



**BREED VALLEY**  
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

# Municipal Public Accounts Committee

OVERSIGHT REPORT ON THE ANNUAL REPORT 2018-2019

**A caring valley of excellence**

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*To report to  
Council the  
Oversight Report  
in respect of the  
2018-2019  
Annual Report  
for the Breede  
Valley  
Municipality*

## **Introduction**

### **Strategic Key Focus**

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regards to the Annual Report and the preparation of an Oversight Report.

Council approved the establishment of the Municipal Public Accounts Committee in November 2013, "inter alia" to consider the Annual Reports. In terms of Council resolution C64/2016 discussed by the Council at the Council Meeting held on 23 August 2016, that in respect of the MPAC Committee: 1) MPAC consist of 10 (ten) members as follows: • 5 DA Councillors • 1 Councillor of each other parties/independent. 2) Cllr N. Nel be appointed as the MPAC Chairperson. 3) That the position of Chairperson of MPAC be remunerated in accordance with Government Notice 1271 dated 21 December 2015 (Determination of Upper Limits of salaries, allowances and benefits of Councillors) as a part-time Councillor Chairperson of section 79 Committee. Cllr N. Nel accepted the Nomination of Chairperson of MPAC.

Acting in terms of section 59 of the Systems Act, and subject to the following conditions, Council has delegated the following powers, functions and duties to the Committee:

- Review the financial statements and audit reports of the Municipality, consider developments since previous statements and reports, and evaluate the extent to which recommendations have been implemented.
- Consider and evaluate the Municipality's Annual Report, and as an oversight committee to make recommendations to Council when it adopts the Oversight Report on the Annual Report in terms of section 129 of the Municipal Finance Management Act.
- Review and follow up past recommendations on the Annual Report.
- Develop an annual work programme, including a monitoring mechanism (subject to the Council's approval), linked to Council's planning cycle, and concluding with the Committee's recommendations on the oversight report.
- Promote good governance, transparency and accountability regarding the use of municipal resources.
- When instructed by Council, investigate and advise Council in respect of unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32(2) of the MFMA.
- Report to Council quarterly or soon thereafter when Council has a sitting, and when deemed necessary on any matter within the terms of reference of the Committee.

- Request Councillors and/or officials of Council through the office of the Municipal Manager and the Speaker to provide input and advice to the Committee on matters as discussed on the agenda.
- Determine its own operational procedures in line with the Rules of Order for Council.
- Investigate any matter as instructed by Council, within its delegated authority.
- Obtain any information from and have access to any Councillor and or/employee through the Speaker and the Municipal Manager and direct all Councillors and employees to cooperate with any request made by the Committee within its delegated authority.
- Consider the reports of the Auditor-General and make recommendations thereon in terms of the applicable legislation to Council.

## Legislation and Guidelines

The Executive Mayor of the Breede Valley Municipality has, in terms of section 127 (2) of the Municipal Finance Management Act, 56 of 2003 (MFMA), read with section 58 of the same Act, tabled the draft Annual Report for the period ended 30 June 2019 before Council at its meeting held on 09 December 2019. The Annual Report was prepared in terms of section 121 of the MFMA and section 46 of the Municipal Systems Act, 32 of 2000 (MSA). Section 129 of the MFMA requires the Council of a municipality to consider the Annual Report and by no later than two months from the date on which the Annual Report was tabled in the

*The statutory authority to adopt an oversight report in respect of the Annual Report 2018-2019 rest with the municipal Council.*

Council in terms of section 127 of the MFMA, 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
- ✚ referred the Annual Report back for revision of those components that can be revised.

In terms of the MFMA Circular 32, 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 in the financial year reported upon.

Immediately after the Annual Report has been tabled in Council, the Municipal Manager in accordance with Section 21A of the Municipal Systems Act, 32 of 2000 (MSA), must make the draft Annual Report public and invite community members to comment and/or give inputs.

**The Notice for public comments and/or inputs were advertised on 12 December 2019 in the Worcester Standard. An extended period for public inputs and/or comments were given until 10 January 2020. Up until the closing date, no public comments and/or inputs had been received.**

## Timeframes for compilation of the Annual Report 2018-2019

Activity	Responsible person/s	Deadline	Comment
Circulate request to all Directors & Managers to provide departmental inputs to the Annual Report	Adele Yiatses	12 July 2019	Accurate information
Ignite system closes for FINAL quarterly and end of year update	All Directors, Managers and officials who update information on the performance management system	20 July 2019	Ensure that all KPI's on the performance management system are correctly and accurately updated
Ensure that accurate POE's exist for all top-layer KPI's and for all National KPI's	All Directors and Managers	26 July 2019	POE's must be as per the POE's on the SDBIP
All POE's is delivered to the Administrator: Performance Management	All Directors, Manager: IDP/ SDBIP/ PMS	26 July 2019	POE's signed off by directors
Submission of all Annual Report inputs, excluding financial information dependent on the financial system closure	All Managers, Directors	2 August 2019	Accurate information for Annual Report
Submission of all statistical information for AR	Manager: IDP/ SDBIP/ PMS	8 August 2019	Correctness of data verified

Submission of all financial Annual Report inputs	Finance	16 August 2019	Accurate information
Review of AR inputs received	Directors, Managers	16 August 2019	Accurate information
Submission of first Draft AR to all Directors	Manager: IDP/ SDBIP/ PMS	19 August 2019	Good quality
Feedback on first Draft AR by all Directors	All Directors	21 August 2019	Timeous feedback
Submission of the Final Draft AR	Submission of the Final Draft AR	Submission of the Final Draft AR	Submission of the Final Draft AR
Draft AR submitted to AG	Director SSS/CFO	30 August 2019	

**Meetings of the MPAC**

Activity	Activity	Date	Chair
Analysis of the Annual Report for the year ended 30 June 2019, Engagement between MPAC and Management	Resolved	10-Dec-19	Cllr N Nel
Analysis of the Annual Report for the year ended 30 June 2019, engagement between MPAC and Management	Resolved	12-Dec-19	Cllr N Nel
Analysis of the Annual Report for the year ended 30 June 2019, engagement between MPAC and Management	Resolved	14-Jan-2020	Cllr N Nel
Analysis of the Annual Report for the year ended 30 June 2019, engagement between MPAC and Management / Conclude on the Oversight Report of the AR 2018-2019	Resolved	16-Jan-2020	Cllr N Nel



## Attendance of Councillors: Four (4) MPAC meetings

No of meetings	Councillor Name & Surname	Political Party
4	Naomi Nel	VF+
2	Vanessa Ida Mngcele	EFF
4	Joffrey Rumark Jack	DA
4	Mac-Lizia Jacobs	DA
4	Torique Moegammad Wehr	DA
4	Esme van der Westhuizen	DA
4	Luwellyn. Willemse	DA
4	Jerrie Robinson	PDM
3	Nobantu Margaret Bushwana	ANC
3	Colin Frederick Wiskut	BO

## **Engagement between the MPAC and Management (MPAC Minutes)**

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**TUESDAY, 10 DECEMBER 2019 at 09:00 – 16:00**

in the **COMMITTEE ROOM, CIVIC CENTRE,**  
**30 BARING STREET, WORCESTER**

### **1) OPENING AND WELCOME**

The Chairperson opened the meeting at 09:04 and welcomed everyone present. The Chairperson asked Cllr J.R. Jack to open the meeting for prayer.

### **2) OFFICIAL NOTICES**

2.1 Disclosure of interests

**No Disclosure of Interests.**

2.2 Applications for leave of absence

**No Applications for Leave were received. Mr R. Esau will join the meeting at a later stage.**

### **3) STATEMENTS AND COMMUNICATIONS BY CHAIRPERSON**

There will be no MPAC meeting on Monday, 8 January 2020. The first meeting of MPAC will take place on Tuesday, 14 January 2020.

The meeting scheduled for Wednesday, 11 December 2019 is also cancelled.

### **4) STATUTORY BUSINESS**

4.1 Oversight on Annual Report 2018 – 2019;

**10 December 2019:**

**Chapter One**

**Corrections:**

Page 9: Table 1: The area descriptions must be verified and amended as a certain part of Altona falls in Ward 5 and in Ward 6. Johnsonpark is not part of Ward 10 but part of Ward 13.

**Action plan: The Committee requested that the table at the bottom of page 21 must be updated before the Annual report is published for comments from the public because the Audit is already complete and should therefore reflect unqualified with findings.**

The initial of Cllr J. Van Zyl and Cllr S. Mei should be corrected on page 34.

**No further questions or clarity were sought on Chapter One.**

### Chapter Two

Page 11: The Committee enquired how the population was established and whether the previous census was used. Mr C. Malgas explained that the MERO was used however the starting point for MERO was the last updated census.

Cllr C.F. Wilskut enquired why Stellenbosch and Drakenstein Municipality is graded bigger than Breede Valley hence the population is more or less the same. Mr C. Malgas explained that the population is not the only factor taken into consideration for grading of a municipality.

Page 40: The Committee asked that Ward Committee Members be confirmed and updated accordingly by Ward Councillors.

**Action plan: Cllr E. Van der Westhuizen requested Mr C. Malgas to contact all Ward Councillors to confirm whether their list of Ward Committee members is correct as compiled in the Annual Report.**

The Chairperson enquired on the number of meetings that a Ward Councillor must have during the year. Mr C. Malgas responded that Ward Councillors must have Ward meeting once every quarter.

**Action plan: Management should bring the Minutes and Attendance Registers of all meetings held by all ward Councillors to the next MPAC Meeting. Management should also furnish the Committee with the policy with regards to Ward Meetings.**

Page 47- "No actions identified" must be deleted and a more detailed description in terms of actions implemented during the 18/19 financial year, provided.

**Action plan: Mr E. Cloete should provide the above request.**

Page 48: Cllr J. Robinson enquired on the work and independence of the Audit Committee. Mr W. Du Plessis explained the oversight role of the Audit Committee and that BVM has the most highly qualified members who is committed to total independence.

Page 53: The Chairperson enquired why the Manager Procurement did not attend all the Bid Specs, Bid Evaluation and Bid Adjudications meetings. Mr C. Malgas explained that the Manager: Procurement had to deal with Audit enquired and therefore another person was appointed to attend these meetings on his behalf.

Page 56: Cllr C.F. Wilskut enquired what the total for deviations was in the previous financial year to compare it with this year's R23 million. Mr R. Esau explained that the value of the deviations is more than the previous financial year however the amount of deviations processed is less than the previous financial year.

**Action plan: The Committee requested that the MM give feedback at the next meeting on why the value of the deviations for the 2018/19 financial year is much less than the financial year before that. The Committee should furthermore be furnished with the supporting documentation of the following deviations:**

1. **Ontec and the security companies and the three largest deviations in the category of "Exceptional case where it is impractical or impossible to follow the official procurement process".**

**Action plan: The details of all ward-based projects should be furnished to the Committee and included in the future Annual Reports.**

**Action plan: The AG and the Chairperson of the Audit Committee should be invited to a MPAC meeting to give clarity on the unqualified audit.**

The Committee had no further questions and clarity sought on Chapter Two.

The Committee agreed that the action plans will first be dealt with at the next meeting and thereafter the meeting will proceed with Chapter Three of the Annual Report.

The Chairperson closed the meeting in good order at 15:05.

#### **12 December 2019:**

The Chairperson opened the meeting at 09:10 and welcomed everyone present. The Chairperson asked Cllr M. Jacobs to open the meeting with prayer.

#### **APOLOGIES**

Apologies were received from Cllr M.N. Bushwana and Cllr V. Mngcele.

**PREVIOUS ACTION PLANS**

The Committee dealt with all action plans of the previous Minutes and received all feedback from Management.

Mr E. Cloete confirmed that the Chairperson of the Audit Committee and that the Senior Manager from the AG's office will be at the meeting scheduled to take place on 16 January 2020.

**ACTION PLANS FROM PREVIOUS MINUTES:**

**Action plan: The Committee requested that the table at the bottom of page 21 must be updated before the Annual report is published for comments from the public because the Audit is already complete and should therefore reflect unqualified with findings.**

**Answer by Management:** The MM explained that the Annual Report will be updated by Ignite before the Annual Report is published to the public for comments.

The MM explained the process that once changes is brought to the attention of Management, the changes is verified and send to Ignite to attend to the changes and then send back to BVM.

**Action plan: Cllr E. Van der Westhuizen requested Mr C. Malgas to contact all Ward Councillors to confirm whether their list of Ward Committee members is correct as compiled in the Annual Report.**

**Answer by Management:** Mr C. Malgas explained that the information was received from the Administrative component responsible for Ward Committees however they also confirmed whether the information is correct.

Cllr E. van der Westhuizen informed Mr C. Malgas that Mr Pool still reflects as a Ward Committee Member and that he was only a member for one month after which he resigned. Therefore, he should not have been on the list.

Mr C. Malgas confirmed that the names of ward Committee Members will be discussed with all Ward Councillors to ensure that these names reflect correctly on the future Annual Reports.

**Action plan: Management should bring the Minutes and Attendance Registers of all meetings held by all ward Councillors to the next MPAC Meeting. Management should also furnish the Committee with the policy with regards to Ward Meetings.**

Answer: Management have brought the files containing the above requests for the Committee to peruse.

Cllr J. Robinson enquired how Ward Committee members is appointed. Cllr J.R. Jack explained that the Ward members nominates people to serve on the Ward Committee through an IEC process. After the people have been nominated, the Committee decides which member will be responsible for which Portfolio.

Cllr C.F. Wliskut enquired whether Ward Committee Members are appointed in terms of a geographical criteria. Ms J. Schneider explained that it is up to the Ward Committee to decide in terms of which criteria they will be appointed.

Cllr C.F. Wliskut enquired on the number of Ward Committee meetings and the number of Ward Meetings that must be held. Mr S. Swartz explained that which meetings must be held, and which meetings may be held.

**Action plan: The Committee requested that the MM give feedback at the next meeting on why the value of the deviations for the 2018/19 financial year is much less than the financial year before that. The Committee should furthermore be furnished with the supporting documentation of the following deviations:**

1. **Ontec and the security companies and the three largest deviations in the category of “Exceptional case where it is impractical or impossible to follow the official procurement process”.**

Answer by Management: The MM explained why the deviations was done. Specifically, the Ontec deviation was because the tender has expired, and no qualified tenderer could be appointed.

Cllr C.F. Wliskut enquired when the contract of Ontec expired and when was the process of the new tender started.

The MM confirmed that the contract expired June 2017 and that the process for the new tender was started 6 months before the contract expired.

The MM further explained that the specifications for the new tender was that the tenderer should have a qualified Electrician in their full-time employment and no tendered complied with the specifications as advertised. The contract therefore expired, and the services was needed, and a deviation was necessary. The deviation was continued on the same specifications as concluded in the previous contract. The MM further explained that a second advertisement was done, and a successful tenderer appointed (Syntell). However, Ontec appeal against the appointment and therefore the deviation was once again necessary.

The MM further explained that the petrol and diesel on site was also stopped because of the risk attached, therefore, BVM therefore, went on the E-Fuel system but the vehicles were not also E-Fuel compatible and therefore the deviation was necessary to ensure that all BVM vehicles are E-Fuel compatible.

Cllr M. Jacobs informed that Management that there is no proof to support the payments made, the Annual Report indicates a number of meetings but there is proof of more or less meetings that was held; the policy with regards to the number of meetings that must be held should be furnished and each ward should have its own file which will include the Agenda, attendance registers, Minutes and proof of payments.

Cllr E. Van Der Westhuizen explained that the requisitions for payments is done for two wards together, but proof is not placed in the documents of both files.

Cllr L. Willemse enquired whether only 4 payments may be made, or will payments be made for the number of meetings that was held.

Cllr J. Robinson explained that some Councillors did not have their 4 meetings but enquired what the sanction is for such Councillors.

The MM took note of all the concerns which will be discussed with the administrative component. The Ward Committee Policy will be printed and handed over to the Committee.

Mr C. Malgas confirmed that each ward does have its own file however they just took all the Minutes of all wards and placed it into one file.

Cllr L. Willemse enquired whether the supportive administrative component submit the documents of the meeting to the administration. Mr C. Malgas confirmed that it should be done like that but that it will be looked at.

Cllr J. Robinson asked that the sanctions for Councillors not having meetings be cleared. The MM explained that the Office of the Speaker is responsible for this function.

**Action plan: The MM agreed that the file of each Ward be available at the next meeting.**

**For Action: Mr Wade Thys / Ms Jolandé Schneider / Mr S Swartz**

**Action plan: The details of all ward-based projects should be furnished to the Committee and included in the future Annual Reports.**

**New action plan: Management should furnish the above documentation to the Committee at the meeting scheduled to take place on 14 January 2020.**

**For Action: Ms Jolandé Schneider / Mr S Swartz**

**CHAPTER THREE**

Mr C. Maigas gave the Committee an overview of what Chapter Three contains.

Cllr J. Robinson enquired why the Clean Audit was not awarded. The MM explained the reasons why and confirmed that the Senior Manager from the AG and the Chairperson of the Audit Committee will come explain to MPAC the finding at the 16 January 2020 meeting.

Page 76: The Chairperson referred to the KPI's not met and almost met and enquired how it looked at the previous financial year. The MM explained that each KPI has its reasons and corrective actions.

Page 72 (TL12): Cllr J. Robinson referred to the properties that are billed for services, why is there a difference in the accounts. The MM explained that some properties have water meters but not electricity meters etc. The GIS plotting were done to ensure that services are billed on all properties.

Page 80 (TL 38): Cllr E. Van der Westhuizen referred to TL38 and enquired how far is the filling of vacancies. The MM instructed Mr R. Esau to compile a progress report on all vacant posts. There are however a few reasons why posts are not filled.

Cllr E. Van der Westhuizen enquired who are responsible for contractors. The MM explained that the Contractor who works currently is doing much better work than the previous Contractor. However, during the night the dirt is cleaned in the streets. Mr S. Visagie is responsible for the Contractors.

Cllr M. Jacobs requested that the Ward Councillor be informed on the progress on vacant posts especially when posts are freeze.

Page 80 (TL37): Cllr J. Robinson enquired about training and how the Committee is compiled, and the meetings recorded. The MM explained that the principle is that 1% should be spent on training (0.98%). The training Committee consists of Councillors, Unions and Employer which is a sub-committee of the LLF.

Page 83(TL3): Cllr J. Robinson referred to Gigi Kamp and the appointment of the Consultant and enquired what the delays is. The MM explained that this did not realise in 2017/18 but the appointment will be done in 2018/19 financial year.

Page 83 (TL4): Cllr E. Van der Westhuizen enquired the reasons for the percentages. The MM explained that the formulas have been incorrectly captured and we couldn't claim an over performance.



Page 86 (TL41): Cllr E. Van Der Westhuizen enquired about this KPI. The MM explained that a Consultant had to be appointed for a Waste Management Plan for the recovery centre.

Cllr J. Robinson referred to the flood line and asked whether the priority will be attended to. The MM explained that there will not be electricity because of the flood line and BVM cannot connect electricity to those people.

Cllr J. Robinson enquired about additional property in De Doorns because a greater portion of De Doorns belongs to farming. The MM confirmed that this should be discussed at another level.

Page 87 (TL48) Cllr E. Van Der Westhuizen asked about the completion date. The MM confirmed that it is December 2019, but we still await on the Completion Report.

Page 88 (TL52): Cllr E. Van der Westhuizen asked what the solution is to this. The MM explained that there was a problem with the CIDB tender document, but this was sorted out.

Page 92 (3.5.4): Cllr E. Van der Westhuizen asked whether the Library is completed in its entirety. The MM confirmed it has been completed 100%.

Page 94: Cllr E. Van der Westhuizen asked the progress on the pipeline. The MM confirmed that it has been completed and the Wendy house have been removed.

Page 114(3.8.4): Cllr E. Van der Westhuizen asked why there is a negative amount. The MM explained that the Province is in control of this and BVM cannot do anything about it.

Page 101 (3.7.7): The Chairperson enquired where the library is in Ward 7. The MM explained that this is sighted everywhere where the community benefits from it.

**The meeting was closed in good order at 15:50.**

## **2) CLOSING**

6.1 Date of next meetings-

6.1.1	14 January 2020 (Council Chambers, Civic Centre, Worcester: 09h00 – 16h00)
6.1.2	16 January 2020

### **14 January 2020**

The Chairperson opened the meeting at 09:06 and asked Mr C. Malgas to open the meeting with prayer.

**Minutes:****Proposed: Cllr J.R. Jack****Seconded: Cllr L. Willemse****Matters/ Action plan from previous Minutes:**

**Action plan: Management should bring the Minutes and Attendance Registers of all meetings held by all ward Councillors to the next MPAC Meeting. Management should also furnish the Committee with the policy with regards to Ward Meetings.**

The MM confirmed that the Ward Committee component is currently in process to organise the agendas and minutes of each ward.

**Recommendation: Cllr J. Robinson proposed that the successful work of Ward Committees in terms of the Ward Committee Policy be part of the oversight function of the Audit Committee and that the PPU Unit be established as soon as possible.**

**Seconded: Cllr J.R. Jack**

**Recommendation: MPAC unanimously proposed that the policy be amended to include the number of Ward Meetings that a Ward Councillor must schedule per year.**

Cllr J.R. Jack argued that it is unnecessary for the Chairperson of the Audit Committee and the Senior Manager of the AG to come to the meeting because the MM explained the reason for not obtaining a clean Audit.

The Committee therefore withdraw the following Action plan: That the Chairperson of the Audit Committee and that the Senior Manager from the AG's office will be at the meeting scheduled to take place on 16 January 2020.

**Cllr E. Van der Westhuizen proposed that a recommendation be made to Council that MPAC takes note of the reason for not obtaining a clean audit and that the MM and Mayor have proper oversight in the future to prevent this from happening again.**

**Proposed: Cllr J. Robinson**

Cllr C.F. Wilskut argued that the AG must be invited to the meeting to explain why the clean audit was not awarded. Cllr C.F. Wilskut argues that the documentation such as proof of payment be presented to the Committee. Cllr C.F. Wilskut would also like to know what the agreement between the AG and the MM is with regards to the payment of bonuses to the MM and Directors.

The Chairperson ruled that the unanimous decision of the Committee stands and that Cllr C.F. Wiiskut may indicate on the Minutes if he does not agree or he may approach the AG personally.

### **CHAPTER THREE**

Page 118: The Chairperson referred to the Transhex Sewer reticulation and enquired why there is a minus and not with the others. Mr C. Malgas explained that the amounts are added and subtracted from the 6 Million.

Page 121: Cllr E. Van der Westhuizen referred to TL52 and asked why it is in red. Mr C. Malgas explained that the target is 90% and only 60% were reached. The Chairperson asked why there was underspending. Mr C. Malgas referred to the corrective action inserted by the Department to explain the underspending.

Cllr E. van der Westhuizen recommended that the Department should consider appointing Contractors while the vacant posts are filled because service delivery cannot be delayed due to vacant posts.

Page 122: Cllr E. van der Westhuizen referred to Unskilled column and enquired how is it 1 vacant post but 4%. Mr C. Malgas explained that it is 4& of the total budgeted posts.

The Chairperson excused Cllr J. Robinson from the meeting at 11:30.

Page 126 (TL41): Mr C. Malgas confirmed that the Plan was not available by the due date and therefore a new performance indicator was created.

Page 128: Cllr E. van der Westhuizen enquired how regularly the databases is updated. Mr S. Swartz confirmed that it is yearly updated with the Department of Home Affairs and Human Settlements.

The Chairperson excused Cllr C.F. Wiiskut at 11:55.

Page 129: Cllr M. Jacobs enquired how accurate the information is on Table 137. Mr S. Swartz explained that the last update was done during the 2017/2018 by a survey contractor as well as officials from Province.

Page 130 (TL 4): The Chairperson enquired why the target is 90% but only 13% reached. Mr C. Malgas explained that the sum is not correct on the document, but it could not be changed because Council have already approved this.

Page 130 (TL3): The Chairperson requested a explanation on this. Mr C. Malgas explained that there were 3 feasibility studies planned for however only one were achieved.

Page 134 (3.14.3): The Chairperson referred to the actual expenditure which is zero as well as the variance from Adjustment Budget and enquired why there was nothing done. Mr J. Steyn explained that the contract is for more than 1 year and all the work could not be done in one year in all three towns.

Page 134: The Chairperson referred to the upgrading of gravel Roads in Ward 8 and enquired where the extra money come from. The MM confirmed that this extra money come from the Adjustment Budget.

Page 138: Cllr E. Van der Westhuizen referred to the first paragraph and enquired whether the decrease is correct because there are new housing developments such as Altona. The MM confirmed that it is correct because the focus is one rezoning.

Page 138(3.17): Cllr J. R. Jack referred to the RSEP and his concern is whether the RSEP and LED is working together. The MM explained that BVM applied to be part of the VPUU but were unsuccessful. BVM then asked for another unit to be part of and this is were RSEP came from. The MM explained that RSEP is used for the areas where crime is high, and the socio-economic circumstances is not very well.

Page 154: Cllr J.R. Jack referred to a RSEP Project (Sports field) and enquired why was the project not completed. Cllr T. Wehr also requested that the grass must be cut regularly.

Mr S. Swartz explained that it should be determined what was approved by Province. There is a few of the fields that is not completed but BVM intends to complete it with MIG funds.

**Action plan: Mr S Swartz should follow up why RSEP projects are not completed in certain wards and ask Mr C. Small to come explain how these projects and tenders works. Mr S. Swarts will discuss with Mr Pienaar to maintain and complete the projects with Departmental funds.**

Mr S. Swartz explained that in the previous year's Mr C. Small planned the projects and handed it over to Community Services. However, now Mr C. Small and Community Services works together with the planning for RSEP Projects.

Mr C. Small explained that it was during the drought that the fields were build. The grass must first grow into the ground. After the project is complete, it is handed over to Mr Pienaar's Department to maintain the sport fields.

Mr S. Swartz suggested that the approval of RSEP Projects must depend on the approval of the budget of BVM.

The Chairperson enquired where in the budget the penalties on the delivery of late books is reflected. Mr S. Swartz explained that GRAP does not allow this as an income. All monies left over from a project, transfers into the reserve account of BVM.

Page 164: The Chairperson referred to the purchasing of a 4x4 vehicle. Mr S. Swartz explained that there are no funds available for this 4x4 vehicle however BVM has an agreement with CWDM to use their 4x4 vehicle.

Page 164: Cllr E. van der Westhuizen enquired whether the IT system have been updated. Mr S. Swartz confirmed that the system has not been updated.

Cllr M. Jacobs explained that the service of the Call Centre is very unprofessional and pathetic.

Cllr E. Van der Westhuizen explained to Mr R. Esau that the call centre takes long to answer, the Operator only speaks English and the complainant should keep on spelling street names etc but also when a reference number is requested, the excuse is the system is off and the system is not updated.

Cllr E. Van der Westhuizen requests that the IT system be updated urgently, and that Complainants be assisted in their preferred language and that reference number be immediately SMSed.

Mr R. Esau explained that in 2014/15 there were no call centre. Mr Gerrit Matthyse started the Call Centre and as part of the process, 8 employees of the Electrical Services Department came over to the Fire Department. They primarily ran on the system, to be able to get a SMS reference it must be logged on a computer system.

Ms Anette Radjoo explained how the system works but they are in process to see whether they can find a system that works for all systems that is needed in BVM which means one unified system.

Mr R. Esau confirmed that the SMS and WhatsApp tool will be sorted out asap.

Page 170 (TL21): The Chairperson enquired why it is red because there is no big difference between the target and the actual performance. The MM explained that the target was not met.

#### **CHAPTER 4**

Page 194: The Chairperson enquired whether there is a process in place to resolve the misuse of sick leave. The MM explained that the responsibility is that of the direct Manager to attend to it.

Cllr M. Jacobs enquired why Councillors cannot receive training. The MM explained about the 1% levies paid by Councillors, this is something that must be sorted out by Salga because if levies is paid then training must be available. This must be discussed with Salga through the Speaker's Office.

**The Chairperson closed the meeting at 15:26.**

#### **16 January 2020**

The Chairperson opened the meeting at 09:05 and welcomed everyone present.

The Chairperson asked Cllr J. Robinson to open the meeting with prayer and a moment of silence for other religions.

Cllr M.N. Bushwana asked the Chairperson to be excused at 14:00 and Cllr L. Willemse at 13:00.

The Chairperson excused the Administration at 09:15.

The DA Component requested a caucus which the Chairperson approved.

The MPAC requested that the Speaker explain the legal position with regards to the presence of the official from Worcester Standard.

The Speaker explained that MPAC is a Section 79 Committee reporting to Council. The Speaker further explained that in terms of the MPAC guidelines and the law MPAC Meetings should be open however should sensitive and confidential matters be discussed it should be closed for public.

Cllr J. Robinson enquired whether the Employer evaluate if completed training is worth it. The MM explained that the Training Committee determine what the need for training is. There is also compulsory training for certain posts such as working with chemicals. There is surely value for money received with the training given to employees.

Cllr J. Robinson enquired if the Town Manager's is on the Organigram. The MM confirmed that it is on the Organigram however their post description is Customer Liaison Officer. This will however be included in the Task to re-evaluate the job description.

#### **CHAPTER 5**

Cllr M.N. Bushwana requested the Management Report from Administration. The MM explained that the Management Report is not part of the Annual Report. The Management Report have been showed to MPAC during the meetings however since last year there is a strict paragraph prohibiting the Accounting Officer to show, reproduce and copy the

Management Report. The MM have sighted the paragraph in the Management Report in his correspondence to the Chairperson and read it to the meeting.

The MM explained that this paragraph was never this strict in the previous Annual Reports however this time it is specifically noted.

Cllr J. Robinson argued that the information in the report is about the taxpayer's money and how it is dealt with. The MM explained that this is not his opinion but only read the paragraph in the Management Report.

Cllr V. Mngcele asked why the Report was given in the past and not now. The MM explained that the paragraph is now noted in the Management Report.

The Chairperson argued that the paragraph was previously in the Management Report. The Chairperson argued that if the AG had attended the meeting, he would have handled the Report and the Committee could have asked questions.

The MM explained that the AG would never discuss the Management Report with the Committee, but they would discuss the Audit Report which was included in the Annual Report.

Cllr J. Robinson asked who decides that the Report is confidential. The MM explained that he is the recipient and the AG made the call that the document may not be made available.

Cllr J. Robinson proposed that the Speaker be invited to come explain the position.

Cllr J.R. Jack proposed that Mr Rethabile be invited to the meeting and explain the position of the AG with regards to the Management Report.

The Speaker explained that he did not have any intervention in the Management Report however he takes note of the MM's decision but if the AG prohibits the MM to give the Management Report then we should accept it.

The Speaker explained that the MM is the Accounting Officer and it would be highly irregular to invite him to the meeting.

The MM explained and confirmed that he is prohibited by the AG to release the Management Report to the MPAC.

**Cllr J. Robinson proposed that Council should determine and investigate whether the restriction on the MM is legal and lawful and that another opinion is obtained whether the restriction is lawful.**

Seconded: Cllr L. Willemse

**CHAPTER FIVE**

The Chairperson enquired from the Committee whether each page should be perused or whether they worked through Chapter Five at home.

Page 204: The Chairperson enquired why there is a minus for fines during the 2018/19 financial year. The MM explained that there are three columns in the table.

Cllr J. Robinson confirmed that the finance of the Municipality is in good hands.

Cllr J. Robinson referred to outstanding debtors and asked who these debtors are or whether they are a group of people. The MM confirmed that outstanding debtors is everyone including business. The biggest part of the groups is the indigent group. The subsidy group is not handed over for collection however companies and business is handed over, but the Municipality also ensures that people are not overcharged.

Cllr J. Robinson enquired whether there is a change in the administration of Donations given. The MM explained that there are certain restrictions which includes that a person may not receive a donation two times and that a person may not receive a donation on behalf of someone else.

Cllr J. R. Jack enquired from the MM whether there is a different criterion for the sport clubs than that of the NGO's because no Grant in Aid was awarded to Sport Clubs. The MM confirmed that the criteria is the same for everyone. However, the budget should be considered as well as the priority need list.

Cllr J. Robinson enquired how it is confirmed whether the donations are used for the reason it is applied for. The MM explained that it did not strictly happen in the past however Mr R. Malaka is appointed to investigate whether the donations is used for the reason applied for.

Page 226 (5.7.1): Cllr E. Van der Westhuizen referred to the zero for the Worcester Material Recovery. The MM explained that this specific year there were no donation for this.

Page 227: The Chairperson enquired why there is so many negative numbers in Chapter Five and whether it has a negative effect on the finances and service delivery. The MM explained that this might not mean that it does not necessarily have a negative effect on the finance. It does not always affect the service delivery as well because once a target is not reached there is various factors why this happens. The financial performance is much better than the previous financial year.

Page 227 (5.8): Cllr E. Van der Westhuizen referred to Worcester Recovery Facility and enquired where the building is. The MM confirmed that the building is next to Landfill Site to



recycle material. The MM explained that the building will be finalised by the end of this financial year.

Page 227: The Chairperson referred to Infrastructure- Sanitation and enquired why there is a negative. The MM explained that this was the underground services for Transhex however for the current financial year it has been spent. Council approved a roll over the previous financial year which has been done.

Cllr J. Robinson enquired whether it's a negative when projects are rolled over to the next financial year. The MM explained that there is planned to complete a project within a specific time, however there is factors that influence the completing of a project.

The Chairperson enquired whether payment is made to Companies before do the work. The MM explained that progress payment is applied at BVM which means that payment is made as the work is completed.

#### **CHAPTER 6**

Page 7: Cllr E. Van der Westhuizen and referred to the cash flow analyses changes and enquired an explanation for this. Ms B. Volschenk referred to page 11 which represents the numbers of those calculations. The income from the public have improved and the purchase of property, plant and equipment which resulted in the negative.

Cllr J. Robinson referred to the monthly and quarterly reviews and enquired who the Chairperson is. The MM explained the function of these Committees and how they are operated.

Cllr E. van der Westhuizen enquired whether there have been any inputs/ comments from the public to the advertised Annual Report. Mr C. Malgas explained that no comments were received from the public.

Cllr E. Van der Westhuizen proposed that the Ward Councillors have a public meeting to have the attention drawn to the Annual report.

Cllr J. Robinson enquired whether there are other means to communicate with the AG individually. The MM confirmed that the AG would never refuse a request from a member of MPAC.

The Chairperson enquired from Cllr J. Robinson whether there is questions for the AG that the MM cannot answer. Cllr J. Robinson confirmed that the MM have answered most of the questions, but the AG may have gave more detail or clarity.

**The Chairperson closed the meeting at 15:10.**

## **Comments from Provincial Treasury**

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 The Municipal Public Accounts Committee takes note that no comments were received from the Provincial Treasury.

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## Conclusion

Breede Valley Municipality received a “unqualified audit opinion” for the 2018-2019 Financial Year, from the Auditor General South Africa (AGSA).

Opinion: “The financial statements present fairly, in all material respects, the financial position of the Breede Valley Municipality as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the 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 the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).”

The Committee wants to thank the Auditor General for their performance in the Auditing of the Annual Financial Statements, Predetermined Objectives and Compliance within the Breede Valley Municipality.

The Committee wants to thank the Administration for the cooperation.

## **Resolved by the MPAC / Oversight**

- Members of the MPAC unanimously agreed to recommend that Council approve the Annual Report without any reservations.

### **Recommendations**

- That MPAC, having fully considered the 2018-2019 Annual Report of the Breede Valley Municipality and the representations thereon, recommends the adoption of the Oversight Report and the approval of the Annual Report without reservations.
- The MPAC recommends the following additional resolutions to Council for consideration:
- That the MPAC processes be scheduled earlier in accordance with MFMA Circular No. 63;
- That the process and administration of Ward Committee meetings and payments be reviewed and improved on, and that the Public Participation Unit be established asap;
- That the policy be amended to include the number of Public Meetings to be held by the Ward Councillor within a particular financial year;
- That departments should ensure a continuation of service delivery whilst vacant posts are being filled;
- That the policy framework for MPAC be reviewed in line with the MPAC Practical Guide issued by SALGA and the Combined Assurance Framework;
- That the performance bonuses paid for the 2017/18 financial year are noted and that the Municipal Manager and Executive Mayor must ensure that the process for future payments are followed in accordance with the applicable legislative prescripts (i.e. the Municipal Systems Act, Municipal Performance Regulations and delegated authority);
- That the Auditor General provide clarity in future to the MPAC on the restriction of issuing the Management Letter.

**Members of the MPAC unanimously agreed to the above recommendations to Council.**





**MPAC Membership:**

**Councillors**

1. Naomi Nel; (Chairperson); PR, FF+.
2. Vanessa Ida Mngcele; PR, EFF.
3. Bushwana, Margaret Nobantu; PR, ANC.
4. Joffrey Rumark Jack; Ward 14, DA.
5. Mac-Lizia Jacobs; Ward 10, DA.
6. Torique Moegammad Wehr; Ward 21, DA.
7. Esme van der Westhuizen; Ward 6, DA.
8. Luwellyn Willemse; DA.
9. Jerrie Robinson; PR, PDM.
10. Wiskut, Colin Frederick; PR, BO.

N. Nel

16 January 2020

MPAC Chairperson Cllr. N Nel

Date

for Municipal Public Accounts Committee