



BREED VALLEY

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

Municipal Public Accounts Committee

OVERSIGHT REPORT ON THE ANNUAL REPORT 2020-2021

A caring valley of excellence

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*To report to
Council the
Oversight Report
in respect of the
2020-2021
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 terms of Council resolution C101/2021 discussed by the Council at the Council Meeting held on 17 November 2021, that in respect of the MPAC Committee:

1. that Cllr H.C. Titus be appointed as the Chairperson of MPAC;
2. that one member of each political party serves on MPAC excluding the VF+; and
3. that the names of the delegates of each party must given to the Speaker's office within 7 days of this meeting.

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 co-operate 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 2020 before Council at its meeting held on 01 December 2021. 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

The statutory authority to adopt an oversight report in respect of the Annual Report 2020-2021 rest with the municipal Council.

in the 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

- ✚ 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 25 November 2021 as well as on 02 December 2021 in the Worcester Standard. No public comments and/or inputs has been received.

Timeframes for compilation of the Annual Report 2020-2021

Activity	Responsible person/s	Deadline	Comment
Circulate 20/21 AR departmental input template(s) to all Directors & Managers.	Ignite Advisory Services, PMS Office	29 June 2021	Inception of 20/21 AR compilation process.
Opening of Ignite system for KPI updates to be conducted (all periods).	All Directors, Managers, Ignite users, PMS Office	01 July 2021	Please note that prior periods will also be opened to grant users the opportunity to update KPI's that have not yet been updated. Top-layer (TL) KPI's relating to prior periods, should not be amended without informing the PMS Office.
Closing of Ignite system for final quarterly and year-end KPI updates.	All Directors, Managers, Ignite users, PMS Office	20 July 2020	Ensure that all KPI's on IGNITE is correctly and accurately updated. Please note that ALL prior periods will close on this date.
Ensure that accurate Portfolios of Evidence (POE's) and Standard Operating Procedures (SOPs) exist for all TL and National KPI's.	All Directors, Managers, PMS Office	26 July 2021	POE's must be aligned to the "Source of Evidence" description as depicted on the Ignite system. The PMS Office is in process of finalising the SOPs for submission to Directors and applicable Management

			(draft versions already submitted).
Approval (sign-off by Directors) and submission of all POE's and SOPs.	All Directors, PMS Office	26 July 2021	Approved POE's can be uploaded on the Ignite system, whilst the SOP's must be submitted to the PMS Office.
Submission of all 2020/21 AR departmental input templates (Financial Services input templates and any other departmental input template predominantly reliant on input from Financial Services will be granted exemption). Departmental inputs not impacted by financial related information must be submitted on the said date to allow adequate time for compilation and review. Prior arrangements must be made with the PMS Office should the timeline not be feasible.	All Managers, Directors	30 July 2021	To ensure that credible and accurate information is encapsulated in the 2020/2021 AR.
Submission of all statistical information for 2020/2021 AR.	PMS Office	30 July 2021	To ensure that credible and accurate information is encapsulated in the 2020/2021 AR.
Submission of all outstanding 2020/2021 AR departmental input templates (Financial Services and others as mentioned in point 6).	Financial Services & Directorates that have not yet submitted inputs	6 August 2021	To ensure that credible and accurate information is encapsulated in the 2020/2021 AR.

Submission of Draft 2020/2021 AR to all Directors for review / input.	Ignite Advisory Services, PMS Office	11 August 2021	Quality review of Draft AR
Feedback on Draft 2020/2021 AR by all Directors.	All Directors	18 August 2021	To promote a high-quality product.
Incorporation of final feedback into Draft 2020/2021 AR, final quality review and submission thereof to the PMS Office.	Ignite Advisory Services, PMS Office	30 August 2021	Good quality.
Draft 2020/2021 AR submitted to AG	Director SSS/CFO	31 August 2021	To ensure legal compliance with the MSA and MFMA.
Continual quality review of the 2020/2021 AR (exclusive of the S46 Annual Performance Report – Chapter 3).	Directors, Managers, Ignite Advisory Services, PMS Office	September 2021– November 2021	To ensure legal compliance with the MSA and MFMA.

Meetings of the MPAC

Activity	Activity	Date	Chair
Induction and Analysis of the Annual Report for the year ended 30 June 2021, Engagement between MPAC and Management.	Resolved	02 Dec' 2021	Cllr H.C Titus
Analysis of the Annual Report for the year ended 30 June 2021, engagement between MPAC and Management.	Resolved	03 Dec' 2021	Cllr H.C Titus
Analysis of the Annual Report for the year ended 30 June 2021, engagement between MPAC and Management / Conclude on the Oversight Report of the AR 2020-2021	Resolved	06 Dec' 2021	Cllr H.C Titus

Attendance of Councillors: Three (3) MPAC meetings

No of meetings	Councillor Name & Surname	Political Party
3 out of 3	Hubert Titus	GOOD
3 out of 3	Luwellyn Willemse	DA
3 out of 3	Moses Mangali	ANC
🚩 2 out of 3	Colin Frederick Wilskut	BO
3 out of 3	Sonja Steenberg	PA
3 out of 3	Samuel Kholisile Madlolo	EFF
3 out of 3	Tony Manual	ACDP

🚩 Councillor Wilskut offered an apology because he had to attend to another Council meeting at Cape Winelands on 02 December 2021.

Engagement between the MPAC and Management (MPAC Minutes)

THURSDAY, 02 DECEMBER 2021 at 09:00 – 16:00

in the COUNCIL CHAMBERS, CIVIC CENTRE,

30 BARING STREET, WORCESTER

to consider the matters listed in the following Agenda.

**CHAIRPERSON: CLLR H.C. TITUS
2021**

30 NOVEMBER

AGENDA

- 1) OPENING**
- 2) APOLOGIES**
- 3) STATEMENTS AND COMMUNICATIONS BY CHAIRPERSON**
- 4) STATUTORY BUSINESS**

4.1 Draft Annual Report 2020 – 2021

- 5) CLOSING**

5.1 Date of next meetings-

5.1.1 03 December 2021 (09h00 – 12h00); and

5.1.2 06 December 2021 (09h00 – 16h00).

NB: Please bring the Annual Report documentation as distributed for the Council meetings of 01 December 2021.

MPAC MEETING 02 DECEMBER 2021

The Chairperson opened the meeting at 09:07 and asked Cllr T. Manual to offer a prayer. The Chairperson welcomed all Councillors and the officials to the meeting. The Chairperson communicated that the Municipality have various challenges with regards to service delivery and that this Committee should be objective, although it is constituted out of political party representatives. The aim of the Committee is to reach consensus on matters and that it can only make recommendations to Council.

Mr E. Cloete explained the role of MPAC and the oversight of MPAC over the Annual Report to the Committee.

Mr E. Cloete gave an induction to the Committee on the functionality of MPAC. Ms. Stemela from SALGA informed the Committee that SALGA is currently busy with an induction programme and is available should the Committee need any assistance on guiding them in their oversight role. Ms. Stemela further informed the Committee about the Provincial MPAC consisting of the Chairperson of all MPAC's in the Province to have discussions on the functions of MPAC. The date of the first meeting will be communicated in due course.

The MM explained that bulk information will be shared with Councillors, but that Administration must also comply with legislation. The MM invited the Committee to ask questions and participate in the meeting.

Mr R. Esau explained to the Committee the purpose of today's MPAC meeting which is oversight over the Annual Report and the function / role of MPAC. Mr R Esau further explained the budget process as well as the submission of the AFS etc. to the Auditor General. Mr R Esau confirmed that BVM received a clean audit from the Auditor General.

Cllr Z.M. Mangali raised his concern with the limited powers of MPAC which is less powers than the powers of Council. Cllr Mangali asked the representative from SALGA whether there is any other method to elect the Chairperson and Committee.

The Chairperson responded that no political agendas will be driven in this meeting, but that consensus should be reached between the Committee Members.

Mr R. Esau responded and quoted section 151 of the Constitution which provides that all powers vest in the Municipal Council. Mr R Esau further explained section 79 and section 80 Committees in terms of the Municipal Structures Act. It is only Council that can appoint

the Chairperson and members of the Committee as was explained and screened by Mr E Cloete.

Mr R Esau asked how the Committee will scrutinize the Annual Report. The Chairperson asked a caucus to discuss it with the members of the Committee.

Mr C. Malgas provided a short overview of how the Annual Report was combined and what each Chapter entail.

The Chairperson confirmed that Cllr C.F. Wilskut apologized his absence due to his attendance at the Inauguration Meeting of the CWDM.

The Chairperson confirmed that the Committee decided that the Annual Report be scrutinized page by page.

Mr C. Malgas explained Chapter One which is the Executive Mayor and the MM's message of what transpired out of the financial year.

Chapter One- This is just an overview of some statistics, challenges and highlights within the Municipality. On Page 14, the background is given with the demographic information. Mr R Esau asked the Committee to note that the wards and boundaries are still as it was in the beginning and not as it is with this year's local elections. Mr C. Malgas explained that there is no updated census and therefore they had to rely on census statistics of 2011. Therefore, it's not an accurate reflection of the current status however the mind was applied when this was compiled. Mr R Esau urged the Committee to read thoroughly through these sections which is very informative and will assist Councillors for the next 5 years. The data that is shown on the Annual Report, that only be authoritative data from 2020 MERO.

The Chairperson asked whether there is a margin for the correctness of the data. The MM confirmed that the MERO is used to compile the report.

Mr R Esau confirmed that the data is received from the 2016 stats data. BVM cannot conduct its own survey to collect data because this is the function of a government department. The MM explained that in our own planning to determine budget, there is not sole dependence on data but also current circumstances.

Cllr S. Steenberg asked whether the budget can't be compiled on another manner to save money and have permanent solutions. The MM responded that a recommendation should

be made to Council to look at how we prioritise budget in total and make use of more sustainable projects instead of a maintenance approach.

Mr C. Malgas explained that the challenges are defined with detail and this does not reflect all challenges in BVM but highlights some challenges.

Mr R Esau explained that the data is important, but the detail analyses will be done with the IDP process which allows much more interrogation.

The Committee asked to what extent the economic sectors was adjusted in terms of Covid19.

Mr R. Esau informed the Committee that the 1st challenge was highlighted by management. Employees in BVM are graded in terms of JD and system called TASK and this determine the level employees is under. In terms of the current collective agreement, BVM is a level 4 Municipality for purposes of salaries. However, the salaries of Councillors are gazetted and that is law which cannot be deviated from. Directors and Senior Managers also has gazetted salaries. At the time that the report was compiled, no gazette was released and subsequent to this a draft have been circulated to start discussions.

Cllr T. Manual asked whether the need for increase have been taken up with national government and Salga. Mr R Esau explained that these is no negotiations because you only receive the gazette and National Government is well aware of the need for increase in these salaries.

The Committee asked for more information for the other risks and not little information.

Mr C Malgas referred to page 26 and the resealing of municipal roads. The intention of BVM is to continue on this momentum and commitment is provided throughout the financial years. The construction of the Zwelethemba swimming pool is a prime example of how through the IDP, communities have driven a point and is now achieved through lengthy times.

Cllr Z.M. Mangali referred to the level of service on page 31 and asked why it decreased in 2020/21. The MM explained that it was data clean up from the Department of Human Settlements and part of this can be the Roux park flats because they had separate electricity meters. However, the separate facility may have changed to collective facility.

Mr C. Malgas referred to page 28 & 29 which reflects the financial challenges but also the 95% collection rate which is very good despite the Covid19 pandemic.

Cllr T. Manual asked why R70 million is spent on roads and there is a huge crime rate. Mr R Esau explained that what we do is structured in the Constitution. The primary responsibility is to deliver services in terms of the Constitution however crime is the responsibility of the SAPS. Mr J. Steyn explained that the assets of BVM has to be protected and a % of the budget spent was grant funding.

Cllr T. Manual asked who allocates funding. Mr J. Steyn explained that National Government donates MIG funding and certain requirements must be met to qualify for this grant. The grants differ from project to project.

Cllr Z.M. Mangali suggested that the fixing of gravel roads should be first priority instead of resealing of roads.

Cllr S. Steenberg asked how small business and contractors benefits from projects enrolled by BVM. The MM explained that the administration needs to balance the priority list. There is 340 km of tar roads and it cannot be neglected forever otherwise new roads need to be built if this happens. The MM further explained that BVM is bind by National Acts in terms of local economic development.

The Committee asked whether there is funds available for anti-crime programmes and so many other things our communities struggle with. The MM explained that a certain came from MIG and a certain portion from own funding. Almost all roads in Avian park, Riverview, Roodewal, Zwelethemba, Touwsriver, indigent areas in De Doorns and in Rawsonville was resealed. The resealing of roads in Langerug and Midde Dorp was done from own funding. Cllr Z.M. Mangali argues that the tarring of roads should be prioritized more carefully to first reseal the roads that needs more resealing than others.

Mr C Malgas referred to the financial overview in Chapter 3. Mr R Esau indicated that if Councillors are interested in more financial information, there is circulars also available.

Action plan: The Committee referred to page 32 and asked how sanitation and electricity went down. Mr C Malgas will revert to the Committee on this question.

Cllr S. Steenberg asked why a difference in the adjustment budget between the 2 financial years is there. Mr C Malgas explained that due to Covid19 there had to be significant cuts on various things to ensure that BVM remain an ongoing concern.

Mr C. Malgas referred to page 35 and confirmed that this chapter must be read with Chapter 4. Mr C. Malgas referred to page 33 and the definitions of all possible audit outcomes as defined by the AG. The MM explained there is a difference between big and

small mistakes for the AG. If there is a material mistake, it will be highlighted by the AG. There were no material findings on the financial statements or on the performance of the municipality or the compliance with the laws.

Cllr S. Steenberg asked whether those places suffering damages from overflow of drains be compensated. The MM explained the differences on when and how the budget may be adjusted. The MM advised Cllr S. Steenberg to talk to Mr S. Swartz on the issue of the creche being damaged by the overflow of a drain.

Mr R Esau explained that the AG provided their report with page numbers and we couldn't edit their page numbers.

Cllr S. Steenberg asked how a clean audit is achieved when certain services such as health and SASSA is not available. The MM explained that BVM is not responsible for health and SASSA services but that the commitments were met and therefore the clean audit status.

The Chairperson suggested that page 35 to page 47 is skipped and read at home. Mr C. Malgas summarized pages 35 to 47 of the annual report to the Committee. Cllr Z.M. Mangali asked more detail on the duties of the IDP Department. Mr C. Malgas explained that their role is facilitative by engaging with the communities, collecting information, review, formulate and revise the information to submit it in a format to management and the political component. Prioritise are given by the community and submitted to administration to determine whether there is funding for the need or priority.

Cllr Z.M. Mangali asked whether a priority can be on a list for more than 5 years. Mr C. Malgas confirmed it may happen. The MM made the example of the Zwelethemba swimming pool that was on the priority list very long.

Lunch break: 13:00

Meeting reconvened: 13:40

Mr C. Malgas apologized for absence as from 14h00. Mr E. Cloete continued and took the Committee further through Chapter 2 (Governance) of the Annual Report.

CHAPTER TWO:

Mr E Cloete indicated that the Councillors referred to in Chapter 2 are the Councillors of the previous Council.

Action plan: Chapter 2: The Committee requested that the abbreviations be defined in the Annual Report.

The Committee asked where Councillors would get information on the projects referred to in page 71 of the Annual Report. The MM confirmed that the office of Mr W. Thys can furnish this information.

Cllr L. Willemse asked who is responsible for keeping records of the Ward Committee Meetings to ensure that the correct number of meetings reflect on the Annual Report. The MM explained that it is important that the recording of the meeting is kept by Mr W. Thys' section.

Cllr T. Manual asked why the public or other entities is not involved. The MM explained that the adjudication committee is an administrative function. Therefore, the administration is responsible for specifications, evaluations and adjudication up to R10 million. Any award over R10 Million, must be referred to the MM with a recommendation. Mr R Esau explained that S117 of the MFMA states that no councillor may be part of this process or an observer in this process.

The MM confirmed that a report is taken to Council on a quarterly basis of all the bids and tenders where it can be discussed.

Mr R Esau explained the procurement of goods and services is regulated by law including the time frames.

Mr J. Steyn confirmed that the swimming pool in Zwelethemba is almost completed and the grand opening is planned for 15 December 2021.

Cllr T. Manual referred to 2.10.2 and asked an explanation for the total orders. The MM explained quotations are based on price (80) and preferential framework policy system (20). These things are thoroughly checked by the AG as well. Cllr T. Manual asked whether there is an amount stipulated that is awarded to the bigger enterprises. The MM explained that there is lots of detail behind this.

Mr R. Esau explained procurement is heavily legislated and everything that happens is regulated even how the advert is placed. Procurement is regulated by National Law and a municipal policy. The Procurement Act explains how points are awarded and no government entity can exclude any person or business to compete for a tender. Some tenders require certain gradings and some amounts require that 30% of the work be subcontracted to local companies. Therefore, the law governs all tenders.

Cllr T. Manual asked whether there are names of the companies that tendered. Mr R. Esau explained that names of the companies are not included in the Annual Report, but it can be found on the BVM official website.

Mr R Esau notified the Committee that the Policies and by law reflected in the Annual Report are those reviewed or adopted in this financial year however there is a lot of policies and by laws which can be find on the official website.

CHAPTER THREE:

Mr E. Cloete took the Committee through Chapter 3 of the Annual Report (Service Delivery Performance).

The Chairperson welcomed Cllr C.F. Wilskut to the meeting at 14:45. Cllr C.F. Wilskut asked whether he may ask his questions on Chapter 3 at tomorrow's meeting. The Chairperson approved to Cllr C.F. Wilskut's request.

The Chairperson ruled that only Councillors that could not attend a meeting due to other meetings or responsibilities may ask questions on Chapters already concluded but not those Councillors that were present at the MPAC meeting.

Mr R Esau explained that a target cannot be lower than the norm.

Page 110: Mr R. Esau explained this is only the targets and not the actual achievements. The KPI is linked to a national KPI made practical for BVM.

Mr R Esau explained that the skills development referred to on the annual report is linked to employees. Councillors is not employees, but they are employers and does not have organizational rights such as employees. The Upper Limits provides how much Councillors get paid and other allowances etc. However, Cogta have structured training for Councillors. Councillors may not apply for municipal bursaries.

The Committee asked whether there are actuals other than the target that was set. Mr R Esau confirmed that this is reflected in the actuals and which KPI's was met. Mr R Esau explained the target vs the actual achievements.

In summary there was 41 KPI's and 3 almost met, 2 not met, 12 met, 16 well met and 8 extremely well met.

Page 122: The Committee asked Mr E. Cloete to explain and give more detail on this subsection. Mr R Esau explained that the KPI comes from the SDBIP. Circular 13 explains

how the document should look. The circular prescribes that when you develop a KPI it should be read in line with the SMART principle. There are hundreds of KPI's that must be met but these are not in line or measured against the SMART principle and therefore only these 41 KPI's are reported on.

Mr R. Esau informed the Committee that Councillors are entitled to be remunerated for expenses to attend meetings of Council and its Committees.

Mr R Esau explained that this doesn't mean it the KPI's report on Top Layer is everything for LED.

Cllr S. Steenberg asked whether the EPWP is a government or municipal programme. Mr R. Esau explains there is 2 projects creating jobs by government which is the EPWP and CWP. The EPWP is linked to specific municipal works but the funding is given by both national governments largely but also the municipality itself. CWP is a project for cleaning areas and they are paid by government themselves.

Mr R Esau explained that a few years back there were employees for 6 months and some longer. The term was reconsidered to ensure that other people also get chance to work however it's not viable due to costs. Therefore, the new contracts are for a period of at least 12 months. There are 4 types of EPWP's, and different plans must be submitted to National Government for funding. The term depends on the specific project as well as the stipend. The recruitment works through a database, but some people register to work for specific categories of work.

The MM explained that previously there were a few issues with the different stipends. The stipend prescribed by government is R90 per day and our stipend is R160 per day and for a Supervisor is R250 per day.

The Committee asked where the other duties of the LED Manager are and why is it not reflected in the Annual Portfolio. The MM confirmed that this is not all the duties and the other duties are collectively measured.

Mr R Esau explained that the entire process is part of a 5-year plan. The difficulty with tourism is the measurement of things. This SDBIP was approved just when Covid19 started and other KPI's could not be added.

The MM explained that the plan could not be presented to Council due to the various Council Meetings and it will be submitted once the next general Council Meeting is scheduled.

Mr R Esau explained that some people have vacant plots without electricity then they are only charged for those services they have access to. The totals will not tie up therefore there will not be 20 meters and 20 electrical connections. There is a national government norm for water and electrical losses. BVM buy electricity from Eskom but there are always losses in between. The MM explained that there was a problem with the calibration of the water at Stettynskloof Dam and immediately after it have been fixed there were immediately reduction in water losses.

Mr J. Steyn explained the national norm of how they measure the blue and green drop water. The Committee discussed that the reflection in the document does not reflect how the public feel about service delivery.

Cllr T. Manual agreed with the Committee in the sense that the general public has another picture of the services rendered against what is reflected in the Annual Report.

Cllr S. Madlolo asked why skips was taken away in De Doorns and people started dumping everywhere and water are flowing because they do not pay for the water.

The Chairperson suggested that the Law Enforcement section can also assist because people dump outside of the bins/ skips.

The MM suggested that a refuge summit to be held to have a proper discussion on the experiences of different areas.

Cllr L. Willemse mentioned that some time ago there were young people who were assisted with tools and there was a huge change. Cllr L. Willemse suggested that these programmes / projects must be implemented again.

Cllr S. Steenberg asked who writes off debt. The MM explained that as soon as you are declared indigent the old debt is written off. The principle is up to 30% is dealt with in terms of a recovery strategy.

Mr J. Steyn explained in terms of the spending on electrical services capital and operational budget, there were certain SCM challenges and therefore the certain expenditures couldn't take place. In terms of the maintenance, due to COVID certain maintenance could not be done. There was however quite an improvement from the previous financial year. If the equipment is not available in the market, targets cannot be achieved, and the high vacancy rate also contributes to the challenges.

The Chairperson adjourned the meeting at 16:00.

MPAC MEETING 03 DECEMBER 2021

The Chairperson opened the meeting at 09:11.

Mr E. Cloete continued to take the Committee through Chapter 3 of the Annual Report.

Mr E. Cloete informed the Committee that procurement is reported to Council on a quarterly basis.

The Committee asked Mr E. Cloete to explain the difference between good, satisfactory and excellent. Mr E. Cloete responded that SCM has a monitoring system in place for all contracts and officials need to report to that system on a monthly basis. An excel sheet is distributed to report the quality of the service. The MM explained that there is for record purposes should a service provider be blacklisted that such service provided will not be used to deliver a service. Mr R Esau explained that the AG also picked up a matter (HR system) which they thoroughly investigated and found that some delays of the HR system were justifiable however others were not and therefore it could not be blacklisted. The progress of the HR system is reported to the Audit Committee at every meeting. BVM has a new Service Provider which delivers good service and the evaluation of this Service Provider will be reported in the next Annual Report.

The Chairperson asked the Committee that page 130 until 141 be skipped and that the Committee continue on page 142. The Committee agreed to the request of the Chairperson.

Mr E. Cloete explained to the Committee the services of the municipality as listed in the Constitution and that the Municipality is not responsible for health services.

Mr R Esau explained that some of these functions is at a local level and some at a district level. Mr R Esau explained that the Constitution list the functions of a municipality however there is 3 types of Municipalities and all the functions does not apply to all types of Municipalities. Some functions apply to district Municipalities and not to local municipalities and other apply to metro Municipalities and not to local or district municipalities.

The Committee asked whether it would not be helpful to have a paragraph to indicate that the functions indicated as NO does not apply to a local municipality but to a district municipality.

Cllr L. Willemse asked why the netball court erects in ward 3 also reflect in ward 4 and 5. The MM responded that the purpose is for the whole community.

Cllr L. Willemse argued that there is 2 parts to housing which is the one where building materials is given and the other is 157 (Selfbou Skema) and asked the MM to focus on the Selfbou Scheme.

The Chairperson welcomed the Councillors that came later and informed the Councillors that they may ask questions of the Chapters we dealt with yesterday.

Cllr C.F. Wilskut congratulated all MPAC members being elected and wished them the best with their journey for the next 5 years.

Cllr C.F. Wilskut referred to service delivery specifically sewerage and asked what the performance in terms of sewerage were, whether the spending was not enough for sewerage and why the sewerage cannot be dealt with. Why is the sewerage in certain parts of the Worcester a huge challenge and whether there are 2 different pipes for sewerage? Cllr C.F. Wilskut asked the MM to give feedback with regards to underspending, deviations, spending during covid19 because Council have never received a report with regards to spending during the Covid19 pandemic. The spending during Covid were not always through normal processes. Cllr C.F. Wilskut further requested an explanation of the highest spending during Covid and the difference between the under and overspending during Covid time.

The MM responded that yesterday most of the questions were answered however he will refresh the Committee. The MM further responded that the infrastructure is not enough for the community and households in some parts of Worcester. The density and growth of number of people in the households contributes to this. The pump station in Avian park were built for 3 thousand households in the area and today there are way more than 3 thousand households and places huge pressures on the sewerage system. Cllr C.F. Wilskut asked the MM give statistics on how the growth in households went over the years. The MM explained that the statistical data is contained in the report, but the data is census data which is outdated. The MM further explained that there are a few things that contribute to pressure on the sewerage pumps for example load shedding stops the system from working. R20 Million were budgeted for the sewerage system however this is also needed in Rawsonville, De Doorns and Touwsriver. Consultants are needed to conduct a complete and comprehensive assessment to address the real problem with the upgrade of the sewerage system. After the assessment, to inform Council what value of the upgrade of the sewerage system will cost. There is also a project plan with timelines and that the assessment should be done by the end of this financial year however implementation will not wait for the time frame but that to immediately start with the process. The aspect with

regard to service delivery is something that needs to be placed on score cards to escalate it to top level.

Cllr C.F. Wilskut asked the MM to explain whether there was unspending that side of town (departmental view) and whether there was too little money to address the problem and whether there were insufficient employees to attend to the work. Further whether there were overtime work and what was paid for overtime because if we pay overtime, we can appoint more workers to address the work. Council should be advised what the real problem is and what will now be done.

The Chairperson asked the MM to explain what can be done now to address the sewerage problems and not what will be done in the future to address the sewerage problems. Cllr T. Manual informed the Committee that the sewerage water is overflowing in the Riverview flats which is unhealthy, and the public is complaining. This is a matter of priority and having a clean audit is not align with how it looks outside. Cllr L. Willemse asked Councillors that the Committee keep at the agenda before us and that Councillors not repeat their questions of yesterday because only Cllr C.F. Wilskut ask his questions. The Chairperson responded that the Committee agreed that everyone will be given a chance to asks questions and this is the first sitting and we must be lenient to each other. There is no need to elaborate and accommodate questions to have a transparent annual report.

Cllr C.F. Wilskut asked that the Committee breaks for 10 minutes to read through the action minutes.

Cllr Z.M. Mangali argued that Councillors might miss some important information that they missed yesterday and therefore the questions that are asked again.

The MM responded that the discussion is important and therefore tries to be comprehensive. Sewerage is an important matter and therefore urgent attention must be given to the sewerage system. An additional pump has been added in Avian Park; another pump has been prepared to assist with the sewerage system. A generator and additional jet vacs will be hired to deal with the immediate maintenance of the sewerage system. We should also be realistic, that there will not be enough workers to attend to the sewerage problems now. It would be irresponsible to appoint a lot of people now and sit with too many workers when the system is upgraded. The maintenance team is currently busy dealing with the sewerage problems.

The MM referred the Committee to yesterday's discussion with regards to performance and the SMART principle. However, due to the non-upgrade of the system over the years, there

will not be enough staff and they will be up for non-performance. If the system is upgrading, the maintenance team will be enough. If you look at the current KPI's for sewerage, it might not reflect the detail because there is national KPI's. The upgrading of the system is not there but it is in the new year's KPI and the performance of different departments. The performance of a directorate is part of the departmental performance, but the points will indicate how the performance is.

Caucus break: 10:10

Meeting started at 11:00.

The Chairperson gave feedback after the caucus. The Chairperson asked the MM for the Management Report submitted by the AG. The Chairperson asked Cllr C.F. Wilskut to continue with the feedback. Cllr C. F. Wilskut asked the MM that for Monday the following documents must be submitted:

1. Last resolution of MPAC last year, recommendation to Council;
2. Management letter from the AG to read through it at the sitting and returning it when the meeting adjourns, no hardcopies will be provided due to sensitivity of information;
3. Emphasis and few questions on Transhex Development, what is the progress on the matter and what the delays are?
4. Sewerage spending, was there extra spending and was the budget under severe pressure;
5. discussions of the AG;
6. Top 5 of tenders awarded to same contractors or not;
7. List of tenders awarded by BVM as reflected on the website;
8. Top 5 deviations in terms of biggest amounts; and
9. Spending list of Executive Mayor's budget.

Committee decided that Councillors will read through Chapters and return with questions. The list of questions will be forwarded to the Administration.

The MM responded that in terms of Management Report, the MM cannot provide the Management Report but that the Speaker can request it from the AG. The MM suggests

that himself and the Chairperson after the meeting ask the Speaker to request the Management Report from the AG.

Cllr C.F. Wilskut suggested that the meeting break for 5 mins to attend to the Speaker's office for the Management Report.

Cllr C.F. Wilskut asked whether the MPAC can continue on Tuesday. Mr R Esau confirmed that the MPAC may continue on Tuesday as well to finish the oversight report for tabling before Council at the next Council Meeting.

The Chairperson adjourned the meeting at 11:30.

MPAC MEETING 06 DECEMBER 2021

The Chairperson opened the meeting at 09:06 with prayer. The Chairperson received no official Applications for Leave from any Committee Member.

The Chairperson asked Mr R Esau whether any documentation is available for the Committee in terms of the requests made on 3 December 2021 by the Committee to the Administration.

The MM responded that the Speaker should give feedback to the Committee with regards to the Management Report and the rest of the requests the Administration will respond and give feedback on.

Cllr C.F. Wilskut asked the Covid spending for this financial year. Mr R Esau referred Cllr C.F. Wilskut to page 99 (Note 16) of the AG's report. Cllr C.F. Wilskut also asked the list of people who were awarded with tenders and are in employment of the state. Mr R Esau confirmed that all questions with regards to finances are contained in the financial statements in the AG's report.

The Chairperson asked that the Committee to continue on page 158 of the Annual Report.

Cllr C.F. Wilskut asked whether the Committee decided how the notifications will be handled in terms of recommendations to Council. Mr R Esau explained that the verbatim minutes is distributed at the end of every meeting and action plans or important issues are highlighted in red in the minutes.

The MM confirmed that most of the information is contained in the Annual Report and the annual financial statements. The other information will be provided by the CFO.

At 09:20, The Chairperson and the MM visited the office of the Speaker to enquire about the Management Letter.

The MM responded that the Speaker doesn't see the need that the document be provided because it is not part of the scope of MPAC's work. The MM explained to the Committee that the audit process is a scope of work that they audit for the year. The AG request various documents from administration, which is provided to them which they audit. After this process, if there are certain things to which different understandings is, they will send a request for information. If they are not yet satisfied after this information, they will provide a formal Comaf. After this process, if they are not satisfied the things will be taken something that has not been fully addressed to the Audit Report. The Management Report is a document, the engagement between the AG and management and this document does not have an outcome. Two years ago, the paragraph restricting the MM to give the document anybody without permission from the Speaker came into effect and therefore the MM cannot provide the document. After this restriction came into place, the Management Letter was not provided to MPAC and this did not prevent MPAC to fulfil their duties of oversight. The Speaker is of the opinion that the Management Letter does not for part of the scope of MPAC but for the attention of management and therefore it would not prevent MPAC to restrict MPAC from doing their oversight in the role.

Cllr T. Manual asked whether the MPAC was included in the decision not to distribute the Management Letter to. The MM responded that the discussion took place on Council level and therefore a request was sent to the AG. The AG confirmed that the report cannot be distributed however Council may request the report.

Cllr C.F. Wilskut argued that he cannot agree with the MM because every time this discussion comes, it feels as if something is hided with this report. This Report has nothing to do with the Speaker because it's not his report and it is not given to him. This organisation is the official forum of Council's oversight and if Council request it then MPAC will have to do oversight over it. The question now is whether the document is distributed outside and what the status of this committee are. Another question would be what the rights of this Committee are. It cannot be in the power of the Speaker to decide whether the Report can be reported or not. The same document is distributed freely are other Municipalities and even at the CWDM. MPAC has an oversight role over the whole spectrum including the Speaker and Executive Mayor.

The MM responded that he has never refused to give the Management Report, but process need to follow. I am willing to display the document but that the decision that was taken by Council was that this document can only be requested by Council. This should be finalized with Council because it cannot be debated at every sitting of Council. The MM's authority does not count here because the paragraph limits the MM to provide the document.

Cllr T. Manual asked Mr R Esau whether there are any legal issues with holding back the document and why is MPAC restricted to have certain information and what is MPAC's role in this regard.

Mr R. Esau responded that the situation this time is slightly different because MPAC now has legal status in terms S79A of the amendment of the Structures Act. Mr R Esau displayed and explained S79A of the Municipal Structures Amendment Act. Mr R Esau confirmed that there is no law or policy for having insight into the Management Report.

Cllr T. Manual asked whether this override the Speaker's decision. Mr R Esau referred Cllr T. Manual to section 79A and MPAC reports to Council and act on instructions of Council. The MM confirmed that he is prepared to display the report on the projector.

Cllr C.F. Wilskut proposed that the Management Report will be relevant for discussion when the AG's report is discussed.

Action plan: The Chairperson informed the Committee and administration that a note will be made to Council to discuss and resolve whether the Management Report must be made available to MPAC or not.

Cllr T. Manual asked that Mr R Esau sent the Amendment of the Structures Act to Councillors.

Cllr C.F. Wilskut asked why section 79 of the Structures Act were omitted from the Agenda.

Cllr C.F. Wilskut referred to page 88 and 89 (awards made by the BID Committee for a total of R155 Million) and asked if the Accounting Officer is the MM. The R77 million etc. and asked whether the MM has the authority to award these tenders. When was the tender for Capital finalized, whether the MM has sole authority and when was it signed off? Why are there no any amounts reflected against the appeals and no reasons for the appeals and was it successful? The MM started with the process of tenders for the understanding of the Committee. There is 3 Committees, which is the specification, evaluation and bid adjudication committee. The Bid Adjudication Committee can only approve tenders for R10 Million or less and if it is higher, they will recommend to the MM who has the authority to

make the final decision. The MM cannot change the recommendation of the Committee and if so, the MM must have a good reason. The tenders of R10 million or more still comes through the three Committees however the MM has authority to approve or decline. Cllr C.F. Wilskut asked the MM if he looks at specific things when he receives their recommendation for the tenders more than R10 million. The MM responded that all objectives criteria's of SCM must be confirmed before he can sign off on any tender more than R10 million. Mr R Esau explained that the AG has expert employees that interrogate these tenders.

Cllr C.F. Wilskut referred to page 91 and the months column and asked if the companies of the R216 million companies outside BVM is. The MM referred to the page where local companies is awarded. Cllr C.F. Wilskut asked whether Capital is the only local company. Mr R Esau gave context that it's important to note that all tenders need to comply with the law and certain with CIDB. BVM cannot decide that only BVM companies can tender, its unlawful. The law provides that tenders must be open to the whole of South Africa. If tenders are put out that must comply with CIDB, there is specific registration requirements. Between R1 and R2000.00 its quotations and most of this is local companies being used. Cllr C.F. Wilskut argued that most of the local companies are not on the level to be successful in big tenders. Cllr C.F. Wilskut argued that the Municipality should empower local companies and therefore the LED should attend to local empowerment. The Chairperson argued that if tenders are awarded to local companies, more monies are generated which will enable the Municipality to create opportunities for empowerment. The MM agreed and argued that the right processes must be followed to ensure compliance. BVM tried to empower suppliers/ contractors in order to be in a position to compete competitively. The actual issue is that if national Acts or laws can be influenced it would assist a lot.

Recommendation: Mr R Esau suggested that when the LED strategy is developed the full Council form part of the discussions.

The MM explained that much more appeals are received than in the past. These appeals are appeals are being done by an independent component which were not part of the bid process. Full detail is taken and after that the appeals are dealt with. All appeals listed on the Annual Report were unsuccessful. This list was also scrutinized by the AG and they also look at the information.

Cllr T. Manual asked who the independent body is. The MM responded that an independent body that was not involved in the bid process. The legal component assists the MM who is the appeal authority for most of the appeals.

Cllr C.F. Wilskut referred to page 91(deviations) and asked whether there are outstanding deviations on table 54. The MM replied that the table reflects the value as it was projected, however when it realized the direct amount was tendered for. The deviations will always be value determination at the time. Cllr C.F. Wilskut asked whether the R39 was the fixed amount. The MM responded that it's the value because the amount cannot differ from deviations tabled before Council every month.

Cllr C.F. Wilskut referred to page 96 and noted that BVM does not have any Black/ African appointments in top management and no white general workers. There is white general workers appointment after this Annual Report.

Cllr C.F. Wilskut referred to page 129 and asked what performances this is. The MM responded that these are the performances of contractors outside. The progress report is expired which means the contract is done. Cllr C.F. Wilskut asked why the costs are not reflected and asked why contractors are awarded for months and then the contract stretch over 2 financial years.

Recommendation: That clear dates and costs must be indicated on the tables of page 129 and the colors of the pie chart also be looked at.

Cllr C.F. Wilskut referred to page 132 and asked whether the contractor for refuge bags whose contract expired and the one who is active, is this the same person and whether this is ordered for the whole BVM. The MM explained that the black bags is a municipal contract for the whole of the BVM. Cllr C.F. Wilskut argued that the table reflecting the cost is important and not whether it's for a department or the whole BVM.

Cllr C.F. Wilskut asked what the essence of the AR if it reported like this. Mr R Esau responded that this is a template after discussions with COGTA, National Treasury etc. This template makes reporting easier for national level who compiles a report to Parliament.

Cllr C.F. Wilskut referred to page 133 argued that its more important for the reader to know the amount charged for the service then to know what the service is for. The table does not reflect when the contract expired and what the amount of the service were for.

Cllr T. Manual asked whether the list of tenders reflect the amounts or only the names. The MM responded that all detail will not be reported in one document but that the information is available.

Mr R Esau explained that the intention was to state the performance of the service provider.

Note: the template should be amended.

Recommendation: Cllr T. Manual suggested that information be continuously distributed to ensure that MPAC.

The meeting adjourned for 10 minutes at 11:08.

Meeting reconvened at 11:20.

Mr C. Malgas gave context that the information on page 147 until page 165, is done in a similar fashion which is provided in the top 3 capital projects per ward taken out of the IDP.

Cllr C.F. Wilskut referred to page 152 (Ward 10) and upgrading of play parks should not be there because even the names of the places is not in ward 10. Is the jet vac purchased or just used for ward 10? The MM explained that this jet vac is used for different wards. Cllr C.F. Wilskut asked what the explanation is of number 3. Mr C. Malgas responded that the capital expenditure report is looked at which indicates what wards this is. Cllr C.F. Wilskut argued that this is an actual document and a play park in Roodewal is not there.

Action plan: The MM suggested that the play park in Roodewal should be removed.

The MM explained that the play parks in other areas have materialized except in Roodewal.

Cllr C.F. Wilskut argued that there is no youth café in Ward 11. Mr R Esau explained that it's about the programmes that have been rolled out and not the centre itself. The MM explained that the information came directly from the financial system. The reflection of the youth café is at Maria Pietersen where a computer centre was created in Ward 11.

Recommendation: Cllr S. Steenberg referred to the erection of play parks and noted that play parks is demolished and asked why the ECD's are not assisted with these locations to conduct their business and have a play park.

The MM assured the Committee that Chapter 3 have been fully audited by the AG.

Cllr C.F. Wilskut argued that most of issues are blanks for example on page 153 an amount R30 million budget for maintenance in Roodewal which has not taken place. The MM responded that the R30 million have been budgeted until 2024 and not the actual.

Cllr C.F. Wilskut referred to page 166 (water losses) and asked how the progress of the water losses currently is. The MM replied that water losses came down with 7% and much more must be done to decrease water losses.

Recommendation: Council must take note that water losses must be attended to and 7% decrease is not satisfying.

Cllr S. Steenberg referred to ward 1 and asked why there is no MPC in Ward 1 for using it for various communal functions such as Sassa payments, computer labs etc.

Page 169 Cllr C.F. Wilskut referred to page 169 and asked whether the figure represents the total informal settlements. The MM explained that this figure is not the accurate. Cllr C.F. Wilskut asks how this inaccurate figure impacts the planning because the informal settlements are growing daily. The MM responded that credible data need to be worked with. BVM is working with Ward Councillors to ensure that BVM is still in the national norms with regards to service delivery. Cllr C.F. Wilskut argued that if the norm is 200m, BVM can reduce it to 100m and national standards must not restrict Municipalities. The number of informal settlements should be counted continuously and number it. The 9 thousand figure is off concern especially for planning purposes.

The Chairperson suggested that the Ward Councillors should be used through the Speaker's office to have the correct figures of informal housing in each ward.

Cllr S. Madlolo argued that in Ward 2 it's a huge problem because informal houses are built every day in Ward and its most foreigners. These foreigners also use electricity illegally as well as water pipes. The MM explained that there is a challenge with regards to invasion and in De Doorns its more seasonal workers and therefore the holistic approach must be followed.

Cllr C.F. Wilskut argued that it might not be a SAPS issue to deal with assistance in erection of informal housing. The communication between the Municipality and people who wants to erect an informal house is very important. BVM need to reach a point where discussions it held with communities to stop the erection of informal houses anywhere. This is a challenge for housing, and they do not have the capacity to deal with informal settlers.

Recommendation: Council should discuss how informal settlements will be dealt with to stop it from continuously happening within BVM.

Mr R Esau explained that informal settlement is a country wide issue and the courts is reluctant to interfere. This creates pressure on the demand of services within the whole BVM and this should be discussed by Council.

Cllr C.F. Wilskut referred to water losses and asked that BVM look at how many water losses their actual is through pipes and meters. Cllr C.F. Wilskut asked whether there is a specific portfolio for water losses. On Page 171, the amount referred to have been adjusted to R5 million and asked whether it has an impact on the 24%. The MM responded that the problem should be identified and addressed. This links itself to the upgrading of the rental units. The whole infrastructure is not conducive and therefore the actual problem should be identified and addressed.

Mr C. Malgas referred to pages 166 to 265 which reflects on key services issues within the departments. The MM added that the upgrade of the sewerage and storm water system were in detailed discussed and it also linked up in trying to be more progressive.

Cllr C.F. Wilskut referred to page asked how many chemical toilets there is and what the costs are. The MM responded that the total cost was R6.8 million per year and it might now be nearer to R10 million. Cllr C. F. Wilskut argued that chemical toilets are more of a burden for BVM with all the maintenance etc. Wouldn't it be more productive to connect a line with the system because its costs effective and it would positively affect people's lifestyle. The MM responded that there is currently a study in process of this. The infrastructure and facilities couldn't carry this however with the upgrading it will be considered.

Cllr L. Willemse referred to page 174 and asked what BVM can do because residents destroy the road with connecting unlawful electricity lines. The MM responded that he will have discussions with the Councillors.

Recommendation: Cllr T. Manual referred to page 186 (EPWP) and recommends that EPWP workers be informed of a certain problem in a ward and work on that area problem rather.

The MM responded that the Ward Councillors be approached to take the issue further. The problem in Eagle and Swallow Street in Avian Park should be attended to.

Cllr S. Steenberg referred to page 186 and asked whether its 5 persons working in Rawsonville. The MM responded and confirmed that it was reviewed, and the numbers is much bigger after this report.

Cllr L. Willemse raised his concern with the EPWP and the problem with the supervisors. Mr R Esau explained that he only attends to the recruitment of EPWP. The community complains about the EPWP and the supervisors should be talked out.

Cllr Z.M. Mangali referred page 191 and asked why New Mandela sites is 0 and the ISSP is and how many skips are in Zwelethemba. Why are there no wheelie bins in sites such as Moses Mabida Street.

The MM responded that there is a problem all over the BVM with regards to the wheelie bins and the contract will be allocated early in January 2022. The issue of the skips, a detail discussion must take place with Mr P. Hartzenberg.

Cllr C.F. Wilskut referred to page 182 and asked whether the Murf is beneficial in terms of the amount spend and how will BVM get value for money. The Murf was built to receive value for money in terms of recycling and does this happen. Mr J. Steyn informed that he is not aware of any criminal activities but that the facility was damaged due to storms in May 2019. It took BVM more than a year to receive the money from the insurance. The Murf was erected to comply with legislation and with recycle there is no profit.

Cllr C.F. Wilskut referred to page 192 (Transhex Development) and asked how old the information is. The MM responded that the information is older than 2019 and there is a need to update.

Cllr S. Steenberg asked whether the houses built at Transhex is the same as was designed. The MM responded that the information is available and can be dealt with now.

Cllr C.F. Wilskut referred to page 192 (sites 754 & units 350) and asked whether this is service sites or top structures and when will people be allowed to move in on 754 and when will the units be finished and what the hiccups are. The MM responded that the table is about sites and not houses delivered.

Mr J. Steyn explained that the current service provider was appointed for the construction of 800 top structures and Murray East was appointed for the service sites. The timeline of the project was a 5-year timeline and it should have been completed in May 2022. However, there were various delays. To date 276 are ready for construction. TSSN/TNNS were appointed for the first 800 top structures and they started off with the building system and during the first phase they had difficulty with a supplier of the building system. This supplier was from China and they changed the method of the construction but the lay out is the same as what was approved by the Municipality. During the construction their unhappiness with local contractors and the contractor also have financial challenges

because they had to pay the first building system upfront. TASK construction company (Standard Bank) financed the contractor. The site was closed because there was no money to build. The Top structures is at different stages and some should be rebuilt because they have been rejected by the Department of Human Settlements. There is currently 44 units which is almost completed at the development, those indicated in red is 22 units were certified as completed and ready for handover. Those in yellow is not completed and is attended to. The time will be extended to March 2022 to complete the first 190 units. The DHS will procure one or more service providers to complete the remainder of the 800 units. The due date for the 190 units is moved from March to May 2022. Hopefully by May 2022, the 190 units will be handed over to beneficiaries. It was agreed by Human Settlements and Contractors, that the 190 will be completed then only it will be handed over. The anticipated completion for the 190 is May 2022. The service site is not in the previous financial year, 1.1 to 1.4 has been certified to complete on and 1.5 certified to be completed 29 November 2021. The delays were the under performance by the building contractor is mainly the difficulty with supply of materials as well as the cash flow of the contractor.

Cllr C.F. Wilskut asked how many open ervens is finalized. Mr J Steyn confirmed that thousand is completed. The view of Department of Human Settlements view is that it must be completed.

Cllr C.F. Wilskut asked whether there will be no open sites but all top structures. Mr J. Steyn confirmed that there will be no open sites but all top structures. Cllr C.F. Wilskut asked how the allocation will be. The MM confirmed that the allocation will be strictly in accordance with the beneficiary list.

Cllr C.F. Wilskut asked whether 190 top structures will be done in May 2022 with no open sites all top structures. Can residents in informal settlements apply for this. The MM responded that BVM is looking at ways for informal settlements within the urban edge but in some areas, it might not be conducive to connect electricity.

Cllr C.F. Wilskut argued that it might be more favorable to move people to a place where the municipality have control. Communities are tired of waiting and specifically those that are living under the breadline. The challenge of BVM is the allocation process.

The MM suggested that discussions need to realize for relocation of people.

Mr S. Mayeki explained that funding is received from the grant controlled by the MEC for Housing. BVM received 2 letters of allocation every year, which is funding based on

assessment done for readiness and secondly which is achievable for the province. The numbers will fluctuate because of this. Projects are approved now based on beneficiaries either prescreening or actual approvals. In new Mandela there is approximately 1 674 occupants of service sites. There were only 25 beneficiaries out of the 1 647 and therefore Human Settlements did not approve a project for New Mandela Square.

Cllr C.F. Wilskut asked how many applied and how many approved. Mr S Mayeki explained that the first beneficiary administration was done in 2018 and then it was only 25 however a lot of things happened. A full assessment of the information of settlements must be done to determine the readiness of the project.

Mr S. Mayeki explained that the HSD agreed that the BVM Allocation policy must be used which is the first person on the list. 10% of the allocation should be split between the vulnerable group within BVM in terms of the Housing Allocation Policy. This includes the entire BVM not only Worcester.

Cllr C.F. Wilskut asked what the current housing backlog is and whether people in informal settlement will get preference for housing in Transhex Development. How many beneficiaries is on the overall list of all towns within BVM?

Mr S. Mayeki responded that the official statements from BVM were always that top structures will be handed over only. The danger of saying informal settlements residents will be relocated first, it will make the problem worse for people waiting patiently from years back. We should rather capture the applications of people living in informal settlements. There is around 20 thousand people waiting for houses and 6 thousand declared to be dormant because BVM tried to follow up with these people for their information. These people are cancelled on the system however should you respond, your information with same date etc. is retrieved from the system.

Cllr C.F. Wilskut asked how many illegal occupants there within BVM is and what is the protocol for people who wants to erect shacks and if people receive a house will they be allowed to move with their shack. Mr S. Mayeki responded that issue of illegal settlement is very wide because some people does not even inform BVM if a resident has passed away.

Cllr T. Manual asked whether there is security or safety measures in place when allocation starts. Mr S. Mayeki replied that the contractor building the houses must protect the houses because the risk will always be there.

Cllr C.F. Wilskut asked what will be told to people who will not be accommodated in the Transhex Development.

Cllr Z.M. Mangali argued that security is an important question. The people believe that people from informal settlements will be relocated to Transhex. The MM responded that the Councillors is correct that security is important.

The MM suggested how illegal invasion or occupants will be dealt with should be discussed to consider security or safety precautions.

Mr R Esau explained that there is a valid High Court Order to protect the land (Transhex Development) and if something happens SAPS are duty bound to act on the court order.

Cllr Z. Mangali asked whether there is any action for people who sell or rent out their houses. Mr R Esau explained that there are other court orders for other land. The Housing Department will inform the legal department who must get affidavits etc. to go to court. There are specific legal requirements that must be met before one can go to court.

The Chairperson referred to the emergency housing kits. The MM replied that the policy must be reviewed, and this will happen when the new policy framework for Council are started with.

Lunch break at 13h35 until 14h00.

Mr R. Malaka took the Committee through the Management Report that was displayed on the screen. The introduction contains the purpose and the duties of the AG. The MM reflected on paragraph 5 of the Management Report which justifies his explanation why the Report cannot be distributed.

Mr R Malaka explained the arrows in terms of the report. BVM obtained a clean audit which was unqualified with no findings. All committees were green only the senior management were yellow, and the AG argued that there should have not been these mistakes. There were issues which gave the yellow arrow such as the quality of the financial statements. There were misstatements in terms of GRAP but there were no significant misstatements. The misstatements were classified as revenue for exchange, there is no accountholder and BVM deemed it as an exchange. The AG issued a finding that it should be changed and afterwards confirmed that it should be kept as was recorded by BVM.

Cllr C.F. Wilskut referred to the Nil against housing and asked does this mean there was no exchange. Mr R Malaka responded that it means there were no finding.

There were a few misstatements that was listed. Cllr C.F. Wilskut referred to the R31 million litigation misstatement and asked whether this means that no provision have been

made. Mr R Esau explained that it is not required of BVM to provide for it at this stage however if an order have been made and an appeal is in process then it may change. Cllr C.F. Wilskut asked why it is a misstatement if the AG and BVM agrees. Mr R Esau explained that this is audit on financials of BVM. A lot of the audit are technical in nature and the summary is in financial language. The AG's report is also used when the Municipality apply for a loan. Cllr C.F. Wilskut asked what the impairment of receivables is. The MM explained that for example if you have a laptop then you need to annually assess the value. Mr R Malaka explained that the AG have audited the impairment.

Mr R Malaka explained that this is not a negative and in the previous year it was higher and therefore this year was a positive.

Ms. H Hansen explained that there are 2 criteria's for impairment which is service delivered and getting something in return. This is the impairment of the debt portfolio which is residents owing BVM money. At the end of the financial year an assessment is done to determine what the collectability of the debtors. The money of debtors not paying is not written off because BVM try to create a culture of payment. No write offs in terms of big businesses.

Mr R Esau explained that the annual report is not audited but only chapter 3 (performance report). Mr C Malgas noted that pages 118 to 121 is audited in the Annual Report. There were no findings in terms of compliance with legislation.

Cllr C.F. Wilskut asked whether previous findings were rectified. The MM responded that only one out of the 10 issues were acknowledged by the AG as being rectified. Mr W Du Plessis explained that the Audit Committee exercise oversight and follows up with Management with regards to any findings by the AG. The IA does internal assessments and does not duplicate the work of the AG.

The MM explained that the AG takes the risk assessment of the Municipality and that of the IA and determine their own scope.

Cllr C.F. Wilskut asked what the AG's view were on deviations of BVM. Mr R Esau explained that the AG interrogate the documents, interview the AO to determine whether he applied his mind correctly.

Mr R Esau explained the Worcester Standard deviation, that section 29 of the structures act provides that notices must be placed in your local newspaper.

Cllr C.F. Wilskut asked why the deviations to a total of R17 million in the Management Report is and R39 million in the AR. Mr R Esau explained that the R39 million was estimated and the R17.7 million is actual.

Mr R Malaka took the Committee through the screened top 5 awards in 2019 and 2020 period.

Cllr C.F. Wilskut asked how to have the financial affairs bettered from the 2020 financial year. The MM responded that a quarterly monitoring is done with quality targets which improved the performances. There was much better response from the public in terms of payment.

Cllr C.F. Wilskut noted that the LED section is nonresponsive towards job creation.

Recommendation: LED strategy and development should be discussed by Council. The MM responded that there should be more budgetary support.

Cllr C.F. Wilskut asked how the overtime spending reflects. The MM explained that lots of vacancies contributed because management were not sure of the projected income. However, money is now recovered, and vacancies is now being filled.

Cllr C.F. Wilskut asked what the capital expenditure were? 92.1

Operational expenditure? 99.6%

Cllr C.F. Wilskut asked what the covid19 spending were and how would EPWP be better used. Mr R Esau explained that R3.1 million was the spending during the Covid for the previous financial year. For this financial year, its currently at R550 175.00.

The MM explained that the replacement of EPWP for normal duties were also the problem with vacancies. There must be a good balance with the vacancies and the EPWP.

Only the R75 000.00 was distributed to the Food Kitchens and the rest of the R550 000.00 was used internally.

Cllr T. Manual asked whether the screening is lawful. Mr R Esau explained that this was part of the Regulations at one stage. Testing for Covid is at this stage voluntary. Vaccinations is currently voluntary however there is regulations that mandate vaccinations.

Cllr C.F. Wilskut asked how many open vacancies there is currently. Mr R Esau referred to page 278 which reflects the number of vacant posts.

Conclusion

Breede Valley Municipality received a "Clean Audit" for the 2020-2021 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 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa 56 of 2003 and the Annual Division of Revenue Act 4 of 2020 (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; as well as to thank the Audit Committee for their role as an Oversight body to Council.

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 2020-2021 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:
 - Economic development is a major concern for the development of the Town and that the full Council must have a strategic session to discuss economic development as a precursor to a new economic development strategy in particular the economic discussion that must focus on-
 - Job Creation;
 - Entrepreneurial development;
 - Use of municipal supply chain management for entrepreneur or business development;
 - Utilisation of municipal land for economic development; and
 - Provision of funding for economic development.
 - Council should consider the prioritisation of budget to focus on sustainable solutions for service delivery issues such as sewerage, refuse removal, building of roads, water provision and electricity provision in formal- and informal settlements.
 - Council should consider a full assessment regarding to formalisation of informal settlements.
 - MPAC express concern over the following matters that the executive must address:
 - The slow progress with the Transhex development;
 - The housing waiting list of about 20 000;
 - The filling of vacant posts;
 - Overtime expenditure in excess of R21 million;
 - Renewable energy.
 - MPAC acknowledge and complimented the administration for excellent work done on prudent financial management and decrease in water losses.

- 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; as well as to thank the Audit Committee for their role as an Oversight body to Council.

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

The Chairperson adjourned the meeting at 16:15.



MPAC Membership:

Councillors

1. Titus, H.C; (Chairperson): PR, GOOD.
2. Madlolo, S.K; PR, EFF.
3. Mangali, Z.M.; Ward 16, ANC.
4. Luwellyn Willemse; PR, DA.
5. Manual, T.S; PR, ACDP.
6. Steenberg, S.S.T; PR, PA.
7. Wilskut, Colin Frederick; PR, BO.

A handwritten signature in black ink, appearing to be "H. Titus", written over a horizontal line.

MPAC Chairperson Cllr. H Titus

for Municipal Public Accounts Committee

07/12/2021

Date

