



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

OVERSIGHT REPORT 2014 / 2015

*Kodumela
moepa thutse*

VISION

A participatory municipality that turns prevailing challenges into opportunities for growth and development through optimal utilization of available resources.

MISSION

To ensure delivery of quality services through community participation and creation of enabling environment for economic growth and job creation.

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MUNICIPAL PUBLIC ACCOUNTS COMMITTEES OVERSIGHT REPORT ON THE 2014 / 2015 ANNUAL REPORT TO THE COUNCIL.

1. PURPOSE

The purpose of this report is to present the Municipal Public Accounts Committees Oversight report on the 2014 / 2015 Annual Report to council for adoption.

2. BACKGROUND

In line with the provision of Municipal Finance Management Act (section 121) and Municipal Systems Act (section 46) Council is required to play an oversight role on the work of the Executive Committee.

The Draft Annual Report 2014/2015 was tabled before the Council of the Blouberg Municipality's sitting of 31st January 2016 for adoption and for the public to make inputs and comments.

Municipal Public Accounts Committee as the committee responsible for the oversight role was tasked with playing the oversight on the Annual report and engaging the public on same in line with section 33 and 79 of the Municipal Structures Act of 2000 as amended.

The Committee had a successful meeting with Office of the Auditor – General on the 04th February 2016 and its objective was to permit the Auditor – General an opportunity to unpack the Audit Report and also to advise and guide the committee on how to address issues with regard to the oversight when they will be addressing Management, Conducting Public Consultations and Public Hearings and also to discuss the Audit Report and the opinion obtained by the Municipality.

And 02 Meetings with Management of Blouberg Municipality on the 11th and 22nd February 2016 regarding the observations made on the Annual report and to allow the Management to answer the issues raised in the Auditor General's Report and they were able to respond and give further clarity to most of the issues raised by the Committee.

The Action plan on the interrogation of the Annual report was developed and the programme of engaging with the community and different Stakeholders was also drafted.

The Public Consultations meetings with the public were successfully conducted in 03 Clusters with a combination of All Wards on the 23rd February 2016 at Inveraan MPCC, on the 25th February 2016 at Langlaagte MPCC and lastly on the 08th March 2016 at Pax Community Hall. The Programme of Action is attached as an Annexure "A".

On the 24th March 2016, the Municipal Public Accounts Committee managed to host the Public Hearing on the Draft 2014/2015 Annual Report to allow Management to respond and clarify the committee on issues raised by the Auditor General and issues pertaining to the Draft Annual Report for the year ended 30 June 2016.

3. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE PROGRAMME OF ACTION

The Programme of action was developed for the purpose of Public Consultations and Public Hearing for the Municipal Public Accounts Committee to execute the mandate on the Annual Report. **Attached find the Programme as “Annexure A”.**

ANNEXURE “A”



PROGRAMME OF ACTION FOR MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (03RD QUARTER 2015 - 2016)

DATE	DESCRIPTION	VENUE	TIME	MAIN CONSIDERATION
14 January 2016	MPAC Meeting	Municipal Boardroom	10h00	Implementation of the 3 rd quarter Action Plan.
04 February 2016	MPAC Meeting Auditor-General	Municipal Boardroom	11h00	Presentation of the Audit Report.
11 February 2016	MPAC Meeting Management	Municipal Boardroom	11h00	Unpacking of the Draft Annual Report. Clarification of issues on Annual Report.
15 February 2016	MPAC Meeting	Municipal Boardroom	10h00	Interrogation of the Annual Report and Formulation of Questions to Management.
16 February 2016	Submission of questions to Management	Municipal Boardroom	10h00	Submission of questions to Management.
22 February 2016	Special MPAC Meeting with Management	Municipal Boardroom	10h00	Preparation for the Public Participation of the Annual Report (Responses from Management).
23 February 2016	MPAC Public Participation (Cluster A) Wards: 07, 08, 09,10,12,14 & 19.	Inveraan MPCC	11h00	Solicit inputs from Stakeholders and Community.
25 February 2016	MPAC Public Participation (Cluster B) Wards: 01, 02, 03,04,05,06 & 21.	Langlaagte MPCC	11h00	Solicit inputs from Stakeholders and Community.
08 March 2016 (Cluster B)	MPAC Public Participation (Cluster C) Wards: 13, 15,16,17,18 & 20.	Pax Community Hall	11h00	Solicit inputs from Stakeholders and Community
23 March 2016	Special MPAC Meeting	Municipal Boardroom	10h00	Preparation for the Public Hearing

24 March 2016	MPAC Public Hearing	Municipal Boardroom	11h00	Public Hearing
30 March 2016	MPAC Meeting	Municipal Boardroom	10h00	Consolidation and Adoption of the Oversight Report before tabling to Council.
31 March 2016	Council Meeting	Terwischen (Flying Birds Sports Ground)	12h00	Tabling of Oversight Report to Council.

RESPONSES FROM MANAGEMENT

Blouberg Municipality



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QUESTIONS TO MANAGEMENT

TO : ACTING MUNICIPAL MANAGER

CC : SENIOR MANAGERS

FROM : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

DATE : 17 FEBRUARY 2016

**SUBJECT : QUESTIONS FROM THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON
THE 2014/15 PERFORMANCE REPORT AND AUDITOR – GENERAL ON
THE FINANCIAL STATEMENTS OF BLOUBERG LOCAL MUNICIPALITY
FOR THE YEAR ENDED 30 JUNE 2015.**

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

TECHNICAL SERVICES

NO	PROJECT NAME	KPI NO	QUESTION	MANAGEMENT RESPONSE
1.	Construction of Senwabarwana Internal Street and Storm Water Road Phase 3	1.	Why was the target for the construction of Senwabarwana Internal Street not achieved?	Delay in delivery of paving bricks by the supplier due to high demand. The project has so far being completed.
2.	Inveraan Multi Purpose Community Centre	11.	Why was the target for the construction of Inveraan Multi Purpose Community Centre not achieved?	Poor performance of contractor and he was on terms as per the GCC.

3.	Electrification of Diepsloot	14.	Why was the target not achieved on the electrification of Diepsloot?	Diepsloot target was achieved. Only six units which were not part of the original specification was outstanding and is currently completed in house.
4.	Electrification of Ward 17 Ext (Sais, Grootpan, Simpson and Arrie)	16.	Why was the target not achieved on the electrification of Ward 17 Extensions?	Contractor terminated his contract due to under quoting and the second bidder was appointed and the project is completed and energized.
KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT MUNICIPAL MANAGER'S OFFICE				
5.	Support for Special Focus	17 - 32.	Why was the target on the support for special focus not achieved? What caused the delay in terms of the appointment of Special Focus Officer? When will the Special Focus Officer be appointed?	Staff capacity constraints Position was advertised but could not be filled in time The position will be filled once the moratorium on staff appointments by the COGHSTA is uplifted.
KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CORPORATE SERVICES				
6.	Skill Development	40.	Why was the target on skill development (number of employees to be trained) not achieved?	Insufficient budget
7.	Skill Development	44.	Why was the target not achieved on the implementation of WSP?	Insufficient budget
KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT TECHNICAL SERVICES				
8.	Plant and Equipment	47.	Why was the target on plant and equipment not achieved?	Delay on delivery of parts from the supplier.
9.	Culverts	51.	What caused the delay in the purchase and construction of culverts and why was the target not achieved?	Continuous breakdown of plant. Currently a low bed truck has been purchased to ease the movement of plant and machinery. Operators and potential operators are currently on training for the operation of heavy plant and machinery.
10.	Operation and	52 – 54.	Why was the target on the operation	Continuous breakdown of

	Maintenance of Internal Streets		and maintenance of Internal Streets not achieved?	plant. Currently a low bed truck has been purchased to ease the movement of plant and machinery. Operators and potential operators are currently on training for the operation of heavy plant and machinery.
KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT				
CORPORATE SERVICES				
11.	Office Equipment	56.	Why did the Municipality fail to achieve the target on the procurement of office equipment?	Insufficient budget
12.	IT Backup Systems	57.	Why did the Municipality fail to achieve the target on the renewal of backup system?	The Municipality did not have the backup on hard disc whilst working on the renewal of IT infrastructure
KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT				
COMMUNITY SERVICES				
13.	Waste Management Expansion	60.	Why was the target on the waste management expansion not achieved?	CDM delayed to provide the waste truck in time. The truck was bought in June and was delivered on 1 July 2015
14.	Traffic Management	67.	Why was the target on the purchase of traffic management systems not achieved?	This was caused by the redirection of funds to RTMC as they found that the Municipality owed Prodiba. The company threatened to stop with the issuing of licence cards. The system was budgeted for in the 2015\16 FY as well.
15.	Purchase of Computers	73.	Why was the target on the purchase of computers not achieved?	Budget got exhausted
16.	Employment Equity	75.	Percentage on the implementation of the Employment Equity Plan was not indicated and why was the target not achieved? Why does the Municipality fail to employ people from the designated minority groups?	Designated groups, especially whites not responding to municipal job adverts
17.	Performance	81.	Why was the target on the performance	Insufficient staff. The HR

	Management System Implementation		management system (cascading of the PMS) implementation not achieved?	Manager has been tasked to work alongside the PMS Manager
18.	Institutional Management Meetings	85.	Why was the target on the Institutional Management Meetings not achieved?	Crucial and urgent council commitments
19.	Local Intergovernmental Relations	88.	Why was the target on the number of local intergovernmental relations meetings not achieved?	Poor response from local government departments
KPA 3: LOCAL ECONOMIC DEVELOPMENT				
20.	Poverty Alleviation	90.	Why did the Municipality fail to give financial support to poverty alleviation projects?	Needs analysis done for four poverty alleviation projects and submitted to Budget and Treasury for procurement.
21.	Hawkers Stalls and Hawkers Management	99.	Why did the Municipality fail to manage and regulate Hawkers Stalls?	Insufficient infrastructure support to hawkers. Lack of buy-in from the leadership of hawkers especially in Senwabarwana
22.	Tourism Development	101.	Why was the target on the development of tourism not achieved?	Incomplete tourism facility
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT				
23.	Support of Financial Viability and Management Structures/Forums	104.	Why was the target on the number of meetings of the Budget Steering Committee not achieved?	Crucial but urgent council programs that necessitated postponement
24.	Revenue Management	109 – 110.	Why was the target on the revenue management not achieved?	Poor payment patterns by government departments, Senwabarwana residents and some commercial farmers
25.	Expenditure Management	113.	Why was R35m spent against the projected R38m?	The implementation of austerity measures vis-à-vis collection rate
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION				

26.	Auditing	129,130,172,173&174.	Why were the targets on Auditing not achieved?	Targets not achieved were mainly those related to IT. This was due to lack of funds to acquire the required IT equipments. This is now in the process of being addressed as we have made provision of 1.3 million to fix and upgrade our IT infrastructure. The other item which was not fully addressed was the one relating to Unauthorized, Irregular and Fruitless Expenditure.
27.	Community Participation	132.	Why was the target on coordination of Ward Public Meetings not achieved?	Lack of cooperation and commitments by some ward councilors.
28.	Public Participation	148.	Why was the target on the programme of public participation not achieved?	Lack of cooperation and commitments by some ward councilors.
29.	Communication Management	180 – 181	Why was the target on Communication Management not achieved?	There was no budget for paid interviews but the media was engaged on non-paid interviews.
30.	Audit Queries	201 – 202	Why was the target on Audit Queries not achieved?	Targets not achieved were mainly those related to IT. This was due to lack of funds to acquire the required IT equipments. This is now in the process of being addressed as we have made provision of 1.3 million to fix and upgrade our IT infrastructure. The other item which was not fully addressed was the one relating to Unauthorized, Irregular and Fruitless Expenditure.
KPA 6: SPATIAL PLANNING AND RATIONALE				
31.	Land Acquisition	211 – 213	Why was the target on Land Acquisition not achieved?	Delays from the Department of Rural Development and Land Reform, as well as the Department of Public Works

32.	Township Establishment	214 – 215	Why did the target on the establishment of township not achieved?	The Tolwe pre-approved general plan was submitted to the Surveyor-General and currently the Municipality is awaiting the approval from that office.
33.	Human Settlement	216	Why was the target on the Human Settlement not achieved?	The reduction in the number of Housing units by COGHSTA

CHAPTER 5 : ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

Assets

Current Assets and Non – Current Assets

a. The Municipality should give thorough explanation regarding the Current Assets and Non-Current Assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. Municipal Infrastructure Grant (MIG)

	2015	2014
Balance unspent at beginning of the year	: 9 779 376	7 877 644
Current – year receipts	: 43 408 000	30 326 000
Conditions met – transferred to revenue	: (43 486 552)	(28 424 268)
Grant withheld	: (859 658)	-
	8 841 166	9 779 376

QUESTION 34

a. Why did the municipality fail to spend R8 841 166 for 2014/2015 Financial Year?

RESPONSE: response provided above and in addition the top up of R5 million in additional funding was not part of the original budget and was added just to formalize the transfer.

b. Are finance officials capable of their work or is there an apparent lack of capacity on their part?

RESPONSE: the Budget and Treasury office has capable staff, however, there are capacity gaps that still need to be addressed hence the bulk of the staff is currently being offered capacity training through accredited institutions. There are also challenges with regard to the staffing of the department

c. Who are the responsible officials?

RESPONSE:

d. Which corrective measures were put in place in respect of the said officials?

RESPONSE:

e. What corrective measures has the municipality taken to ensure that these are not repeated?

RESPONSE:

31.2 MTN Telephone expense

The municipality received invoices in respect of cell phone usage for municipal employees and councilors and it was accounted for in the previous financial year resulting in payables from exchange transactions and general expenses being understated. Comparative figures has been restated and the effect of the change is as follows: -

General Expense – Telephone	: R607 970. 00
Payables from exchange of financial position	: R1 442 837,00
Accumulated Surplus	: R834 867, 00

QUESTION 35

a. How much does the municipality owe MTN to date?

RESPONSE:

According to the latest letter of demand via MTN attorneys the municipality owes the company an amount of R1,2 million but could not substantiate such with proof thereof. The Municipality intends sourcing the services of attorneys to lay the matter to rest.

b. Who are the responsible officials and Councillors? Provide list of officials and Councillors and each amount owed to the municipality.

RESPONSE:

CHAPTER 6

AUDITOR GENERAL'S REPORT

QUESTION 36

FRUITLESS AND WASTEFUL EXPENDITURE

- a. According to the AG's report the municipality incurred fruitless and wasteful expenditures which were never investigated, so how is the municipality going to recover those funds as MFMA on section 32 Subsection 2(b) ii.**

RESPONSE: the matter was beyond the control of management and no person can be held liable for the wasteful and fruitless expenditure incurred. The bulk of interests charged was mainly necessitated by the post office strike

QUESTION 37

EMPHASIS OF MATTERS

- a. Is there any Turnaround Strategy regarding emphasis of matters raised in the Auditor's Report? If yes, provide.**

RESPONSE: an audit action plan has been developed by management as a tool for turnaround.

4. PUBLIC CONSULTATIONS AND PUBLIC HEARING

- a. The public meetings were arranged according to three clusters namely: Cluster A, B and C.
- b. Cluster A was convened at **Inveraan MPCC on the 23 February 2016** and the following Wards attended: Wards 07, 08, 09, 10, 11, 12, 14 and 19. A total number of 265 registered their attendance for the Public Consultation at Inveraan.
- c. Cluster B convened at **Langlaagte MPCC on the 25 February 2016** and the following Wards participated: 01, 02, 03, 04, 05, 06 & 21. A total number of 260 registered their attendance for the public Consultation at Langlaagte.
- d. Cluster C convened at **Pax Community Hall on the 08 March 2016** and the following Wards attended: 13, 15, 16, 17, 18, and 20. A total number of 203 registered their attendance for the public hearing at Pax.
- e. The Public Hearing on the 2014 / 2015 Draft Annual Report was arranged on the **24th March 2015 in the Blouberg Municipality Council Chamber** and a total number of 50 people attended the session.

5. COMMITTEE OBSERVATIONS / FINDINGS ON ANNUAL REPORT

- a. Shortage of staff compromises Council work
- b. Some of the MPAC Councillors mobilized people for political gains and not for government purposes
- c. Lack of commitment from other MPAC Councillors.
- d. Matters raised by the Internal Audit and External Audit Committees are not taken into considerations.
- e. Some of the Community members are still struggling to differentiate between MPAC Public Consultations and IDP Consultations.
- f. Late deliveries of the documents to Community Members lead to the lack of participation during the Public Consultations.

6. RECOMMENDATIONS (RESOLUTIONS) ON 2014/ 2015 DRAFT ANNUAL REPORT

- The Municipality should strive back in order to obtain the unqualified audit opinion.
- People should be employed based on their required qualifications to perform their daily tasks effectively and efficiently.
- All matters of emphasis appearing in the Auditor – General’s Report must be attended to.
- Electricity loss must be the things of the past. The Municipality should encourage the community to save electricity.
- Unauthorized Expenditure and Irregular Expenditure must be investigated and consequences management must be applied to responsible Personnel.
- Supply Chain Management Policy must not be compromised. Violation of the policy must lead to the consequences.
- Revenue management must be informed through consultation of the Executive Committee.
- Annual Financial Statements must be prepared on time.
- Assets Policy of the Municipality should be strengthened.
- Performance contracts should be signed by all Municipal Employees.

- All findings from the audit committee must be done properly in order to improve the opinion of the Municipality.
- The action plan of the Municipality should be implemented.
- All projects should have reports for feasibility studies.
- All projects must be researched before a visit can take place.
- Rolled over projects will no longer be accepted and appointment of the Contractors should be done according to the given scope of work.
- Before any appointment of any Contractor, the Municipality should have their records and encourage them to have sub-contractors from the local.
- Legal actions be taken against the MTN Issue.
- There is a need for compliance in terms of the operations and maintenance of the technical resources.
- The issue of the consumer debtors should be dealt with as a matter of urgency.
- Receivables from exchange transitions should no longer be tolerated
- The Municipality should drill water where there is water and with consultation with the department of water affairs.
- Finance staff members should always adhered to finance policies.
- The MPAC be provided with an office space.

9. ISSUES RAISED BY COMMUNITY MEMBERS DURING PUBLIC PARTICIPATIONS

- a. Why did an effective system of internal controls for assets including the assets register not in place as required by Section 63(2)(2)(c) of the MFMA?
- b. Why did the Municipality appoint 02 Drivers of the Mayor and acting allowances paid to suspended employees (Municipal Manager and CFO)?
- c. Why did the Municipality experience the Fruitless and Wasteful Expenditure amounting to R328 757 in 2015 and R213 313 in 2014?
- d. Why did the R8m grant not Spent?
- e. Why did the municipality prioritize the internal streets projects whilst some villages still having challenges on the access roads?

10 CONCLUSION

That the Council adopts the 2014 / 2015 Draft Annual Report based on the above mentioned Recommendations from the Municipal Public Accounts Committee.


CLR. NTLATLA M.W
CHAIRPERSON: MPAC

27/03/2016.
DATE