoorbeeld bedoel met "*would be finalised by end June*"?

Dit val op dat *MPAC*-lede, volgens die notule van die *MPAC*-vergadering van 5 April 2013 (08:30) (waarby lede van die publiek nie teenwoordig was nie) op daardie dag hul "*Checklists*" ontvang het: dít terwyl die publiek se kommentaar eers op 29 April 2013, en tydens die *MPAC*-vergadering van 2 Mei 2013 ontvang is. Dit laat die vraag ontstaan of die publiek se kommentaar enigsins behoorlike aandag gekry het.

7. <u>DIE NOTULES VAN DIE *MPAC*-VERGADERINGS (Aanhangsel D vanaf bladsy 47 tot 75)</u>

7.1 Bladsy 52: Notule van 15 April 2013 (09:15) (geslote vergadering)

- Paragraaf 3, bladsy 52: Die paragraaf is verwarrend: Waar kom die *Mayoral Committee* in?
- Paragraaf 4.4 i), bladsy 54: Die gewysigde "*checklist*" moes deel van die notules gevorm het. (Sien paragraaf 6.13 van hierdie brief van 16 Augustus 2013 in verband met die "*checklist*")

7.2 Bladsy 58: Notule van 2 Mei 2013 (09:15) (geslote vergadering)

- Paragraaf 3, bladsy 58: Verwysing na *Mayoral Committee* duidelik verkeerd.
- Paragraaf 4.1, bladsy 59: Besonderhede oor hierdie vergaderings ontbreek.
- Paragraaf 4.2 i), bladsy 59: Aanhangsel A ontbreek.
- Paragraaf 4.4 i), bladsy 59: Aanhangsel B ontbreek.

7.3 Bladsy 61: Notule van 2 Mei 2013 (11:00) (oop vergadering)

- Hierdie vergadering het nie in die Kouga Raadsaal op

Jeffreysbaai plaasgevind nie, maar wel in die Kultuursentrum in Humansdorp.

- Met die oorhandiging van my kommentaar op die Konsepjaarverslag vir 2011/2012, soos vervat in my brief van 29 April 2013, het ek die Voorsitter se aandag gevestig op bladsy 22 waar die datum van die brief aan die Munisipale Bestuurder verkeerdelik aangegee is as 1 Desember 2011, in plaas van 1 Augustus 2011. Ek het versoek dat die korreksie aangebring word.

Hierdie versoek is nie genotuleer nie, en die brief ook nie gewysig nie.

7.4 Bladsy 64: Notule van 10 Mei 2013 (09:00) (geslote vergadering)

Paragraaf 3, bladsy 64: Weer eens word verwys na notules van die *Mayoral Committee*!

7.5 Bladsy 73: Notule van 21 Mei 2013 (08:30) (geslote vergadering)

Daar heers 'n Babelse verwarring oor datums: Volgens die notule is die 08:00-vergadering verdaag, net om op dieselfde dag (21 Mei), 30 minute later, weer te vergader! [Kyk bladsy 74 by "Resolved", i) én ii)]

Hoe kan daar van die publiek verwag word om die notules van vergaderings as juis te aanvaar waar hierdie tipe onnoukeurigheid hoogty vier. En hierdie notules is al waarop die publiek kan staatmaak aangesien hulle nie die vergaderings kon bywoon nie.

Bloot net die aanbied van hierdie onnoukeurige notule plaas 'n vraagteken oor alles wat genotuleer is, en ook, meer ernstig, die geldigheid van die hele oorsigproses.

7.6 Notule van 21 Mei 2013 se **opvolgvergadering**

Waar is die notule van die vergadering wat op 23 Mei 2013 gehou moes word. (Sien paragraaf 3, bladsy 74.)

Is daar ooit voortgegaan met die 21 Mei-vergadering: hetsy op 21 Mei om 09:00 of op 23 Mei 2013, of op enige ander datum. **Ongeag die datum van die vergadering, moes 'n volledige notule daarvan die Oorsigverslag vergesel het en ook aan die publiek beskikbaar gestel gewees het. Sonder hierdie notule is die hele proses betekenisloos.**

By die 23 Mei-vergadering (of dan enige vergadering ná 21 Mei) moes die Voorbehoude met betrekking tot die goedkeuring van die Jaarverslag oorweeg gewees het. Oor die volgende sou die notule van die 23 Mei-vergadering duidelikheid verskaf het:

- Was al die lede teenwoordig?
- Was die besluite eenparig?
- Was die Munisipale Bestuurder teenwoordig?
- Wie was gemagtig om die Oorsigverslag te teken?

8. **Bladsy 160 tot 173: BYLAAG G: AUDIT REPORT 2011/2012 ACTION PLAN**

Paragrawe 21 tot 69 stem nie ooreen stem nie ooreen met die paragrawe in die Ouditeur-generaal se verslag vir 2011/2012 nie.

9. *FINAL DRAFT ANNUAL REPORT (2011/2012) (13/05/FAME 31)* soos vervat in:
- die notule van die Donderdag 30 Mei 2013-raadsvergadering (bladsy 14-15), en
- die notule van die Maandag 3 Junie 2013-opvolg-raadsvergadering (bladsy 18-22).

> *Councillor V. Stuurman said that Administration **had made all the necessary amendments to the Final Draft Annual Report for the 2011/2012 financial year** in accordance with Resolution 13/05/FAME31 dated 30 May 2013.*
>
> [Ek benadruk.]

Wonderbaarlik! Binne 4 dae (ingeslote die naweek) is al die foute sommer "tjop-tjop" reggemaak!

Dit is ongehoord en inderdaad hoogs onreëlmatig dat 'n belangrike dokument soos 'n Munisipale jaarverslag gewysig kan word sonder dat presiese besonderhede aan die Raad ter vergadering verstrek en genotuleer word. (En dan word daar nog nie eers gepraat van die publiek wat géén benul het van wat die regstel van die "*errors*" behels het nie!) Wat word van deursigtigheid!?

Ek versoek dus dat u 'n afskrif van die 2011/2012-Jaarverslag soos deur die Raad goedgekeur, wat die voormelde wysigings duidelik aantoon, dringend aan my beskikbaar stel.

- **Aanvaarding van die Jaarverslag in terme van Artikel 127(1) van die *MFMA*** (bladsy 22 van die notule)

By herhaling (!) vestig ek u aandag daarop dat voormelde artikel 127(1) slegs betrekking het op Munisipale Entiteite.

Die Raad se aanvaarding van die 2011/2012-Jaarverslag was dus ongeldig.

- **Die publiek se reg om die Raad toe te spreek.**

In verband met die verban van mnr. Huyl van die Raadsaal vir 'n periode van 30 dae (bladsy 20), die volgende:

- Ter sprake was die Konsepjaarverslag van 2011/2012.
- Wat het dan geword van die volgende bepalings van Artikel 130(1) van *MFMA*:

> **Die vergadering van 'n munisipale raad waarop 'n jaarverslag bespreek word of waarop besluite met betrekking tot 'n jaarverslag geneem word, is oop vir die publiek en enige staatsorgane, en 'n redelike tyd moet toegelaat word –**
>
> (*b*) **vir lede van die plaaslike gemeenskap** of enige staatsorgane **om die raad toe te spreek.**
>
> [Ek benadruk.]

Ek versoek dus dat die Speaker van die Raad by geleentheid van die volgende raadsvergadering haar optrede aan die publiek verduidelik ('n afskrif van hierdie brief gaan ook aan die Speaker).

****

10. ALGEMEEN

Dit is verstommend dat die Raad die Oorsigverslag met al sy gebreke en tekortkominge soos in hierdie 16 Augustus 2013-brief aangetoon, aanvaar het.

Die Voorsitter van *MPAC* se opmerking in sy voorwoord tot die Oorsigverslag self (bladsy 3), verdien aandag:

> *We have in line with our mandate ... [e]ngaged directly with the public and also considered public comments, although the attendance was disappointing.*

Die eenvoudige rede vir die publiek se teleurstellende bywoning van en apatie jeens inligtings- en dergelike vergaderings, is hul ervaring in die onlangse verlede van die minagting waarmee hul insette hanteer word. Die grootste frustrasie gaan oor die gebrek aan deursigtigheid (waarvan daar 'n legio voorbeelde is) en die jakkalsdraaie wat gegooi word om inligting van die publiek te weerhou.

Ek kry die indruk, reg of verkeerd, dat die publiek se betrokkenheid by openbare prosesse bloot geduld word ter wille van voldoening aan statutêre vereistes ten opsigte publieke betrokkenheid, maar dat hulle insette vir die Munisipaliteit bloot 'n lastigheid is. En dan word daar, ironies genoeg, in die *MPAC*-komitee se kontrolelys ("*checklist*") (paragraaf 6 op bladsy 16), as deel van die beoogde "*improved performance*", verwys na die "[e]*stablishment of a customer care community*"! Is dit nie miskien meer korrek om te verwys na 'n "*customer care council*" nie?!

Bogenoemde opmerkings maak ek, nie op grond van enkele briewe en bydraes nie, maar op grond van talle gedokumenteerde insette oor die afgelope aantal jare.

Die tekortkominge en gebreke in die Oorsigverslag i.v.m. die 2011/2012-Jaarverslag is van so 'n aard en omvang dat, indien die 2011/2012-Jaarverslag en die publiek se kommentaar daarop volledig en deeglik oorweeg was, *MPAC* se aanbeveling aan die Kouga Raad moes gewees het om die 2011/2012-Jaarverslag te verwerp. M.b.t. die publiek se kommentaar, ontstaan die vraag: "*Did MPAC and the Council really apply their minds to it?*"

Derhalwe versoek ek die volgende:

- dat u asseblief hierdie brief van 16 Augustus 2013 sonder enige versuim aan die Raad voorlê om te besin oor hulle besluit m.b.t. die aanvaarding van *MPAC* se Oorsigverslag, en die aanbevelings daarin vervat, asook die gepaardgaande 2011/2012-Jaarverslag;
- dat u, nie later as 31 Augustus 2013 nie, vir my laat weet of, en indien wel, wanneer, hierdie 16 Augustus 2013-brief voor die Raad sal dien;
- dat 'n afskrif van hierdie brief gestuur word aan almal aan wie 'n afskrif van die 2011/2012-Jaar- en Oorsigverslae gestuur is soos deur die wetgewing vereis.

Erken asseblief persoonlik ontvangs van hierdie brief.

Die uwe

J.E. VAN NIEKERK
042 293 2456

cc: Mnr. S.S. Fadi, Munisipale Bestuurder
Raadslid M. Dlomo, Speaker
Raadslid E. Hill, Voorsitter van MPAC

Ontvang 'n afskrif van hierdie brief op hierdie 19de dag van Augustus 2013:	
______________________	Mnr. S. S. Fadi
______________________	Raadslid M. Dlomo
______________________	(Registrasieafdeling vir deursending na raadslid E. Hill)

TRANSLATION OF LETTER TABLED BY MR. JE VAN NIEKERK AT PUBLIC MPAC MEETING ON 27 FEBRUARY 2014

QUESTION A

I refer to my letter of 21 February 2014 (which a copy is attached) and enquire now why the combined written answers of the Municipality on last year's questions was never given to the questionnaires. It is now nearly 7 months later and the matter is still not answered.

The following questions should now be fully answered.

- Questions 1 – 7 on pages 130 – 131 of the 2011/12 Oversight Report.
- The questions comprises the following:
  - My letter addressed to the Municipal Manager dated 29 April 2013 (included In the 2011/12 Oversight Report on pages 76 – 102) (the portion from paragraph 3.23 on page 100 of the Oversight Report which commence with '*All the legal fees*" until the end of the letter on page 102 is not shown in the English version on the Oversight Report) as well
  - A follow up letter to the Municipal Manager dated 27 August 2013 (included On page 103 – 106 of the 2011/12 Oversight Report.

It is interesting in the last mentioned letter to note the following:

- 'Reservations' (page 104) and
- 'Misrepresentation' (page 105)

Po Box 164
Jeffreys Bay
6330

Mr. SS Fadi
Municipal Manager
Kouga Local Municipality
33 Da Gama Road
6330

Dear Mr. Fadi

RE: DRAFT 2012/13 – ANNUAL REPORT: NOTICE NO: 9/2014 – KOUGA EXPRESS, 6 FEBRUARY 2014

During the MPAC meeting held on 10 May 2013, the Chairman of the meeting, Mr. E. Hill, promised that a joint written response will be made by the Municipality regarding the questions raised by the public.

Nothing happened to this promise.

This noncompliance of the promise made shows that the Municipality was not taking the comments of the public on the Annual Report seriously. It is shown in the Municipality documentation that the public did submit input but this input was not attended to. No answers were therefore forthcoming.

The public is only known in this process so that it can be said that that the public was informed. The Municipality is therefore just following this process to make the public aware of it.

Would you please submit this letter to the MPAC on 27 February 2014 and record the meeting.

Please acknowledge receipt of this letter.

Yours fautfully

J.E. VAN NIEKERK
042 293 2456

Copies of this letter is forwarded to:

- The Chairperson of MPAC,
- The Speaker.
- The Auditor General
- The Public Protector

QUESTION B

In my letter dated 16 August 2013 addressed to the Executive Mayor (copy attached for inclusion of the minutes of this meeting) which you, the Speaker and the Municipal Manager received copies I commented as follows:

> On page 2.
> The 2011/12 Oversight Report as it was available for inspection as per Notice 66/2013 (The Oversight Report)cannot be recalled and has shortcomings, not only on the process that it followed, incomplete information as shown hereunder.
>
> On page 34.
> The short comings and incompletion in the Oversight Report on the 2011/12 Annual Report shows the comments of the public that the Council should have rejected the MPAC recommendation of the Annual Report. With the public comments the following question is raised. *'Did MPAC and the Council really apply their minds to it?'*
>
> Therefore I request the following:
> - That you submit my letter dated 16 August 2013 immediately to the Council to enable the Council to reject there approval of the MPAC Oversight Report, recommendations and the Annual Report.
> - That you not later than 31 August 2013 inform me, if ever and when this letter will be submitted to the Council.
> - That a copy of this letter be forwarded to everybody who received copies of the Oversight and Annual Reports in terms of legislation.

Would you please explain the following?
- Why this letter of 16 August 2013 was ignored and was not submitted to the Council?
- Whose decision was it that the aforementioned letter was not submitted to the MPAC and the Council?

QUESTION C

Why is the names of MPAC members not reflected in the 2012/2013 Annual Report?

QUESTION D

Under the heading *'Disaster Management'* (Challenges – page 96 of the 2012/2013 Annual Report), it is referred to paragraph 2 (Budget/service delivery budget implementation plan), paragraph 4 *(Operational activities)*

What happened to paragraph 3?

QUESTION E

The comments of paragraph 5 of the 2012/2013 Annual Report is misleading (Disaster Management)

Would you please indicate the following?

- When the Disaster Management Plan which is in operational was approved by the Council.
- Where is copies thereof available?

Thanks

J.E. VAN NIEKERK
27 FEBRUARY 2014

ANNEXURE 'F'

Kouga Audit Committee Annual Report

KOUGA AUDIT COMMITTEE MEMBERS

The audit committee was appointed by the Council on 3 May 2013 in terms of the MFMA no. 56 of 2003 and the Shared Audit Committee Terms of Reference were approved on 6 July 2006.

The audit committee consisted of the following independent external members :

MEMBER	NUMBER OF MEETINGS ATTENDED
J Blignaut (Chair)	1
RD Coetzer	1
RR Geswindt	1

The audit committee endeavors to meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. Regrettably the audit committee only met once during the financial year on 25 June 2014, as a result of the late appointments.

At that meeting the Kouga Audit Committee Charter and Kouga Municipality Internal Audit Charter were approved.

Besides the Kouga Audit Committee members, the meetings were also attended at various times by :

The Municipal Manager
The Chief Financial Officer
Director: Administration, Monitoring & Evaluation
Director: Infrastructure, Planning & Development
Director: LED, Tourism & Creative Industries
Director: Social Services
Manager: Performance Management
Representatives from internal audit – KPMG
Representatives from the Auditor General's office

MATTERS TO BE TAKEN COGNISANCE OF

AUDIT COMMITTEE MEETINGS :

- Reports are usually received on short notice, making it difficult for members of the audit committee to properly review reports in order to make appropriate timely recommendations or to make relevant feedback. Officials are requested to take cognizance in order to improve the overall functioning of the audit committee
- Documentation such as meaningful financial statements and budget comparisons are not always forthcoming.

The abovementioned frustrations created the impression that the audit committee meetings are merely a formality to comply with the requirements of the MFMA.

ITEMS THE AUDIT COMMITTEE REPORTS ON IN THIS REPORT:

- INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT
- RIKS MANAGEMENT
- ACCOUNTING POLICIES
- EFFECTIVE GOVERNANCE
- PERFORMANCE MANAGEMENT AND EVALUATION
- ADEQUACY AND RELIABILITY OF FINANCIAL REPORTING
- COMPLIANCE WITH LEGISLATION
- RESPONDING TO MATTERS RAISED IN THE AUDIT REPORT OF THE AUDITOR GENERAL
- REVIEW OF ANNUAL FINANCIAL STATEMENTS

1. INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT

Our main concerns relating to internal financial controls were derived directly from the Auditor General's Report and are:

- Expenditure was incurred in excess of approved budgets
- Monies owing by the municipality were not always paid within 30days
- Reasonable steps were not taken to prevent unauthorised expenditure, fruitless and wasteful expenses.
- Significant impairments of debtors are a clear indication of poor implementation of credit limits and debtor management

As far as could be established the municipality outsourced the internal audit function to KPMG.
The audit committee did not receive an internal audit plan for review and approval for the 2012/2013 financial year.
The audit committee's major concern with the outsourcing of this function is that the accounting officer could become complacent as the function is delegated. We wish to reiterate that although the authority to develop appropriate internal controls has been delegated, the responsibility remains with the accounting officer.
The Internal audit plan for the 2013/14 financial year has been tabled for review and approval.

2. RISK MANAGEMENT

Although internal audit has prepared a risk management plan for the 2013/2014 year, it appears internal audit did not advise the municipality with regard to risk management for the 2012/2013 year and that no risk management plan was in place to identify, manage and address associated risks.

The municipality faces material financial and operational risks arising from constraint cash flows; ageing infrastructure and non- compliance with legislation and as a result significant contingent liabilities have been disclosed in the financial statements.
Risk management should receive immediate attention.

3. **ACCOUNTING POLICIES**
As far as could be established, the financial statements have been prepared using appropriate and GRAP compliant accounting policies.
No significant changes in accounting policies were identified.

4. **EFFECTIVE GOVERNANCE**
Although it appears the municipality improved with regard to governance from the 2011/2012 financial year, effective governance had still not been achieved during the financial year 2012/2013.

Leadership by management lacked sufficient oversight, and the biggest issue was the performance management and review did not take place.

The following governance matters were either not addressed or only superficially touched on:
- Risk management
- Internal audit did not function
- The audit committee was only established in May 2013
- Compliance with legislation indicated significant deficiencies

5. **PERFORMANCE MANAGEMENT AND EVALUATION**
This function is defunct and requires contributions by all heads of departments and top down commitment from leadership in the municipality.

6. **ADEQUACY AND RELIABILITY OF FINANCIAL REPORTING**
The financial statements received a qualified opinion due to a misstatement with regard to Provisions and Non Current Provisions.
Except for the misstatement, the audit committee is satisfied with the improvements achieved with regard to financial reporting.

7. **COMPLIANCE WITH LEGISLATION**
The Auditor- general's report indicated 11 material items of non-compliance with laws and regulations. These require urgent attention.

8. **RESPONDING TO MATTERS RAISED IN THE AUDIT REPORT OF THE AUDITOR GENERAL**
These matters were addressed elsewhere in this report.

9. **REVIEW OF ANNUAL FINANCIAL STATEMENTS**
The following items were identified as items requiring attention:
- The going concern assumption:
  The financial statements were prepared in accordance with the going concern assumption. As part of the municipality's assumptions, certain non current assets were re-classified as current assets held for sale. We note that should these assets amounting to R175 million not have been reclassified as current, the municipality would not be liquid and this would then possibly affect the going concern assumption.
- The land-fill site provision refers: The AG was unable to obtain sufficient appropriate evidence to concur with the amount indicated in the financial statements.

- "Other revenue" and "general expenses" require more detailed breakdowns or appropriate descriptions to improve usefulness of the financial statements.
- Employee costs increased by 6% despite the number of staff members decreasing by around 40 staff members. This number equates to 34% of total expenditure and the municipality needs to assess the situation in conjunction with budgetary constraints and current the current financial position it finds itself in.
- The total amount of unauthorised expenditure amounts to R20.5 Million, of which approximately R12 Million was overspent on salaries and another R6.9million was spent on grants and subsidies. The result was that capital expenditure on critical infrastructure was underspent by approximately R29Million.

CONCLUSION

Although the municipality has made great strides toward improved service delivery and accountability, there is still a lot of hard work, leadership and commitment required for the municipality to achieve the objectives of Batho Pele.

The Kouga audit committee would like to thank the management of the Kouga Local Municipality, the representatives of internal audit and the office of the auditor-general for the good working relationship and positive atmosphere within which our meetings are being conducted.

J Bignaut (CA(SA))
Chairperson, Kouga Audit Committee

ANNEXURE 'G'

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON KOUGA MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Kouga Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, cash flows statement, statement of comparison of budgets and actual amounts, for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for preparation and the fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act, 2012 (Act No 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2001) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Provisions and Non – current provisions

6. Sufficient appropriate audit evidence was not available to support the provision and non – current provision for the rehabilitation of landfill sites disclosed in note 16 and 23 respectively, to the financial statements. Supporting documentation was not submitted for audit purposes. I was unable to confirm the provision and non – current provision by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the provision and non -current provision for rehabilitation of landfill sites of

R4.7 million (2012: R4.7 million) as disclosed in note 16 and R9.3 million (2012: R9.3 million) as disclosed in note 23 to the financial statements.

Prior year comparative information

7. During 2011-12 sufficient appropriate audit evidence was not available for payables from exchange and non - exchange transactions as disclosed in note 17 and 18 to the financial statements and I was unable to confirm the balance by alternative means. This amount relates to sundry deposits (building deposits) and creditors suspense accounts. Consequently, I was unable to determine whether any adjustments were necessary to payables from exchange transactions of R105.4 million and payables from non exchange transactions of R5.0 million as disclosed in note 17 and 18 to the financial statements. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
8. Sufficient appropriate audit evidence was not available for the correction of error relating to unspent grants and subsidies disclosed in note 41.1 to the financial statements and I was unable to confirm the correction of error by alternative means. This amount relates to the clearing of conditional grant liabilities. Consequently, I was unable to determine whether any adjustments were necessary to the opening balance of accumulated surplus of R2.6 billion as disclosed in note 41.1 to the financial statements. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Qualified opinion

9. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

10. As disclosed in note 41 to the financial statements, the prior period corresponding figures have been restated as a result of errors only corrected during the year ended 30 June 2013 that existed as at 30 June 2012.

Material impairments/losses

11. As disclosed in note 34 to the financial statements, an amount of R 5.4 million (2012: R29.7 million) was written off as impairment losses due to the non payment of consumer debtor accounts.
12. As disclosed in note 47.9 to the financial statements, the municipality incurred material losses relating to electricity of R5.5 million (2012: R9.9 million) as a result of tampering of meters, faulty meters and illegal electricity connections.
13. As disclosed in note 47.10 to the financial statements, the municipality incurred material losses relating to water of R9.1 million (2012: R8.2 million) as result of faulty meters.

Financial sustainability

14. As disclosed in note 53 to the financial statements, the cash flow of the municipality is under strict cash management processes and is being closely monitored. The revenue is not always received in the form of actual cash receipts. This has resulted in significant cash flow constraints. This situation, along with other matters as set forth in the note, indicates that the municipality may encounter difficulty realising its assets and discharging its liabilities in the normal course of business.

Significant uncertainties

15. As disclosed in note 50 to the financial statements, the municipality is a defendant in a number of lawsuits. The results of these lawsuits cannot be determined at present as litigation is still in progress.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 3 to 14 of the annual report.

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

19. The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

20. The material findings are as follows:

Usefulness of information

Presentation

Measures taken to improve performance not disclosed

21. Section 46 of the Municipal Systems Act requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 68% of the planned targets not achieved were not reflected in the annual performance report. This was due to the lack of adequately and sufficiently skilled resources in place to ensure that performance is monitored and accurately reported on.

Consistency

Reported targets not consistent with planned targets

22. The Municipal Systems Act, section 41(c) requires that the integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 32% of the reported targets are not consistent with the targets as per the approved integrated development plan. This is due to the lack of an established performance management system which entails reviews from management, internal audit and the audit committee of the annual performance report against the integrated development plan.

Reliability of selected development priorities in the annual performance report

Development Priority Two - Basic services and infrastructure

23. The National Treasury *FMPPI* requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Provision of Basic Service Delivery. This was due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the development priority.

Compliance with laws and regulations

24. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Strategic planning and performance management

25. The performance management system of the municipality did not provide for the monitoring of performance and for the measuring and review of performance at least once per year, with regard to each of those development priorities and objectives and against the key performance indicators and targets set, as required by section 41 of the Municipal Systems Act (MSA).

26. Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.

27. The annual performance report for the year under review does not include the performance of the municipality and of each external service provider as required by section 46 (1)(a) of the MSA.

28. The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the MFMA.

29. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).

30. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).

31. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).

32. The internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the Municipal Systems Act and Municipal planning and performance management regulation 14(1)(a).

33. The internal audit unit did not assess the functionality of the performance management system, as required by Municipal planning and performance management regulation 14(1)(b)(i).

34. The internal audit unit did not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal planning and performance management regulation 14(1)(b)(iii).

35. The internal audit unit did not audit the performance measurements on a continuous basis and/or submitted quarterly reports on their audits to the municipal manager and the performance audit committee], as required by Municipal planning and performance management regulation 14(1)(c).

Budgets

36. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 87(8) of the MFMA.

Annual financial statements and annual report

37. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

38. The 2011/12 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.

39. A written explanation was not submitted to council setting out the reasons for the delay in the tabling of the 2011/12 annual report in the council, as required by section 127(3) and 133(1)(a) of the MFMA.

40. The annual report for the year under review does not include an assessment by the accounting officer of any arrears on municipal taxes and service charges and the report of the audit committee, as required by section 121(3)(e), 121(4)(c) and 121(3)(j) and 121(4)(g) of the MFMA respectively.

Audit committee

41. An audit committee was not in place for the full financial year with a full complement of members as required by section 166(1) of the MFMA.

42. The audit committee did not advise the council nor accounting officer on matters relating to internal financial control and internal audits; risk management; accounting policies; effective governance; performance management and performance evaluation as required by section 166(2)(a) of the MFMA.

43. The audit committee did not advise the council nor accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

44. The audit committee did not advise the council nor accounting officer on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.

45. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.

46. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

47. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.

Internal Audit

48. The internal audit unit did not function as required by section 165(2) of the MFMA, in that :

   - it did not report to the audit committee on the implementation of the internal audit plan.
   - it did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.

49. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the Division of Revenue Act and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

Expenditure management

50. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

51. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, in accordance with the requirements of section 62(2) of the MFMA.

Human Resources

52. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor measure and evaluate performance of staff in contravention of MSA sec 67(d).

Liability Management

53. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

54. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequences management

55. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

INTERNAL CONTROL

56. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualification of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

57. Management did not address all deficiencies during the year and leadership does not exercise consequence management for poor performance and transgressions. In addition here is a lack of monitoring and oversight by the leadership.

Financial and performance management

58. Management did not maintain a proper filing system for payables and did not effectively manage and monitor daily and monthly processing. In addition, they did not fully understand the requirements of the financial reporting framework and there is no formal documented system over information technology. Furthermore, management did not comply with all laws and regulations due to a lack of appropriate monitoring.

Governance

59. No risk assessments were performed during the year under review in order to manage risks within the control environment. In addition, the audit committee and internal audit did not function throughout the year.

East London

29 November 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE ‘H’

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
	QUALIFICATION BASED ON:					
6	Rehabilitation of landfill site provision	Sufficient appropriate audit evidence was not available to support the provision and non –current provision for the rehabilitation of landfill sites disclosed in note 16 and 23 respectively, to the financial statements. Supporting documentation was not submitted for audit purposes. I was unable to confirm the provision and non – current provision by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the provision and non - current provision for rehabilitation of landfill sites of R4.7 million (2012: R4.7 million) as disclosed in note 16 and R9.3 million (2012: R9.3 million) as disclosed in note 23 to the financial statements.	Management does not agree with the finding raised. The provision for landfill sites submitted on 10 October 2013 for audit. In accordance with the engagement letter entered into with the Office of the Auditor General, the process of communication is to issue Kouga Local Municipality with a Request for Information to which we have to respond within 3 working days and to follow that up with written formal communication of audit finding to which we have to respond within 5 working days. If non-submission still occurs, a letter of non-acceptance is issued detailing the possible limitation of scope. Minutes of meetings does not constitute a Request for Information nor a written formal Communication of Audit finding. Management does not accept the limitation of scope as it was not issued according to due process set out by the Auditor General. The information was available for audit and the limitation was not considered valid by management. The Auditor General however subsequently issued a letter on non acceptance and nothing further could be done.	N/A	N/A	N/A
7	*Prior year comparative information*	*During 2011-12 sufficient appropriate audit evidence was not available for payables from exchange and non - exchange transactions as disclosed in note 17 and 18 to the financial statements and I was unable to confirm the balance by alternative means. This amount relates to sundry deposits (building deposits) and creditors suspense accounts. Consequently, I was unable to determine whether any adjustments were necessary to payables from exchange transactions of R105.4 million and payables from non exchange transactions of R5.0 million as disclosed in note 17 and 18 to the financial statements. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.*	*Management agrees with the finding raised.*	*MM*	*This matter will automatically be cleared in the 2013/14 financial year audit as it was not a current year issue and simply a carry forward.*	*N/A*

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
8	*Prior year comparative information*	*Sufficient appropriate audit evidence was not available for the correction of error relating to unspent grants and subsidies disclosed in note 41.1 to the financial statements and I was unable to confirm the correction of error by alternative means. This amount relates to the clearing of conditional grant liabilities. Consequently, I was unable to determine whether any adjustments were necessary to the opening balance of accumulated surplus of R2.6 billion as disclosed in note 41.1 to the financial statements. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.*	*Management agrees with the finding raised.*	*MM*	*This matter will automatically be cleared in the 2013/14 financial year audit as it was not a current year issue and simply a carry forward.*	N/A

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
	EMPHASIS OF MATTER:					
11	Material impairments/losses	As disclosed in note 34 to the financial statements, an amount of R 5.4 million (2012: R29.7 million) was written off as impairment losses due to the non payment of consumer debtor accounts	Amount written off relates to indigent ratepayers which was in line with Council resolution.	N/A	N/A	N/A
12	Material impairments/losses	As disclosed in note 47.9 to the financial statements, the municipality incurred material losses relating to electricity of R5.5 million (2012: R9.9 million) as a result of tampering of meters, faulty meters and illegal electricity connections.	Electricity losses has decreased from the previous financial year (almost halved) due to measures put in place to avoid tampering and illegal connections and this process is ongoing.	N/A	N/A	N/A
13	Material impairments/losses	As disclosed in note 47.10 to the financial statements, the municipality incurred material losses relating to water of R9.1 million (2012: R8.2 million) as result of faulty meters.	Management disclosed the losses as highlighted in this paragraph. Efforts are ongoing to reduce the water losses.	MM	Kouga Local Municipality obtained funding to implement water conservation and demand management projects from the Department of Water Affairs. Amatola Water was appointed as the implementing agent. They are currently in the process of servicing and repairing air valves and fittings on the bulk main water lines in Humansdorp and Jeffreys Bay to reduce losses. Other funding applications has also been submitted.	Ongoing
14	Financial sustainability	As disclosed in note 53 to the financial statements, the cash flow of the municipality is under strict cash management processes and is being closely monitored. The revenue is not always received in the form of actual cash receipts. This has resulted in significant cash flow constraints. This situation, along with other matters as set forth in the note, indicates that the municipality may encounter difficulty realising its assets and discharging its liabilities in the normal course of business.	The municipality moved from a qualification in the previous financial year to a emphasis of matter in the current year after it was able to proof financial sustainability for the 2013/2014 financial year.	N/A	N/A	N/A
15	Significant uncertainties	As disclosed in note 50 to the financial statements, the municipality is a defendant in a number of lawsuits. The results of these lawsuits cannot be determined at present as litigation is still in progress.	Each possible claim is recorded in a legal register and each case is handled appropriately.	N/A	N/A	N/A

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
	REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS					
21	PAA requirements - presentation	Section 46 of the Municipal Systems Act requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 68% of the planned targets not achieved were not reflected in the annual performance report. This was due to the lack of adequately and sufficiently skilled resources in place to ensure that performance is monitored and accurately reported on.	Management take note of paragraph 21 - 23 regarding performance management. This is the first year that the Office of the Auditor General has expressed a view on the presentation, consistency and reliability of the performance report. Various shortages have been identified in performance management and a electronic performance management system has been introduced to try and improve the audit outcomes.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard.	Quarterly performance reporting
22	PAA requirements - consistency	The Municipal Systems Act, section 41(c) requires that the integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 32% of the reported targets are not consistent with the targets as per the approved integrated development plan. This is due to the lack of an established performance management system which entails reviews from management, internal audit and the audit committee of the annual performance report against the integrated development plan.	Management take note of paragraph 21 - 23 regarding performance management. This is the first year that the Office of the Auditor General has expressed a view on the presentation, consistency and reliability of the performance report. Various shortages have been identified in performance management and a electronic performance management system has been introduced to try and improve the audit outcomes.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard.	Quarterly performance reporting
23	PAA requirements - reliability	The National Treasury FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Provision of Basic Service Delivery. This was due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the development priority.	Management take note of paragraph 21 - 23 regarding performance management. This is the first year that the Office of the Auditor General has expressed a view on the presentation, consistency and reliability of the performance report. Various shortages have been identified in performance management and a electronic performance management system has been introduced to try and improve the audit outcomes.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard.	Quarterly performance reporting

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
	Compliance with laws and regulations					
25	Strategic planning and performance management	The performance management system of the municipality did not provide for the monitoring of performance and for the measuring and review of performance at least once per year, with regard to each of these development priorities and objectives and against the key performance indicators and targets set, as required by section 41 of the Municipal Systems Act (MSA).	Management agrees with the finding raised It should be noted that for the 2012/13 year there were no lower level SDBIP (Departmental SDBIP) prepared. The lower level SDBIP (Departmental SDBIP) was prepared for the first time for the 2013/14 year. The submission of Departmental SDBIP information is covered in the resolution of Council adopting the IDP Resolution number 13/05/FAME34 dated 3 June 2013 which provides as follows with regard to the Departmental SDBIP "iii) That in terms of the provisions of National Treasury, Municipal Finance Management Act, 56 of 2003, Circular 13 dated 25 January 2005, Departmental Service Delivery and Budget Implementation Plans be developed by Section 56 Managers for submission to the relevant Portfolio Committees before the end of June 2013 so as to enable implementation with effect 1 July 2013." The Institutional SDBIP was not adjusted with the mid-year performance review for reason that insufficient reporting prevented the consideration of the mid-year performance report.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard. A Legal Calendar has been required for the Mayor so as to ensure that the Mayor can exercise his oversight responsibility with specifically performance reporting.	Quarterly performance reporting
26	Strategic planning and performance management	Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.	Management agrees with the finding raised. It should be noted that for the 2012/13 year there were no lower level SDBIP (Departmental SDBIP) prepared. The lower level SDBIP (Departmental SDBIP) was prepared for the first time for the 2013/14 year. The submission of Departmental SDBIP information is covered in the resolution of Council adopting the IDP Resolution number 13/05/FAME34 dated 3 June 2013 which provides as follows with regard to the Departmental SDBIP "iii) That in terms of the provisions of National Treasury, Municipal Finance Management Act, 56 of 2003, Circular 13 dated 25 January 2005, Departmental Service Delivery and Budget Implementation Plans be developed by Section 56 Managers for submission to the relevant Portfolio Committees before the end of June 2013 so as to enable implementation with effect 1 July 2013." The Institutional SDBIP was not adjusted with the mid-year performance review for reason that insufficient reporting prevented the consideration of the mid-year performance report.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard. A Legal Calendar has been required for the Mayor so as to ensure that the Mayor can exercise his oversight responsibility with specifically performance reporting.	Quarterly performance reporting
27	Strategic planning and performance management	The annual performance report for the year under review does not include the performance of the municipality and of each external service provider as required by section 46 (1)(a) of the MSA.	Management agrees with the finding raised. This has been brought to the attention of the Directorates so as to ensure compliance with reporting on the performance of external service providers.	MM	Monthly performance reports on external service providers are being done by Directorates from December 2013	31-Dec-13

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
28	Internal controls	The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the MFMA.	Management agrees with the finding raised.	MM	A institutional risk assessment was performed in November 2013 and the register is being finalised by 31 January 2014. Refer to audit committee and internal audit actions above.	28-Feb-14
29	Audit committee	The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
30	Audit committee	The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
31	Audit committee	The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
32	Internal audit	The internal audit did not audit the results of performance measurements, as required by section 45(1)(a) of the Municipal Systems Act and Municipal planning and performance management regulation 14(1)(a).	Management agrees with the finding raised. The Audit Committee was not fully functional for the 2012/13 year, but performance reporting was lacking and no reports could be submitted.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard. A Legal Calendar has been required for the Mayor so as to ensure that the Mayor can exercise his oversight responsibility with specifically performance reporting.	Quarterly performance reporting

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
33	Internal audit	The internal audit unit did not assess the functionality of the performance management system, as required by Municipal planning and performance management regulation 14(1)(b)(I)	Management agrees with the finding raised. The Audit Committee was not fully functional for the 2012/13 year, but performance reporting was lacking and no reports could be submitted.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard. A Legal Calendar has been required for the Mayor so as to ensure that the Mayor can exercise his oversight responsibility with specifically performance reporting.	Quarterly performance reporting
34	Internal audit	The internal audit unit did not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal planning and performance management regulation 14(1)(b)(iii).	Management agrees with the finding raised. The Audit Committee was not fully functional for the 2012/13 year, but performance reporting was lacking and no reports could be submitted.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard. A Legal Calendar has been required for the Mayor so as to ensure that the Mayor can exercise his oversight responsibility with specifically performance reporting.	Quarterly performance reporting

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
35	Internal audit	The internal audit unit did not audit the performance measurements on a continuous basis and/or submitted quarterly reports on their audits to the municipal manager and the performance audit committee], as required by Municipal planning and performance management regulation 14(1)(c).	Management agrees with the finding raised. The Audit Committee was not fully functional for the 2012/13 year, but performance reporting was lacking and no reports could be submitted.	MM	An electronic PMS System acquired through Cacadu District Municipality has been acquired which should make reporting more compliant with legislative requirements as it automatically generates SDBIP performance reports for submission to Council, the Audit Committee and the Municipal Public Accounts Committee. A new section has also been brought into the 2013/14 IDP highlighting reporting requirements and responsibilities in this regard. A Legal Calendar has been required for the Mayor so as to ensure that the Mayor can exercise his oversight responsibility with specifically performance reporting.	Quarterly performance reporting
36	Budget	Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 87(8) of the MFMA.	Management agrees with the finding raised. There were instances where the line items per vote were exceeded but the total budget line not. This occur when journals are posted to votes.	MM	Control measures will be developed when journals are posted to not exceed vote limits.	30-Jun-14
37	Annual Financial Statements	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.	Management submits draft Annual Financial Statements in August and a final set in October during the audit process. Changes were made to the final set as agreed with the Office of the Auditor General.	N/A	N/A	N/A
38	Annual Report	The 2011/12 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.	Management agrees with the finding in so far as that the annual report was tabled late to Council and did not comply with section 127(2) of the MFMA. For the 2012/2013 financial year the annual report was submitted to audit on 31 August 2013 and will be submitted to Council before 31 January 2014.	MM	For the 2012/2013 financial year the annual report was submitted to audit on 31 August 2013 and will be submitted to Council before 31 January 2014.	31-Jan-14
39	Annual Report	A written explanation was not submitted to council setting out the reasons for the delay in the tabling of the 2011/12 annual report in the council, as required by section 127(3) and 133(1)(a) of the MFMA.	Management agrees with the finding raised in so far that written reasons for the delay in submission of the draft Annual Report to Council was not given in compliance with section 133 of the MFMA. For the 2012/2013 financial year the annual report was submitted to audit on 31 August 2013 and will be submitted to Council before 31 January 2014.	MM	For the 2012/2013 financial year the annual report was submitted to audit on 31 August 2013 and will be submitted to Council before 31 January 2014.	31-Jan-14

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
40	Annual Report	The annual report for the year under review does not include an assessment by the accounting officer of any arrears on municipal taxes and service charges and the report of the audit committee, as required by section 121(3)(e), 121(4)(c) and 121(3)(f) and 121(4)(g) of the MFMA respectively.	Management agrees with the finding raised. The audit committee was not operational for the year under review and thus could not provide a report for inclusion in the annual report. The assessment by the accounting officer of any arrears on municipal taxes and service charges will be included in the final Annual Report to be tabled to Council for adoption.	MM	The assessment by the accounting officer of any arrears on municipal taxes and service charges will be included in the final Annual Report to be tabled to Council for adoption.	31-Mar-14
41	Audit committee	An audit committee was not in place for the full financial year with a full complement of members as required by section 166(1) of the MFMA.	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
42	Audit committee	The audit committee did not advise the council nor accounting officer on matters relating to internal financial control and internal audits; risk management; accounting policies; effective governance; performance management and performance evaluation as required by section 166(2)(a) of the MFMA.	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
43	Audit committee	The audit committee did not advise the council nor accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
44	Audit committee	The audit committee did not advise the council nor accounting officer on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
45	Audit committee	The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
46	Audit committee	The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.	The audit committee was initially appointed on 31 May 2012; however the elected chairperson withdrew due to health reasons in June 2012. The 3rd member has only been appointed on 14 November 2012 through Council. Another vacancy arose in January 2013 and this position was filled on 28 March 2013. As a result of the above, the audit committee was not fully functioning. The first meeting was held on 25 June 2013.	MM	Finding to be included in the work schedule of the audit committee for completion by the end of the financial year.	30-Jun-14
47	Audit committee	The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.	Management does not agree with the finding raised. A audit committee meeting was held on 29 August 2013 at which the draft annual financial statements were tabled to the Audit Committee for their inputs. Provincial Treasury and Internal Audit also attended with further inputs from Internal Audit too.' Minutes of the meeting was provided to the Office of the Auditor General.	N/A	N/A	N/A
48	Internal audit	The internal audit unit did not function as required by section 165(2) of the MFMA, in that : • it did not report to the audit committee on the implementation of the internal audit plan. • it did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.	Management does not agree with the finding raised. The first meeting was held on 8 November 2012 to ensure that internal audit is functioning. Internal audit (outsourced to KPMG) has been functioning and has done the following reviews in line with the institutional plan: • Overtime review (draft report issued) • Traffic department review (draft report issued) • Rental of halls and caravan parks review (draft report issued) • VAT review (no report issued yet) • Leave review (no report issued yet) • Housing review (no report issued yet) No reports has yet been tabled to the audit committee due to them only meeting for the first time 25 June 2013	N/A	N/A	N/A
49	Internal audit	The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the Division of Revenue Act and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.	Management does not agree with the finding raised. The first meeting was held on 8 November 2012 to ensure that internal audit is functioning. Internal audit (outsourced to KPMG) has been functioning and has done the following reviews in line with the institutional plan: • Overtime review (draft report issued) • Traffic department review (draft report issued) • Rental of halls and caravan parks review (draft report issued) • VAT review (no report issued yet) • Leave review (no report issued yet) • Housing review (no report issued yet) No reports has yet been tabled to the audit committee due to them only meeting for the first time 25 June 2013	N/A	N/A	N/A
50	Expenditure management	Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.	Management agrees with the finding raised as to paying of creditors within 30 days. This is due to cash flow problems being experienced by the Municipality. It should however be noted that the creditor payment days have reduced from the previous financial year.	MM	Financial recovery plan has been developed and implemented to enable future compliance.	Ongoing

Audit report paragraph reference	Issue		Management Response	Responsible Person	Action	Monitoring and review
51	Expenditure management	Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, in accordance with the requirements of section 62(2) of the MFMA	Management agrees with the finding raised. The improvement should however be noted. National Treasury issued MFMA Circular 68 with annexures dealing with unauthorised; irregular; fruitless and wasteful expenditure in May 2013. This should be utilised by management to put proper systems in place to address these expenditures.	MM	A policy and system should be designed in line with Circular 68 of the MFMA for implementation.	28-Feb-14
52	Human resources	The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor measure and evaluate performance of staff in contravention of MSA sec 67(d).	Management agrees with the finding raised. See management comments and action plan in paragraph 25 - 27 relating to performance management.	N/A	N/A	N/A
53	Liability management	An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.	Management does not agree with the finding raised. Controls and systems were in place which was done on a yearly basis. Various errors did however occur which prompted management to relook the controls	MM	The controls and systems have been changed to be a monthly exercise to eliminate errors since July 2013	Jul-13
54	Liability management	An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA	Management does not agree with the finding raised. Controls and systems were in place which was done on a yearly basis. Various errors did however occur which prompted management to relook the controls.	MM	The controls and systems have been changed to be a monthly exercise to eliminate errors since July 2013	Jul-13
55	Consequence management	Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.	Management agrees with the finding raised in so far as tabling a report to Council on unauthorised, irregular and fruitless and wasteful expenditure. The balances have been accumulating since 2008/2009 and to find the proper supporting documentation has been problematic. It was the intention of management to table such a report in October 2013 to include the 2012/2013 figures, but due to the sudden passing of two members of Council in September 2013, Council will only reconvene after the by-elections on 27 November 2013	MM	Full report to be tabled to Council before the end of the Annual Financial year.	30-Jun-14
	INTERNAL CONTROL					
57	Leadership	Management did not address all deficiencies during the year and leadership does not exercise consequence management for poor performance and transgressions. In addition there is a lack of monitoring and oversight by the leadership.	This paragraph relates to paragraph 21 - 23, 25 -27 and 55. Refer to management comment and actions listed against each paragraph.	N/A	N/A	N/A
58	Financial and performance management	Management did not maintain a proper filing system for payables and did not effectively manage and monitor daily and monthly processing. In addition, they did not fully understand the requirements of the financial reporting framework and there is no formal documented system over information technology. Furthermore, management did not comply with all laws and regulations due to a lack of appropriate monitoring.	This paragraph relates to paragraph 7, 37 and all non compliance listed. Refer to management comment and actions listed against each paragraph.	N/A	N/A	N/A
59	Governance	No risk assessments were performed during the year under review in order to manage risks within the control environment. In addition, the audit committee and internal audit did not function throughout the year.	Management agrees with the finding raised.	MM	A institutional risk assessment was performed in November 2013 and the register is being finalised by 31 January 2014. Refer to audit committee and internal audit actions above.	28-Feb-14

ANNEXURE ‘I’

MFMA IMPLEMENTATION REPORT: MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVEL

Name and adress of the municipality municipal entity:

Contact person:		Phone no.	Email address:			
Description	A. Total number of officials employed by municipality (Regulation 14 (4)(a) and (c)	B.Total number of officials employd by municipal entities (Regulation 14 (4)(a) and (c)	Consoloidated Total of A and B	Consolidated: competency assessments completed for A and B (Regulation 14 (4)(b) and (d)	Consolidated: total number of officials whose perfomance agreements comply with Regulation 16 (Regulation 14(4)(f)	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14 (4)(e)
Financial officials						
Accounting Officer	1		1	1	1	1
Chief Finacial Officer	1		1	1	1	1
Senior manager	4		4			
Any other financialofficials						
Supply Chain Management Officials						
Head of Supply Chain Management unit	1		1			
Supply Chain Management Managers						
Total						

Declaration (to be completed by the Municipal Manager of municipality or the Chief Executive Officer of a municipal entity)

I, Lasi Swana .... (Insert Full name), holding the position of Municipal Manager / Chief Executive Officer hereby certify this to be true and accurate record of the implementation of the Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels for officials in the municipality and / or municipal entity as at 30 / 06 / 2013 (DD/MM/YY) ____ (Signature) 30/6/2013 (Date)