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FINAL
Annual Report
2012/2013



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OVERSIGHT REPORT PRESENTED TO COUNCIL ON 26 MARCH 2014

FORWARD BY CHAIRPERSON OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Mr Speaker, Executive Mayor, Councillors and Officials

It is with privilege that I present to Council today the Oversight Report on the Annual Report of the 2012/2013 financial year. I can confirm that the Annual Report of Cacadu District Municipality was assessed with due diligence, by each member of the MPAC, and found to be a true reflection of the status and performance of the District Municipality and furthermore, complies with the lawful framework as prescribed by the MFMA. The MPAC has fulfilled its duties in terms of the provisions of the Local Government Municipal Structures Act no. 117 of 1998 and the Municipal Finance Management Act no. 56 of 2003 regarding the exercise of oversight.

The MPAC remains a functional committee and still endeavors to have a positive influence on audit outcomes. Issues of good governance and financial oversight retain the status of high priorities.

MPAC's have passed the need for induction. The audit and development of skills must form the basis of the current phase. The constant support of SALGA is noted with appreciation, but Provincial Government is implored to extend their mandate of support to Local Municipalities to include the MPAC, in terms of their legislative duty as defined in Section 155 subsection 6(a)(b).

It is also to be noted that oversight cannot be practised in watertight compartments; it is a shared function and responsibility. It should reflect a sifting process that commences at the level of senior managers, flows through a system of checks and balances and quality assurances, and when eventually tabled at an MPAC meeting, the necessary, proper and complete comments must form part of such reports. Reports without comments of engagement reflect a lack of due diligence, and therefore compromise the quality of oversight the MPAC can afford to such a report. Furthermore, the nature and scope of the relationship between committees [Mayoral Committee, MPAC, Audit Committee, etc.] needs to be clearly and unambiguously defined by Council to eliminate grey areas and to foster good practice.

In dealing with the Annual Report being tabled today and recommended for adoption, the MPAC paid particular attention to the following areas:

1. Financial Performance
2. Non-financial Performance
3. Legal Requirements
4. Legal Framework
5. Mistakes & Errors

The improvement once again in audit performance of our Municipality stands clearly noticeable. As a Committee, may we also congratulate our Executive Mayor on achieving consecutive Vuna excellence. May she continue on this exemplary path.

Allow me also to commend the Accounting Officer, the Executive and Administration on the improvement within repeated unqualified audit outcomes; of particular notice is the fact that

there were no repeat transgressions of previous findings. The implementation of the Operation Clean Audit Tool (OCAT) during the coming audit period is also most encouraging.

As the Chairperson of the MPAC, my objectives for the new audit period will include:

- Improving the quality of oversight on financial performance
- Closely monitoring the Audit File
- Strengthening the capacity support to Local Municipality MPAC's and assisting to establish the District-Wide MPAC Forum
- Improve on the number of in-year monitoring meetings of the MPAC
- The review of the ToR of the MPAC and development of a new Work Plan

For the purpose of transparency and to the knowledge of all non-executive councillors and the public present here today, I will table this report by means of a holistic approach for the purpose of clarity.

COUNCILLOR H M HENDRICKS
CHAIRPERSON

INTRODUCTION

Council is vested with the responsibility to oversee the performance of its 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 (Systems Act) recognise that council has a critical role to play to ensure better performance by municipal departments and entities. An explicit linkage exists between the strategic goals determined by the Council through the IDP process. These strategic goals 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 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 | Community |
| Executive Mayor | Policy, budgets, outcomes, management of / oversight over municipal manager | Municipal Manager | Council |
| Municipal Manager | Outputs and implementation | The Administration | Executive Mayor |
| 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 based 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.

BACKGROUND

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.

The annual report:

- **is meant to be a backward-looking document, focusing on performance in the financial year that has just ended; and**
- **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 section 121 of the MFMA and MFMA Circular No 11 issued by National Treasury on 14 January 2005, read in conjunction with MFMA Circular 32 of 2006. It should be noted that in terms of MFMA Circular 63 of 2012, the current format and time frames for preparation of the annual report have been amended by National Treasury, and that the new format for the annual report will be effective from the 2013/2014 financial year.

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 report 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.

APPOINTMENT OF MPAC

Council on 12 October 2011 resolved that a Municipal Public Accounts Committee be established to perform the oversight function on behalf of Council. This includes the detailed analysis and review of the annual report, and drafting an oversight report for consideration by Council. Council's By-Law relating to the Standing Rules and Orders of the Council was amended in 2013 by replacing the Oversight Committee under sections 33 and 79 of the Municipal Structures Act 1998, with the Municipal Public Accounts Committee.

In terms of the Resolution of Council dated 12 October 2011, the MPAC comprises of non-executive members as detailed below:

| | |
|--------------|----------------------------|
| Chairperson: | Cr Horatio Mario Hendricks |
| Members: | Cr S Lucas |
| | Cr K C Ncamiso |
| | Cr S A Mngwevu |
| | Cr A Booysen |
| | Cr B A Manxoweni |
| | Cr A L Nortjé |
| | Cr R M J Gailey |
| | Cr E A Goliath |

FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS/OVERSIGHT COMMITTEE:

In so far as the Annual Report is concerned, MPAC is required to perform the following functions of the former Oversight Committee:

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.

- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

PROCESS OF ASSESSMENT OF THE ANNUAL REPORT

The draft annual report for 2012/2013 was tabled at the Council meeting held on 29 January 2014, when it was resolved as follows:

- (a) that the Annual Report for 2012/2013 be made public in terms of section 127(2) of the MFMA and that the local community be invited to submit representations in connection therewith;
- (b) that the draft annual report be submitted to the next meeting of the Cacadu Municipal Public Accounts Committee (MPAC) for analysis and review.

In dealing with the tabled annual report, the Council is required to adopt an oversight report by not later than two months from date of tabling, which for the 2012/2014 annual report will be 26 March 2014.

Advertising Process

After Council meeting on 30 January 2014, and in response to the Council resolution taken at that meeting, the CDM Annual Report for 2012/2013 was made public in terms of section 127(2) of the MFMA and the local community was invited to submit representations in connection therewith.

Official notices advising where the annual reports could be viewed and inviting representations from the public were placed in the local newspapers and on the Municipality's website. The notice was published in The Herald on 3 February 2014 and thereafter also in the first available publication of the following community newspapers:

Our Times
Talk of the Town
Kouga Express
Graaff-Reinet Advertiser
Somerset Budget
Grocotts Mail

Copies of the official notices placed in the local newspapers are attached as **Annexure "A"**. Copies of the annual report were placed in the offices of the CDM administration as well as the offices of all local municipalities.

Copies of the report were forwarded to the following as required by the MFMA:

- Auditor-General
- Provincial Treasury

- Provincial Department of Local Government and Traditional Affairs.

A copy was also forwarded to National Treasury in compliance with the request contained in MFMA Circular 63/2012.

Responses received

No responses were received by the closing date for input.

SUMMARY OF COMMENTS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ON ANNUAL REPORT OF CACADU DISTRICT MUNICIPALITY FOR 2011/2012

The 2012/2013 Annual Report of the Cacadu District Municipality was referred to MPAC for deliberation. The MPAC held a meeting on 27 February 2014. A copy of the minutes of this meeting is attached as **Annexure "B"**.

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.

The Committee made a number of corrections and requested some additional information, all of which has been brought about in the report tabled before Council on 26 March 2014. The Committee also raised various issues that were responded to by the senior officials of the CDM.

Notwithstanding the issues raised, MPAC considered that the annual report of the Cacadu District Municipality constitutes a fair and reasonable record of the performance of the municipality, and recommended that it be adopted without reservation.

CONCLUSION

The MPAC commends Council, the Municipal Manager, the Senior Managers and all staff at CACADU District Municipality on the strides made towards good governance and encourages the Municipality at large to strive for the achievement of a clean audit. Emphasis is placed on the work to be performed in the areas of supply chain management and project performance and the 2013/2014 financial year must target focussed attention in this area.

Having performed the following tasks:

- Reviewed and analysed of the Annual Report;
- Considered comments and representations received;
- Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- Prepared the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors;

the MPAC has pleasure in presenting the Oversight Report to Council to consider the following resolutions which will then be forwarded to the relevant Departments and Provincial Legislature:

RESOLUTION ADOPTED BY COUNCIL IN ACCORDANCE WITH SECTION 129 (1) OF THE MFMA:

- (a) That cognizance be taken of the Oversight Report on the 2012/2013 annual report of the Cacadu District Municipality;
 - (b) that the Council, having fully considered the annual report referred to in (a) above, adopts the Oversight Report;
 - (c) that the 2012/2013 Annual Report of the Cacadu District Municipality be adopted without reservation;
 - (d) That the Oversight Report be made public in accordance with section 129(3) of the Municipal Finance Management Act (Act 56 of 2003);
 - (e) That the Oversight report be submitted to the Provincial Legislature in accordance with section 132(2) of the Municipal Finance Management Act (Act 56 of 2003)
-

CACADU DISTRICT MUNICIPALITY
ANNUAL REPORT – 2012/2013

Pursuant to section 127 (5) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) and section 21A of the Local Government: Municipal Systems Act, 200 (Act No 32 of 2000) the Cacadu District Municipality invites local communities to submit written comments or representations in connection with its Annual Report for the period 1 July 2012 – 30 June 2013.

The Annual Report can be viewed on the CDM's website www.cacadu.co.za. A copy is also open for inspection in the office of the Senior Administrative Officer, Office of the Municipal Manager, 7th Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth during normal office hours.

Any person who cannot write may visit the aforementioned office as stated, and receive assistance in compiling his/her comments or representations.

Any comments or representations must be submitted in writing to the Office of the Municipal Manager, PO Box 318, Port Elizabeth 6000, 2nd Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth 6001, by no later than Monday 24 February 2014.

NOTICE NO. 16 OF 2014 DATED 03 FEBRUARY 2014.

CACADU DISTRICT MUNICIPALITY
ANNUAL REPORT – 2012/2013

The Cacadu District Municipality invites local communities to submit written comments or representations in connection with its Annual Report for the period 1 July 2012 – 30 June 2013. The Annual Report can be viewed on the CDM's website www.cacadu.co.za. A copy is also open for inspection at the following places during normal office hours:

Office of the Municipal Manager, 7th Floor, Standard Bank Building, 32 Govan Mbeki Avenue, Port Elizabeth
Baviaans Municipality, 42 Wehmeyer Street, Willowmore
Blue Crane Route Municipality, 67 Charles Street, Somerset East
Camdeboo Municipality, Town Hall Building, Church Square, Graaff-Reinet
Ikwezi Municipality, 34 Main Street, Jansenville
Kouga Municipality, Da Gama Road, Jeffreys Bay
Kou-Kamma Municipality, 5 Keet Street, Kareedouw
Makana Municipality, City Hall, High Street, Grahamstown
Ndlambe Municipality, Civic Centre, Causeway, Port Alfred
Sundays River Valley Municipality, 30 Middle Street, Kirkwood

Any person who cannot write may visit the aforementioned office as stated, and receive assistance in compiling his/her comments or representations.

Any comments or representations must be submitted in writing to the Office of the Municipal Manager, PO Box 318, Port Elizabeth 6000, 2nd Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth 6001, by no later than Friday 14 March 2014.

NOTICE NO. 16 OF 2014 DATED 2014.

ANNEXURE "B"

MINUTES of a meeting of the **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)** held in the Council Chamber, 6th Floor, Standard Bank Building, Govan Mbeki Avenue, Port Elizabeth on **Thursday, 27 February 2014 at 11:00**

PRESENT

Councillor H M Hendricks (Chairperson)
Councillor R M J Gailey
Councillor E A Goliath
Councillor A L Nortjé
Councillor A Booysen
Councillor S Lucas
Councillor B Manxoweni

Officials

Director: Finance and Corporate Services (De Lange D)
Director: Infrastructure Services & Planning (Makedama B)
Manager: Corporate Services (Stuurman Z)
Acting Manager: Finance Services (Lorgat R)
Legal Officer (Antony F. Ms)
Project Manager: Tourism Development & Marketing (Mgudlwa T)
Committee Clerk (Jonathan S Ms.)
Committee Clerk (Dabaza C.P. Ms.)

Other

Gradwell C Ms (EC Treasury)
Welch C (AGSA Office)
Zamisa S G (Chairperson : Audit Committee)
Prof. Prinsloo FE (Acting Chairperson : Audit Committee)

Apologies

Cr K C Ncamiso

1. **OPENING**

The Chairperson read the notice convening the MPAC meeting as stated in the Agenda and requested Councillor Goliath to lead with prayer whereafter all in attendance were welcomed.

NOTED

2. **APOLOGIES**

As recorded above.

3. **DECLARATION OF BUSINESS INTEREST BY MEMBERS OF THE MPAC**

None.

NOTED

4. **PRESENTATION/DEPUTATION**

A presentation on **Project Conflict Resolution and Development: Local Government Financial Transparency & Accountability Project** was made by Mr. Mike Bandle from **PCRD**.

The presentation touched on the following issues:

- The Project assists District Municipalities to strengthen and empower Local Municipalities' Audit Committee and MPAC to improve community accountability.
- The Project will work with the CACADU District Municipality and the nine local municipalities in the District.
- The project will start with three (3) Municipalities out of the nine (9)
- That the PCRD will also assist with setting up a Public Participation Unit.

It was

R E S O L V E D

that it be recommended to Council as follows :

- (a) that a report be prepared regarding the project and be submitted to the Mayoral Committee and to the Council;
 - (b) that Council nominates three Local Municipalities which will participate in Project Conflict Resolution and Development and further nominate the members of the Task Team that will coordinate the Program.
-

5. **MINUTES OF THE PREVIOUS MEETING**

5.1 **Minutes of the meeting held on 08 October 2013**

5.1.1 **Item 6.1 : Quarterly SDBIP Performance Report : 01 January to 31 March 2012/13 Financial Year**

On Page nine (9) under column: **Answers from the Municipal Manager** first row the word "Constructor" was changed to Contractor.

On Page twelve (12) third (3) paragraph the word "emphases" was changed to emphasizes.

The minutes of the meeting held on 08 October 2013, having been circulated were taken as read, confirmed as amended and signed.

NOTED

5.3 **Matters Arising: Minutes of the meeting held on 08 October 2013**

5.3.1 **Item 4.2.2 : Quarterly SDBIP Performance Report : 01 January to 31 March 2012/13 Financial Year**

The Director Finance and Corporate Services reported that the rollover of the MSIG funds amounting to R200 000, 00 was approved by National Treasury.

NOTED

6. **REPORTS REFERRED BY MPAC TO COUNCIL**

6.1 **Special Investigations**

It was

R E S O L V E D

that this matter be recorded in the Special Minute Book (General).

7. **REPORT BY MUNICIPAL MANAGER**

7.1 **Quarterly SDBIP Performance Report: 01 January to 31 March 2012/13 Financial Year**

On page seventeen (17) the word "fourth quarter" was corrected to read as second quarter. The Chairperson mentioned that the SDBIP document would not be dealt with page by page as was done in the previous meeting because the report has been dealt with at the Mayoral Committee and Council meetings. However the MPAC members were at liberty to raise their concerns which would be dealt with.

Councillor Goliath concurred with the Chairperson that the report has been dealt with and further mentioned that the content of the SDBIP document was correct, and only the dates needed to be amended to reflect the correct financial year.

It was thereafter

RESOLVED

that the Quarterly SDBIP Performance Report: 01 January to 31 March 2012/2013 Financial Year be noted.

7.2 **Management Report – December 2013**

The Chairperson stated that the AG Management Report was lengthy and proposed that the report be dealt with as a separate item from the Annual report, because he wanted the Committee to debate on the findings of the AG. He further asked the members if they wanted to defer the report to the next meeting. It was agreed that the report be deferred to the next MPAC meeting.

The Director Finance and Corporate Services mentioned that the Audit Action Plan was dealt with by Audit Committee and that the plan indicates the AG's recommendations on how to deal with the findings. The Management Report is usually dealt with by the Audit Committee which has the responsibility to make sure the findings were dealt with effectively. Mr. Welch from AGSA advised MPAC that the document still reflected as a draft and the comments that they added to the final document were not reflected in the current document.

He therefore advised that the document be discussed in the next MPAC meeting where comments from Council and Audit Committee would be included in the document. The Chairperson also requested the Director Finance and Corporate Services to include the plan that he presented to Audit Committee in the agenda for the next meeting of MPAC.

It was thereafter

RESOLVED

that the report be updated to include all relevant comments and information and referred to the next meeting of MPAC for consideration.

7.3 **Review of CDM Annual Report for the 2012/2013 Financial Year**

The Chairperson raised a concern that the Annual Report should be made simpler for the Community to understand and be able to read it. He mentioned five (5) things to be considered when dealing with Annual Report:

- Compliance with the Legal Framework
- Compliance with National Treasury and other Guidelines
- Legislative Requirements
- Performance of the Municipality against the Predetermined Objectives against IDP
- Errors in the report

The Chairperson also expressed concern regarding "copying and pasting" that was done in the current Annual Report. He mentioned that he took the last financial year

Annual Report and the current financial years Annual Report and did a comparison and found out that there was a lot of “copying and pasting” done to the current Annual Report. He stated that if the copying and pasting is done it must reflect the facts.

The Director Finance and Corporate Services explained the channels that the Annual Report follows within the Institution until it reaches the stage of printing. He further mentioned that the Senior Administrative Officer in the office of the Municipal Manager coordinates compiling of the Annual Report. He further mentioned that the copying and pasting when necessary was done by Departments.

The Chairperson mentioned that Local Government and Traditional Affairs required that the findings reflected on page 3 of the Annual Report: **Yearly Program Priorities Statement** must be signed by the Municipal Manager before the Annual Report is published.

The Director Finance and Corporate Services mentioned that additional text and explanation needs to be included on pages three (3) and (4). The Chairperson requested Director Finance and Corporate Services to place the “cold statistics” in context and to add additional comments.

Councillor Goliath referred to page sixteen (16) under heading: the **Grading of Local Authority** and stated that it should be changed from grade 5 to grade 9.

Councillor Goliath further requested that from page eighteen (18) to page twenty two (22) a column be inserted to include details regarding the vacancies

The members of the MPAC agreed that the Annual Report numbering should be checked and corrected.

Councillor Goliath mentioned that on page thirty (30) the statistics provided in respect of water and sanitation backlogs are the same as those reported in the previous financial year. It was requested that updated statistics should be provided.

Chairperson mentioned that on page thirty four (34) item 3.2.2 under heading: **LED District Support Team** he noticed that the Departments are “copying and pasting” as the whole paragraph is the same as stated in the previous Annual Report. He further mentioned that on page thirty five (35) the text under heading: **Strategic Objectives** has been copied from the previous Annual Report.

On page thirty seven (37) item 3.2.5.2 under heading: **Support to Festivals and Events** Councillor Goliath made a correction on the second paragraph, in the second sentence: to read as follows: The primary focus of these projects was to embark on sustainable development of local talent and create space for local artists to perform at other festivals around the world.

On page thirty eight (38) item 3.2.5.3 under heading: **Support to Tourism Education and Training** Chairperson raised the concern that the whole paragraph is the same as in the previous Annual Report and only the date has been changed.

The Project Manager: Tourism Development & Marketing explained that the programs end and that the new graduate intakes occur in July every year therefore the most recent intake graduated in July 2013.

On page thirty eight (38) item 3.2.5.5 under heading: **Cacadu”7 Wonders of our World” campaign** the Chairperson raised the concern that the event is the same as in the previous Annual Report only dates and the use of acronyms changed.

The Project Manager: Tourism Development & Marketing advised that these exhibitions took place in the same month every year and the date was selected globally. The Chairperson requested proof that these two events that are reflected in two Annual Reports were not the same event and it was not “Copying and Pasting”.

On page thirty nine (39), item 3.3 Under Heading: **Annual Performance as per Key Performance Indicators in LED**, in row number four (4) information needs to be updated regarding the number of jobs created through EPWP.

The Director Finance and Corporate Services mentioned that the Senior Administrative Officer in the office of the Municipal Manager has a challenge in terms of responses from Departments. The Municipal Manager has given a mandate that if the information was not available by the specific date it would be highlighted in the report. He confirmed that the information would be updated and included to the report that goes to Council.

The Chairperson requested that information regarding REDI meetings be provided in the next MPAC meeting. He further queried which DST meetings should be included in the first column.

On page thirty nine (39) item: 3.3 under heading: **Annual Performance as Per Key Performance Indicators in LED**, it was enquired whether the word “Beneficiary” should be included under Achieved.

The Chairperson queried whether the report on Equitable Share that is being withheld should not form part of Annual Performance as Per Key Performance Indicators in Financial Viability. The Director Finance and Corporate Services will investigate whether it is relevant to include the information in the table.

The Chairperson indicated that in the Annual Report on page forty four (44) the functionality of the section 79 Committees, MPAC and Anti- Corruption and Fraud Prevention Committee is not included. It should be included in the same manner as Audit Committee functionality report has been included. Councillor Goliath queried whether the review of Anti- Corruption and Fraud Prevention committee was done and if so, it needs to be reflected in the 2012/2013 Annual Report.

On page forty six (46) to page one hundred and fifteen (115) Annual Financial Statements (AFS) are included. The Chairperson of MPAC informed the meeting that Councillor Reynolds was requested to peruse the AFS and to provide comments. He advised that Cllr Reynolds stated that the financial statements had been reviewed by management and the internal auditors and were audited by the AG which was adequate assurance of the accuracy and quality of the AFS.

On page one hundred and sixteen (116) the first paragraph on **Chapter Five (5): Good Governance and Public Participation – (KPA 5)**, Chairperson asked Director Finance and Corporate Services to investigate if it is relevant to include comments on the Amendments to the Rules of Order that took place 12 March 2013.

On Page one hundred and seventeen (117) under heading Members of the Council as at 30 **June 2013**, Councillor Goliath corrected his initials from E. Goliath to E. A. Goliath.

On Page one hundred and eighteen (118) the Heading **Number of Meeting 2011/2012** be changed to 2012/2013.

On page one hundred and eighteen (118), the Committee requested that the number of meetings should be updated in respect of CDM Health Council, District Aids Council, Heritage Advising Committee, Disaster Management Advisory Forum and Rules Committee, also the Anti – Corruption and Fraud Prevention Committee.

On page one hundred and eighteen (118) bullet number seven (7) the sentence was corrected to read as follows: Executive Mayor Kekana received the Mayor of the Year Award for the Eastern Cape Province.

The Chairperson queried whether the MPAC member or Chairperson should attend the District Public Participation Forum; the Director Finance undertook to investigate the matter and report back to MPAC meeting.

On page one hundred and twenty (120) under heading: **Other engagements during the year** a third bullet was added as follows: Screening of the Budget Speech 2013.

On page one hundred and twenty two (122) under heading: **Outreach and Community Liaison**: the word Izimbizo changed to “Imbizo”.

On page hundred and thirty (130) the Chairperson asked the Director Finance and Corporate Services to whether the analysis function is included under all GFS functions and to ensure uniformity of reporting.

On page one hundred and thirty one (131) paragraph five the word “ICT” was changed to IT.

On page one hundred and thirty three (133) Under the heading Description **of activity**, the last sentence under heading: **Secretarial/ Axillary** was changed to read as follows: the services include meeting arrangements, printing and distribution of agendas, keeping of minutes and a record of council resolutions that have been executed.

On page one hundred and thirty six (136): Under heading: Analysis of Function, the cost of personnel has been reported but this approach is not uniform in the Annual Report.

On page one hundred and forty four (144) the total was corrected to R7, 499,999.

On page one hundred and forty seven (147) the Chairperson asked Director and Finance and Corporate Services to investigate validity of the information.

On page one hundred and ninety two (192) **Development Priority 5: Institutional Development**, the information underneath the heading is missing.

On page one hundred and ninety seven (197), the Committee agreed that the functionality of MPAC be included in the report.

On page one hundred and ninety four (194) under heading: **Achievement of Planned Targets**: MPAC acknowledged the improvement in the performance plan.

On page one hundred and ninety seven (197) under heading: **Terms of Reference**, the paragraph was changed to read as follows: The Audit Committee has adopted appropriate formal terms of reference that have been approved by the Council and has executed its duties during the past financial year in accordance with these terms of reference and the relevant legislative requirements.

On page one hundred and ninety eight (198) under heading **Composition** it was queried whether the name of Prof Snelgar should be included in the report

On page two hundred and one (201) Mayoral Committee members were corrected to be five (5) members not six (6).

The Office of the National Treasury gave the summary of the details they look for in the Annual Report. Ms. Gradwell explained that the Annual Report is compared with Circular 63 and overall Cacadu District Municipality Annual Report was prepared in terms of Circular 63 and they are happy with that fact. She addressed one or two findings in the Annual Report as follows:

- The Function and Powers in terms of the Constitution and the MSA need to be included in the Executive Summary.
- Risk Assessment also needs to be included in the Executive Summary.
- The Annual Report has to be in line with the IDP in terms of the KPA'S and the targets must clear in the Annual Report.
- The Management must look at the Appendix in terms of Circular 63.

After further discussion, it was

R E S O L V E D

- (a) that the mentioned corrections and the editing of the Annual Report be done before the final document is submitted to Council for approval;
- (b) that it be recommended to Council as follows :

- (i) that cognizance be taken of the Oversight Report on the 2012/2013 annual report of the Cacadu District Municipality;
- (ii) that the Council, having fully considered the annual report referred to in (i) above, adopts the Oversight Report;
- (iii) that the 2012/2013 Annual Report of the Cacadu District Municipality be adopted without reservation.;
- (iv) that the Oversight Report be made public in accordance with section 129(3) of the Municipal Finance Management Act (Act 56 of 2003);
- (v) that the Oversight Report be submitted to the Provincial Legislature in accordance with section 132(2) of the Municipal Finance Management Act (Act 56 of 2003).

7.4 **Audit Report**

The Chairperson mentioned that the report was already dealt with the Audit Report in the Annual Report. The MPAC noted the report.

NOTED

8. **REPORT BY THE DIRECTOR: FINANCE & CORPORATE SERVICES**

8.1 **Minutes of the Audit Committee Meeting Held on 26 November 2013**

The Director Finance and Corporate Services apologized for the Audit Committee minutes of the 26 November 2013, which still need to be corrected.

It was thereafter

R E S O L V E D

that the minutes of the Audit Committee meeting held on 26 November 2013 be referred back to Management to be corrected.

8.2 **Section 72: Mid – Year Report – December 2013**

NOTED

8.3 **Supply Chain Management Report – Quarter ended December 2013**

On page two hundred and fifty (250) of the Agenda item 8.3 under heading: **Monthly Reports:** Councillor Goliath expressed concern regarding non-submission of a report on time to National Treasury which is a non-compliance issue.

The Acting Manager : Finance replied that the report was not submitted on time due to disparity between the National Treasury calendar and the MFMA calendar. This has been subsequently corrected.

On page two hundred and fifty one (251) of the Agenda item 8.3 under heading: **Improvements and Compliance to Internal Controls:** Councillor Goliath queried whether these internal controls are effective.

The Acting Manager : Finance responded that Cacadu District Municipality Financial System is programmed to pick up anything that causes the Service Providers records to be out of date. If for an example the Tax Clearance Certificate expired the system automatically picks that up and it becomes dormant. All the criteria are programmed in the system and as soon as they become invalid, the record becomes dormant. The only way to reactivate was for the service provider to submit valid documentation.

On page two hundred and fifty two (252) of the Agenda item 8.3 under heading: **Supply Chain Management Information for the Quarter:** Councillor Nortjé queried that the details of all the awards above R200 000 has been listed and awards between R2000 and R30 000 are listed only per department.

The Acting Manager : Finance responded that if all the transactions are listed, the report will have many pages and the report is not required to list all the transactions. The report is done per department and more information can be provided on request. The Mayoral Committee also requested that the BBBEE level be included in the report.

The lack of transparency and the lack of access to information were debated as well as how to overcome the problem of Public Sector officials trading with the Municipality illegally.

The Director : Finance and Corporate Services mentioned that in terms of transparency the CDM administration is also in the dark, because they don't have software or access to the PERSAL information that will enable them to determine who works for the State. He mentioned that they are only advised by the Auditor General who has access to PERSAL. The AG would provide the PERSAL with ID number and the system would advise which employees working for the State were trading with the institution.

He further mentioned that the Municipal Manager wrote a letter to Director General to get access to PERSAL in order to eliminate these problems. Municipal Manager is reporting these employees to their Provincial Directorates.

After further discussion, the Committee stressed that the institution must support service providers operating in the District. It was also stressed that deviations must be eliminated.

NOTED

- THE MEETING TERMINATED AT 14:30-

CONFIRMED

.....
DATE

.....
CHAIRPERSON

TABLE OF QUERIES

| Nature of Query | Management Response | Responsible Official | Corrective Action |
|--|---|---|--------------------------|
| Page 3 – 4 There is a need to place the “cold” statistics in context and to add additional comments. | Additional comments included in report | Municipal Manager | Done |
| Page 16 CDM is not a Grade 5 municipality it is a grade 9. | CDM is a Grade 5 municipality since the TASK evaluations | Municipal Manager | Not required |
| Page 19 – 22 Comments regarding the vacancies should be provided. | Additional comments included in report | Manager : Corporate Services | Done |
| Page 28 – 27 The Annual Report document numbering should be checked. | Numbering checked | Senior Administrative Officer : MM Office | Done |
| Page 30 – 31 The statistics provided in respect of water and sanitation backlogs are the same as was reported in the 2012 Annual Report. It was requested that more up to date statistics should be provided. | No recent figures available | Director : Infrastructure and Planning | |
| Page 34 – 35 The Strategic objectives are the same as indicated in the 2012 Annual Report. The committee requested that progress with the implementation of the strategies should be included in the annual report. | Strategic objectives remain the same as previous year. Progress with implementation is contained in subsequent text. Additional text included for more comprehensive progress reporting | Director : Economic Development | Done |
| Page 38 3 rd Paragraph - include the names of the students who graduated in mid-July 2013. | No need to name students. Paragraph reworded for more clarity | Director : Economic Development | Done |
| Page 39 Check whether point 3 should include word beneficiaries under achieved column. | Word "beneficiaries " removed | Director : Economic Development | Done |

| Nature of Query | Management Response | Responsible Official | Corrective Action |
|--|--|---|-------------------|
| Page 39 Number of LED meetings; should DST meetings be included in the first column. | Yes, the District Support Team is the LED stakeholder forum. Figures amended in table | Director : Economic Development | Done |
| Page 44 A functionality report for the MPAC as well as the Anti-Corruption and Fraud Prevention Committee should be included in the report in the same manner as the AC functionality report has been included (pages 197 – 200). | The inclusion of the Audit Committee functionality report is a specific requirement in terms of the Annual Report template of COGTA. A paragraph relating to MPAC functionality has however been added on Page 45. | Director : Finance and Corporate Services | Done |
| Page 46 – 115 Annual Financial Statements (AFS). The Chairperson of MPAC informed the meeting that Councillor Reynolds was requested to peruse the AFS and to provide comments. He stated that Cllr Reynolds stated that the financial statements had been reviewed by management and the internal audits and were audited by the AG. | Noted | | None |
| Page 116 Mention should be made of the fact that the Rules of Order were reviewed in March 2013. | Amended as required | Municipal Manager | Done |
| Page 117 The initials of Councillor Goliath must be corrected to read as E.A. | Correction made | Senior Administrative Officer, MM Office | Done |

| Nature of Query | Management Response | Responsible Official | Corrective Action |
|---|--|--|-------------------|
| Page 118 Indicate the number of meetings of CDM Health Council, District Aids Council, Heritage Advising Committee, Disaster Management Advisory Forum and Rules Committee. Also include the Anti – Corruption and Fraud Prevention Committee. | Required information added | Senior Administrative Officer, MM Office | Done |
| Page 118 Insert on second last point “Mayor of the Year” Award for the EC Province. | Addition made | Senior Administrative Officer, MM Office | Done |
| Page 119 The Chairperson enquired why MPAC was not a member of the District Public Participation Forum. | Not a requirement. However, all councillors are free to participate in any public participation initiative of the CDM | Office of the Speaker | |
| Page 120 Under the heading “Other Engagements during the year included” include the Budget Speech 2013. | Included | Public Relations Officer | Done |
| Page 122 Under the heading “Inter Governmental Relations” include details of the Jincheng Visit. | Visit by CDM delegates to Jincheng took place in 2013/2014 financial year. Visits by delegates from Jincheng during 2012/2013 mentioned on page 118 under Key Issues . Also now added on page 123. | Senior Administrative Officer, MM Office | Done |
| Page 122 In the table the word Izimbizo should be changed to Imbizo. | Correction made | Public Relations Officer | Done |
| Page 130 Check whether the Analysis Function is included under all GFS functions and that the information is uniform | Corrections made | Senior Administrative Officer, MM Office | Done |

| Nature of Query | Management Response | Responsible Official | Corrective Action |
|--|---|--|--|
| Page 131 Change ICT to IT. | Correction made | Senior Administrative Officer, MM Office | Done |
| Page 133 Under the heading Description of activity change “ensuring that resolutions are executed” to “ and keeping a record of council resolutions that have been executed”. | Correction made | Manager : Corporate Services | Done |
| Page 144 The total R7 500 000 is incorrect. | Correction made | Director : Infrastructure and Planning | Done |
| Page 148 Check whether information is relevant. | Yes it is relevant. However, information included under KPA 2 on page 147 was not relevant and has been amended | Head : Disaster Management | Done |
| Page 152 A Page numbering is incorrect. | Corrected | Senior Administrative Officer, MM Office | Done |
| Page 192 Institutional Development NIL report | Report for 2012/2013 financial year included on page 189. Target for 2013/2014 on page 192 was excluded but has now been added | Municipal Manager | Done |
| Page 193 Check the numbering in the Audit Report to link to the numbering in the Annual Report. | AG Office only supplies a PDF copy of the Audit Report and therefore the page numbers could only be included by hand. They are correct. | Senior Administrative Officer, MM Office | This can only be improved when the final commercial printing of the annual report is done. |
| Page 194 The font used throughout the document must be checked. | Some reports, eg the Performance Report, the AG report, and certain tables are submitted in final form and the font cannot be changed. | Senior Administrative Officer, MM Office | The font will be uniform when the final commercial printing of the annual report is done. |

| Nature of Query | Management Response | Responsible Official | Corrective Action |
|--|---------------------------|---|-------------------|
| Page 197 The Mayoral Committee must be excluded under the Terms of Reference. | Correction made | Director : Finance and Corporate Services | Done |
| Page 198 Check whether Prof Snelgar's name should be included in the report. | Yes it should be included | Director : Finance and Corporate Services | Not required |
| Page 201 The Mayoral Committee consist of 5 members and not 6 members. | Correction made | Manager : Corporate Services | Done |