



**BREED VALLEY**

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

# **Municipal Public Accounts Committee**

**OVERSIGHT REPORT ON THE ANNUAL REPORT 2021-2022**

**A caring valley of excellence**

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*To report to  
Council the  
Oversight Report  
in respect of the  
2021-2022  
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 2022 before Council at its meeting held on 12 December 2022. 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 2021-2022 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 08 December 2022 in the Worcester Standard. No public comments and/or inputs has been received.**

## Timeframes for compilation of the Annual Report 2021-2022

Activity	Responsible person/s	Deadline	Comment
Circulate 21/22 AR departmental input template(s) to all Directors & Managers.	Ignite Advisory Services, PMS Office	06 June 2022	Initiation of the 2021/22 AR compilation process
Opening of Ignite system for KPI updates to be conducted (all periods).	All Directors, Managers, Ignite users, PMS Office	01 July 2022	<p>Please note that prior periods will be opened to grant users the opportunity to update KPI's that have not yet been updated.</p> <p>Top-layer (TL) KPI's relating to prior periods (excluding Quarter 4), should not be amended without informing the PMS Office</p>
Submission due date of all 2021/22 AR departmental input templates.	All Directors, Managers, Ignite users, PMS Office	15 July 2022	<p>Ensure that all KPI's on IGNITE is correctly and accurately updated.</p> <p>Please note that ALL prior periods will close on this date.</p>
Submission due date of all statistical information for inclusion in the 2021/22 AR	PMS Office	15 July 2022	To ensure that credible and accurate information is encapsulated in the 2021/22 AR.

Closure of the Ignite system.	All Directors, Managers, Ignite users, PMS Office	20 July 2022	To ensure that all KPI's are correctly and accurately updated on the Ignite system. Please note that ALL prior periods will close on this date.
Draft and finalise Portfolios of Evidence (POE's) and Standard Operating Procedures (SOPs) pertaining to all TL and National KPI's.	All Directors, Managers, PMS Office	27 July 2022	To ensure that accurate Portfolios of Evidence (POE's) and Standard Operating Procedures (SOPs) exist for all TL and National KPI's.  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.
Approval (sign-off by Directors) and submission of all POE's and SOPs for inclusion on Audit File.	All Directors, PMS Office	28 July 2022	Approved POE's can be uploaded on the Ignite system, whilst the SOP's must be submitted via the PMS Office to the Financial Planning Office.
Submission of all outstanding 2021/22 AR departmental input templates (Financial Services and other financial-related input as mentioned in point 3).	Financial Services & Directorates that have not yet	1 August 2022	To ensure that credible and accurate information is encapsulated in the 2021/22 AR.

	submitted inputs		
Submission of Draft 2021/22 AR to Management for review / input.	Ignite Advisory Services, PMS Office	12 August 2022	Quality review of Draft AR
Management to provide feedback on the Draft 2021/22 AR.	BVM Management Team	26 August 2022	To promote a high-quality product
Finalise the quality review and incorporate final feedback into the Draft 2021/22 AR.	Ignite Advisory Services, PMS Office	30 August 2022	Good quality
Draft 2021/22 AR submitted to AG	Director SSS/CFO	31 August 2022	To ensure legal compliance with the MSA and MFMA
Continual quality review of the 2021/22 AR (exclusive of the S46 Annual Performance Report – Chapter 3).	Directors, Managers, Ignite Advisory Services, PMS Office	September 2022 – November 2022	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 2022, Engagement between MPAC and Management.	Resolved	13 Dec' 2021	Cllr H.C Titus
Analysis of the Annual Report for the year ended 30 June 2022, engagement between MPAC and Management / Conclude on the Oversight Report of the AR 2021-2022	Resolved	14 Dec' 2021	Cllr H.C Titus

## Attendance of Councillors: Two (2) MPAC meetings

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

🚩 The Chairperson accepted a verbal apology on behalf of Councillor Sonja Steenberg for being unable to attend the meetings held on 13 and 14 December 2022 due to her giving birth recently. The Committee wish her and her baby good health and prosperity.

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

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**TUESDAY, 13 DECEMBER 2022 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**

**02 DECEMBER 2022**

### **AGENDA**

**1) OPENING**

**2) APOLOGIES**

**3) STATEMENTS AND COMMUNICATIONS BY CHAIRPERSON**

**4) STATUTORY BUSINESS**

**4.1 Draft Annual Report 2021 – 2022**

**5) CLOSING**

**5.1 Date of next meetings-**

**5.1.1 14 December 2022 (09h00 – 16h00); and**

**5.1.2 15 December 2022 (09h00 – 16h00).**

**NB: Please bring the Annual Report documentation as distributed for the Council meeting of 12 December 2022.**

**MPAC MEETING 13 DECEMBER 2021**

**6) OPENING AND WELCOME**

The Chairperson opened the meeting at 09h05 and welcomed everyone. It was requested that Cllr Manuel open the meeting with a prayer.

**7) OFFICIAL NOTICES**

**2.1 Disclosure of interests**

**2.2 Applications for leave of absence**

Councillor Wilskut informed the Committee that he believed Cllr. Steenberg is on maternity leave and apologized on her behalf. The Chairperson noted the apology and confirmed that he had not received an apology in writing.

**8) STATEMENTS AND COMMUNICATIONS BY CHAIRPERSON**

Mr Armstrong Mpela and Mr Alister Chibi, from SALGA, were thanked by the Chairperson for their presence and continuous support of Breede Valley's MPAC processes. The Chairperson also expressed his gratitude to all MPAC members and Administration for their tireless efforts to have this process completed despite the holiday season. The Chairperson asked the Committee to break for 10 minutes, just to make sure that all the MPAC members can join and to have a tea and coffee.

The Chairperson congratulated the Municipal Manager and the Administration for achieving a Clean Audit for the financial year under review 2021-2022. The Chairperson proposed that the schedule for the MPAC meetings should be changed, with a break in between days of the week scheduled. Chairperson ruled at that stage that a decision will be made on the way forward at the end of the day's session depending on the progress.

The Committee excused the municipal manager and the senior management team so that MPAC members could on their own with the assistance of the manager IDP and Performance work through the initial chapters and request the municipal manger and his administration to re-join once MPAC members have specific questions on the chapters so assessed. The Municipal Manager, Mr McThomas also informed the Committee that the AGSA Management Report shall be made available only during the meeting for members scrutinise it during the meeting.

The administration left meeting by 09h30.

**9) STATUTORY BUSINESS**

The meeting reconvenes at 10h15 with the municipal manager and senior managers to respond to members questions.

Annual report for oversight purposes

**Chapter 1**

The report was presented to the committee by the responsible official for the

Annual Report, Mr Chad Malgas.

Page 31: Cllr Titus: Are the regulations complying with column 3?

According to the Municipal Manager, the reporting is entirely determined by the number of executive management positions filled. Currently, the position of director of public services was not claimed or reported.

**Chapter 2**

Cllr Manuel asked about the Bid Adjudication Committee's composition, its legality and why the names of the members do not appear in the report.

According to the Municipal Manager, all Directors are members of the Bid Adjudication Committee. The Committee is chaired by the Chief Financial Officer. In addition, Mr Esau explained the legality of the composition in accordance with applicable law. Mr Malgas confirmed that the titles of the different directors are reported on page 87 of the Annual Report.

The Chairperson, Councillor Titus referred the Committee to page 57. He asked why the EPWP and learner's license statistics based on the Learner License Programmes are not included in the Annual Report.

**Recommendation: That all statistics regarding the Learner License Programmes be included in the next Annual Report.**

Malgas confirmed that he would take a look at the matter to ensure that all project statistics would be included in the future document.

The Committee questioned the number ward committee meetings and task Mr Swartz to ensure that in future proper clarity are provided as to which information are reported.

Councillor Mangali expressed his concerns about Disaster Management's services and asked where to report incidents and get assistance.

According to the Municipal Manager, the questions relate to social support as well. Pro-active work was done by BVM in challenging areas and in informal settlements, which will always be at risk.

Based on the information reported on Page 79, the Chairperson enquired about conflict of interest; Mr Cloete explained that all Councillors and officials are required to disclose their information and interests. Councillors and officials are responsible for reporting any changes to their disclosures.

The Chairperson asked questions related to fraud and corruption prevention and what controls the Municipality has in place as well as within Supply Chain Management processes.

The Municipal Manager responded that the Municipality does have internal controls in place, including segregation of duties. Mr. Cloete also mentioned that vendors and staff members are required to disclose their related party information, as well as officials must disclose their financial agreements with vendors.

The Chairperson states that it is imperative that the Job Descriptions of Officials and in particular the Supply Chain Department should be properly developed. This will prevent and give them no reason to commit fraud and corruption.

The Municipal Manager mentioned that the Municipality complies with the remuneration system implemented for local government and that all posts are aligned. According to Mr Esau, cases of alleged fraud and corruption are investigated if it is reported.

Furthermore, the Chairperson requested more clarification on page 88 regarding the procurement of padlocks BV951/2022. The Municipal Manager confirmed that the Procurement Manager, Mr Moteetee, would come and explain the tender's status in detail.

According to Mr Moteetee, these padlocks are specialized padlocks that are used on high-risk infrastructure (transformers and substations) to prevent vandalism. They are imported to some extent. The tender is for 3 years, which is the reason for the total amount. It is only when a lock is needed (on occasion) that it is obtained.

Councillor Wilskut referred to page 92 and wanted to know why the percentage (%) of awards made to local companies are so low, less than 30%.

The Municipal Manager responded by stating that Supply Chain Management is implemented in accordance with law, thus explaining the low percentage.

Councillor Mangali wanted more clarity with reference to table 57 on page 96 with reference to 2.10.9 "the extended contracts reported as 6".

According to the Municipal Manager, this information was presented to Council and discussed extensively. Extending contracts is not common practice.

Mr Malgas confirms that the details on skills development are outlined in Chapter 4, in reference table: 59 of page 97, "B-BBEE Compliance Performance Information: Skills development". The template will be reviewed but this will be discussed in detail in Chapter 4 to provide clarity.

#### **Chapter 4 page 291-302**

##### **Human resources and Human resources statistics**

Councillor Wilskut enquired about the municipality's equity and also why the Municipality finds it so difficult to fill the vacant position of Director, Public Services.

Esau explained and summarized the table in the document for clarification and understanding. He further elaborated that the Annual Report depicts how race, gender, and disability are reflected in our municipality and how they are portrayed within the province.

The Municipal Manager and also the Director, Mr Esau explained the remuneration system of the Executive Management and also that of Officials remunerated in terms of the Task Levels. The difficulty in filling the senior positions was discussed and the reasons behind the vacant senior posts. Because of the disparity between the remuneration systems, officials who may qualify for the Director positions, may not be interested in applying because of the remuneration packages.

Cllr Mangali enquired about the criteria for the bursaries.

Mr Esau explained the campaign to encourage employees to apply for bursaries. Everyone was welcome to apply. Employees of the municipality were provided with bursaries for obtaining degrees that allowed them to qualify for higher and more senior positions.

Cllr Wilskut asked about sick leave and whether overtime is balanced.

According to MM, it was a challenge, but the amounts decreased over time.

The Municipal Manager explained that overtime is a big concern due to vacancies and the growing need for service delivery. By implementing complementary processes like the fleet management tracker system, we are ensuring better internal control over overtime usage. This is being done as part of an overall control process. We are zooming in on overtime management and control. When reviewing the organizational structure, Council should consider the staff complement needed to deliver services.

The shift system's methodology might be changed. If the need arises, the shift system must be considered.

Over time, it is influenced by current infrastructures like the sewer system. We are trying to upgrade the aging infrastructure.

Councillor Wilskut wanted to know what the effect of Eskom is on the municipality.

The Municipal Manager responded by stating that weekly meetings are held to assess and ensure business continuity for electricity. We are working on a full assessment of generators and solar systems. In addition, we are able to begin the procurement process for additional energy systems, including the main buildings, sewer, and water systems. The investigation of 43 sites is currently in progress. Diesel might be a problem in the future.

**Management report:**

The Municipal Manager explained what the report contains, and it reflects management engagement with AG in detail. The AG and management were still working on a couple of things that were clarified later.

An overview of the formalities is provided in the Management report.

The 3 main things-

1. Except for the disclosure annexures, the financial statements are detailed.

According to the AG, no discrepancies were found. No material things were highlighted. Assets and cash flow and budget comparisons and a couple of Supply Chain management issues. Nothing material could be found that indicates that the financial statements in not



correct. They found that there is a fair representation of the information for this period. The financial statements were found to be unqualified with no material findings.

2. The performance aspects are discussed in Chapters 3 and 4.

The IA assisted the AG throughout the year with the details of the outcome. The performance report was not qualified, and nothing material was picked up.

3. Lastly, with regards to Compliance, it refers to compliance with the legislation, regulations, and rules of the different portfolios, HR, Procurement, and any other acts and regulations.

The Auditor General's Office did not find anything material regarding the procurement process and did not qualify BVM in any aspect. The schematic outlay is a consolidation of the engagement that took place. The AG's indications of material things that need to be rectified. The yellow blocks indicate the items listed.

High-level comments on page 27? A creditor's payment.

According to the Municipal Manager, huge payments were not made by the end of the year, and we were restricted to write back the payments, thus the high-level comments.

Cllr. Wilskut asked about the difference between the R113 million and the R133 million.

Municipal Manager: It's the balance included in the financials. Due to the small differences, the amounts did not add up. Clarification was needed, which the municipality provided.

Clarification on the amount paid out on claims in Audit Report Number 10.

It was explained by the MM that a contingent liability is something that might be held against you in the future.

Mr Esau explained the biggest contingent liability of R31 million relates to a claim by Worcester Land Trust. Other contingent liabilities relate to normal insurance claims and smaller legal claims against the council as set out in the financial systems notes.

Mr Wikus Du Plessis clarified the role of the Audit Performance Committee and the members. In terms of legislation, the audit committee must report to council and through their reporting, which is a council policy. The charter specifies their responsibilities. They

report on the work they do, the assurances they provide, the members, and how many meetings they had. The annual report includes the committee's recommendations. Also included are the oversights the audit possesses.

Cllr. Wilskut enquires whether MPAC can have quarterly meetings as they are currently just doing an oversight of the audit report. If MPAC have more reports to oversee, the committee will have a better understanding of the work of departments such as Internal Audit, SDBIP etc. He also mentioned that this MPAC committee had never received any training.

Mr Esau answered that the amendment to the Municipal Structures Act, section 79(A) sets out the powers and functions of MPAC. Esau proceeded to verbatim read the section of the Structures Act:

*" 79A Establishment of municipal public accounts committee*

*(1) A municipal council must establish a committee called the municipal public accounts committee.*

*(2) The mayor or executive mayor, deputy mayor or executive deputy mayor, any member of the executive committee, any member of the mayoral committee, speaker, whip and municipal officials are not allowed to be members of the municipal public accounts committee.*

*(3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:*

*(a) review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;*

*(b) review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;*

*(c) initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;*

*(d) attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a*

*committee of the council, a member of this committee, a councillor and the municipal manager; and*

*(e) on its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality."*

The Municipal Manager suggested that the request from Cllr Wilskut be included as a recommendation to Council to get guidance from Council.

The first question to be answered is whether or not the Chairperson should be a permanent member of Section 79. This is up to the discretion of the Council and subject to the MEC.

The cashflow statements as requested by Cllr Manuel will form part of the recommendation to the Council.

**Recommendation: The Council should consider reviewing the MPAC Charter to be aligned to legislation in particular Section 79A of the Structures Act.**

Mr. Chibi from SALGA suggested a workshop/training for MPACs to determine how Risk Management can assist as well as Internal Auditing.

Chapters 3 and 5 will be discussed tomorrow. Chapter 5 has been revised and will be discussed tomorrow. Chapter 6 will be incorporated tomorrow.

The meeting closes at 15h25.

#### **MPAC MEETING 14 DECEMBER 2022**

The Chairperson opened the meeting and welcomed everyone present and asked Cllr. T. Manuel to open with prayer.

#### **Chapter 3**

The Chairman indicated that they have some queries on page 106.

Cllr. Manuel stated that the first correction noted is a typing error on page 106 table 66 bullet 323.2.1 and it has to do with the Operational budget. The error is SO2: to create an enabling environment for employment and poverty eradication through proactive economic

development. We need to make a correction there. We cannot be a municipality that enables poverty. The same error occurs on pages 111 and 117.

Cllr Wilskut enquired on page 106 if the Strategic alignment and strategic objectives 1-6 is and whether number 2 and 5 is outstanding. Cllr further elaborates on red and green KPI's. Red is KPI's not met. The question is when looking at page 117 TL8: Implement community development programmes in each Youth Centres by 30 June 2022 in all wards, but nothing happened. The question is why you say there is a centre open?

MM explained that each red portion will have an explanation at the bottom about what happened and the action that was taken. This example it is about a Youth Centre that did not open specifically in Van Huyssteen Avenue on time since the WiFi was not put in on time, then it was replaced with fibre to the affect that the antennas were stolen. There were many technical challenges. Because it happened after 30 June, we did not claim performance on that. All wards can use it. That is what it implies. This is about support to youth in order to develop and give them access to internet service. This is what this youth café is all about.

Cllr. Wilskut: It has to do with the centre itself. the youth programme should have been run. That particular centre could not open. The Cllr stated that it is exactly the thing that is needed in the communities. Was it only the programmes that could not be run or the buildings? If it is the buildings, my question still stands is this particular planning only about the building and hence when will you start planning for the youth?

Mr Malgas explained that if one read the KPI we said we want roll out and run the programmes at the two Youth Centres. There is one in De Doorns and one in Van Huyssteen Avenue. The intention was to utilize it effectively so that it does not become white elephants. So that is why we drafted and formulated the KPI in that fashion.

Cllr. Mangali: If you check an KPI and get the colour red of 14% it tells you that the municipality is not serious about the service delivery. The planning was there before you go to Van Huyssteen Avenue. You had the planning of that building and you know that there are lots of challenges in that area. Before you put a Youth Centre there, you had to plan in advance and maybe at this stage the Youth Centre would have operate 100%. Then you would understand the dynamics of that area.

Cllr. Wilskut clarifies the understanding of what is explained. We are on the same level as the service so for us it is not even worth telling you it is about the building. For us, it is about the problems. The KPI is about whether the building was successfully finished or

not. It was not correctly set out in the KPI. The municipality were programme driven instead of building driven.

MM. It's not that if the committee is saying that the information claimed are incorrect says focus on the red areas and make sure that the corrective measures that you put there are being implemented in order to ensure that service delivery will take place. That is the position that one can accept. The other thing of importance is that it will be like in a fairy tale if that pie chart is 100% green. It will never happen that everything you've plan will be 100% successful.

MM. The assumption at this point and time is that the community development and service delivery is only red. That is not the correct assumption. What is correct is that there is green also. The important part is that we should also look at green and read that. The other part that is important is that Cllr. look at the consequences of the implementation of documents that did not realize for instance the Waste Management plan. The plan was not reviewed and because of that it implies that the services were not delivered and it's not the case. The services continued. There was great improvement with services delivered.

Improvement in our recycling part. The service did not come to a standstill.

Cllr. Manuel: queried the green achievement for "TL3 SO3 Compile a municipal maintenance plan of rental units and submit to Council by 31 May". The plan was done but was the maintenance actually done? What happens from a council's point of view, from my experience? I have a community member sitting with no front door for almost 3 years. Where is the maintenance plan? There are various units in Roodewal/Riverview that needs maintenance. No work was done in that specific flats. Where is the maintenance plan?

MM. There are certain things that need improvement. We need to get a proper plan in place to upgrade rental units. We will bring that to Council so that they can see the current state of our rental units, which is quite disturbing. We already have a document in place. The maintenance that will follow must be more effective. There were replacements of all doors.

Cllr. Magali says that when you say all doors it must include his area also. There are rental units in my area.

MM rephrased and said where doors were damage and doors not there, it was replaced.

Cllr. Manuel enquired on the KPI why say the plan has been submitted to council concerning the unit of measurement.

Mr. Mayeki replied that it was council that said the plan must be workshopped. There were only cosmetic changes and council accepted the plan. The plan addresses two aspects that are crucial in terms of maintenance. Planned and unplanned maintenance. The MM addressed the issue of Planned maintenance. Planned maintenance mostly focus on the outside of the units. The unplanned maintenance is what we mostly do on a daily basis. If you read the plan, it gives short-, medium- and long-term goal in terms of where the municipality wants to be in terms of the rental units. It is the responsibility of the tenant to maintains the rental unit. Everything is addressing the plan.

42:35 Wilskut KPI to table the plan. Everyone knows the state of the rental units. This municipality buy the cheapest. The full document there is not much to query about.

MM replied that is the essence of this debate. We need to make sure that whatever accomplishments we want to have been included in this document. We are inundated with discussions all year, but if we have this, we want to get to a best mix of KPI's that we can have. The biggest part will be to bring up the departmental part to a top level where Cllrs can also see. Part of the KPI's is overall accomplishments of the department with directorate and then there is either yellow, red or green. It is about the number of KPI's on a departmental level that are either accomplished. The essence is that one need to have a proper system in place to ensure that the relevant things that councils want to be measured are included in the discussions.

Cllr. Manuel: Page 131 RT46 7th line RT46/2020

Description of services rendered. Appointment of contractors for the provision of vehicle management services to the state or the period ending 31 March 2026. We see the term of this contract is 01/04/2021 – 31/03/206 ending. Performance Progress is active. Performance comments is satisfactory.

The question is that there was a R80m loan. I remember the meeting MM because of the desperation factor in the sense of sewerage. We are sitting with a big sewerage issue. We just like to know who this contractor is and regarding the jet vacs. We as a committee would also like to as an oversight committee see the evidence of the jet vacs and vehicles and we want to know was those vehicles purchased. Please elaborate.

MM: We latched onto a contract that was dealt with by the national treasury. We are not compelled to either purchase, it is not only our agreement it is a national facility that we can latch on to. That means that there are certain vehicles on that list that we don't need to go on a separate tender and say that is what we are going to the source. If those vehicles are on that list, we can then through that tender buy the things. That is the first point we should note. The availability of that facility to buy via their contract. It has nothing to do with our hiring and our buying of things. When we made our assessment regarding the borrowing it would have been on a very shorter timeframe and it did not make sense to go out on an R80m borrowing over a 3-year period paying almost R160m back over a 3-year period. We discard of the borrowing part and say we don't want to overexpose the municipality. We are busy with assessing the portfolio of critical vehicles we need to buy. We will start in the new financial year.

**Cllr. Manuel recommends that the administration inform the council about the R80 million rad loan matter.**

Cllr. Wilskut raised questions about the information and figures reflected on pages 146 to 165.

Mr. Esau explained that it won't influence the recommendation, but more importantly during the next IDP process to look at the information and re-check it during that period.

Wilskut TL 30 pg. 166 Water losses in terms of calculations is about 25%.

Cllr Wilskut enquired about why the rand value for water losses is not stated but only the percentage water losses?

Mr. Esau: The tables and ratios are those required by National Treasury and audited by the AGSA. They do not require the rand value of the water losses. The reason for this might be that the rand value may provide an inaccurate picture as the public might see that amount as money wasted as it would actually not be. The question is are we inside or outside of the norm? The norm is 25% and we are 17%.

Chairperson – Seeing clean water running down the street is painful. Is there a priority between clean and dirty water?

Cllr. Mangali adds that a lot of water losses take place at informal settlements. What is the plan to improve water losses in informal settlements? We need to come up with a plan.

Cllr. Wilskut Page 170 3.8.4 expenditure on water services.



MM: Last column is value of the project. It does not mean that funding was provided.  
Multiyear project

Cllr Manuel 179 3.11 Waste management: Explain why put in race instead of area

Mr Malgas replied that. It was derived from the community.

Cllr Mangali questions on pg. 180 with regards to EPWP street and area cleaning –  
balance the number of people cleaning in different areas?

MM explains that there are more EPWP's than last year. There is an improvement in the appointment of general workers. This financial year we received a grant where we appointed additional EPWP's. Out of the total expenditure, which is approximately R15m we only get a grant of R3m. The other parts are paid for by us. We scaled down in terms of the numbers.

Cllr. Wilskut enquired about Page 189 Housing the total figures of the waiting list and about the informal settlements. He wanted to know if all informal settlement residents are on the waiting list.

Mr Mayeki replied that the waiting list incorporates everyone that is registered in the database. If you are not responsive or your information is incomplete you will be cancelled from the system, your information remains until such time you are located and identified then we will activate it again.

Cllr. Wilskut you need to plan something for housing. Why is there no improvement on the Transhex, 800 started on 190 zero performance. What is the problem with the performance?

MM: We are not directly in control of the outcome. The province is the implementing agent. We sit with the HOD of the province and we are trying to hand over the 190 houses. She indicated the next planning face will already be started with.

Cllr Wilskut you report on the project. The municipality must take responsibility

MM what responsibility should we take? The community blames us, and we are not in control. The implementing agent should also take responsibility

Cllr Wilskut it does not make sense that the mayor says she's going to hand over houses. This municipality must come clean and let the people know.



MM from an administrative part we are doing what we can. There are risks. Security risks are a big factor. Province are responsible for the standard and delivery of the houses.

MM: Alternative building method was the hiccup. The new HOD is really driving this project.

Cllr Wilskut: The province must come to council and provide a progress report and their plan to finalize the project.

Cllr: Mangali Informal settlements Mandela north statistics is 2020/21- 0 2021/2022 it is 3500 The numbers don't make sense

Mr Mayeki stated that Langerug and Worcester West has fewer structures. Zwelethemba The areas were broken up / separated so that the numbers can make sense.

Cllr Mangali enquired with regards to Housing Chapter 3 3.12.1: What about the other housing projects other than Transhex?

Cllr Wilskut add to the question if there any other housing projects? How many are there and how many are unfinished? When will people move to the serviced plots with their structures?

Mr Mayeki replied that we do have other projects example in Touwsrivier, Fisher Street, and Albatross Street.

Cllr Mangali enquired on page 339 Chapter 5, 5.9.1 if the municipal Infrastructure Grant. If Infrastructure Water is there budgeted for?

MM replied that it is.

Cllr Wilskut enquired about the R230 000 grants under the portfolio of the mayor. Is it recorded?

MM and Mr Esau explain that the executive mayor to not award grants but a committee of which he is the chairperson. Donation requests (that request under R20,000) are approved as per the Council by the Director SSS after a request directed by the executive mayor. Records are kept and audited.

## **Conclusion**

Breede Valley Municipality received a "Clean Audit" for the 2021-2022 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 2022, 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 and acknowledge and complimented the administration for excellent work done on prudent financial management.

## **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 2021-2022 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 all statistics regarding the Learner License Programmes be included in the next Annual Report.
  - Council review the MPAC Charter to align it with the obligatory amended Municipal Structures Act provisions in section 79(A)(3)(b) and (e) that state:  
*“(3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:  
(b) review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;  
(e) on its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.”*
  - That Ward Councillors note and confirm the information on the number of ward meetings held.
  - That the CFO provide feedback to the council early in the new calendar year (2023) on the progress of obtaining the R80 million loan or whether alternative funding approaches will be considered.
  - That clarity must be provided by management on what actually constitutes the housing backlog as the waiting list only reflect those who applied for housing opportunities whilst similarly, the informal settlement statistics are reflected in the number of structures. Therefore, the actual number of persons requiring subsidized low-cost housing from the state is not clear.
  - That MPAC is extremely concerned about the slow progress with regard to the Trans Hex Housing project and that MPAC recommends that Council request the Provincial Department of Human Settlements to come to Council and to provide a

progress report and an action plan on the way forward early in the new calendar year.

- MPAC recommends that when the SDBIP and KPIs are drafted, Management and the Executive Mayor should consider adding in the Top Layer SDBIP indicators measurements that do not only measure the delivery or submission of documents, but also the actual performance of operations. For instance, management should not just state the submission of a water service plan by the due date but should also include specific operational matters of water services that directly affects the community.
- That Council takes note of the erroneous duplication of the words "and poverty" in the description of Strategic Objective 2 and approve that the description be amended as follows throughout the report: "To create an enabling environment for employment ~~and poverty~~ and poverty eradication through proactive economic development and tourism". That the correction to SO 2 be made to correct this error.

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

**The Chairperson adjourned the meeting at 14:20.**



**MPAC Membership:**

**Councillors**

1. Titus, H.C; (Chairperson): PR, GOOD.
2. Madlolo, S.K; PR, EFF.
3. Mangali, Z.M.; Ward 16, ANC.
4. Farao, R.; Ward 13, DA.
5. Manuel, T.S; PR, ACDP.
6. Steenberg, S.S.T; PR, PA.
7. Wilskut, Colin Frederick; PR, BO.

MPAC Chairperson Cllr. H Titus

for Municipal Public Accounts Committee

15-12-2022..

Date